MONTAUK HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 2010/017811/06
Share code: MNK ISIN: ZAE000197455
(Previously HCI International Holdings Limited and Elgabrite Proprietary Limited)

PRE-LISTING STATEMENT

The definitions commencing on page 11 apply throughout this Pre-listing Statement including this front cover.

This Pre-listing Statement is prepared and issued in terms of the Listings Requirements relating to the listing of the entire issued share capital of Montauk Holdings on the JSE.

Proposed Listing Date on the JSE from the commencement of business on	**Monday, 8 December 2014**

This Pre-listing Statement is not an invitation to the general public to subscribe for or purchase Montauk Holdings Shares, but is issued in compliance with the Listings Requirements and with the Companies Act for the purposes of providing information to the public with regards to Montauk Holdings.

At the Listing Date, the authorised share capital of Montauk Holdings will comprise 200 000 000 ordinary shares with no par value and 200 000 000 unclassified shares. Montauk Holdings will have an issued share capital comprising 135 256 156 Montauk Holdings Shares. The issued share capital has a value of US$166 202 000. There will be no other class of shares authorised or issued by Montauk Holdings at the Listing Date. All the Montauk Holdings Shares rank *pari passu* in all respects, and all have equal rights to participate in capital, dividends and profit distributions by Montauk Holdings. The Montauk Holdings Shares are fully paid-up and freely transferable. Montauk Holdings does not have any shares held in treasury. There are no convertibility or redemption provisions relating to the Montauk Holdings Shares.

Approval of Montauk Holdings' application for the Listing of 135 256 156 Montauk Holdings Shares in the "Integrated Oil and Gas" sector of the JSE, under the abbreviated name "MONTAUK", JSE code "MNK" and ISIN ZAE000197455 has been granted by the JSE. It is anticipated that the Listing will become effective from the commencement of business on or about Monday, 8 December 2014.

Montauk Holdings Shares will only be traded in electronic form and as such, all HCI Shareholders who receive Montauk Holdings Shares in certificated form will have to Dematerialise their Certificated Montauk Holdings Shares should they wish to trade in such shares.

The Directors, whose names are given in the "Corporate Information" section of this Pre-listing Statement, collectively and individually, accept 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 have been made and that this Pre-listing Statement contains all information required by law and the Listings Requirements.

Each of the investment bank and sponsor, legal advisers, reporting accountants and auditors, and Transfer Secretaries have consented in writing to act in the capacities stated and to their names being included in this Pre-listing Statement and have not withdrawn their consent prior to the publication of this Pre-listing Statement. The reporting accountants and auditors have consented to the inclusion of their reports in the form and context in which they appear and have not withdrawn such consent prior to the publication of this Pre-listing Statement.

Copies of this Pre-listing Statement are available in English only and may be obtained during normal business hours from the date of this Pre-listing Statement from the registered office of Montauk Holdings, and the offices of the investment bank and sponsor, the addresses of which are set out in the "Corporate Information" section of this Pre-listing Statement.

Investment bank

Investec
Bank Limited
Investec Bank Limited
(Registration number 1969/004763/06)

Sponsor

Investec
Bank Limited
Investec Bank Limited
(Registration number 1969/004763/06)

Reporting accountants and auditors

Grant Thornton
An instinct for growth™

Legal advisors

ENS AFRICA

Date of issue: 19 November 2014

CORPORATE INFORMATION AND ADVISERS

Directors of Montauk Holdings

J A Copelyn* *(Chairman)*
D R Herrman *(Chief Executive Officer)*
S F McClain *(Chief Financial Officer)*
M H Ahmed**^
M A Jacobson*
N B Jappie**
B S Raynor**
A van der Veen*

* Non-executive Director
** Independent non-executive Director
^ Lead Independent non-executive Director

Company secretary and registered office

HCI Managerial Services Proprietary Limited
(Registration number 1996/017874/07)
Suite 801
76 Regent Road
Seapoint
Cape Town, 8005
(PO Box 5251, Cape Town, 8000)

Company address

Montauk Holdings Limited
(Registration number 2010/017811/06)
Suite 801
76 Regent Road
Seapoint
Cape Town, 8005
(PO Box 5251, Cape Town, 8000)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Investment bank and sponsor

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandown
Sandton, 2196
(PO Box 785700, Sandton, 2146)

Reporting accountants and auditors

Grant Thornton (Jhb) Inc
(Registration number 2002/033635/07)
137 Daisy Street
Sandown
Johannesburg, 2196
(Private Bag X28, Benmore, 2010)

Date of incorporation

31 August 2010

Place of incorporation

Republic of South Africa

Legal advisors

Edward Nathan Sonnenbergs Inc.
(Registration number 2006/018200/21)
1 North Wharf Square
Loop Street
Foreshore
Cape Town, 8001
(PO Box 2293, Cape Town, 8000)

IMPORTANT INFORMATION

This Pre-listing Statement is important and requires your immediate attention.

The Issuer Regulation Division of the JSE has agreed to the Listing of the entire issued ordinary share capital of Montauk Holdings in the Integrated Oil and Gas sector of the JSE under the name "Montauk Holdings Limited" with effect from the commencement of business on or about Monday, 8 December 2014.

On the commencement of the Listing, the authorised share capital of Montauk Holdings will comprise 200 000 000 Montauk Holdings Shares with no par value and 200 000 000 unclassified shares. The issued share capital will comprise 135 256 156 Montauk Holdings Shares. The issued share capital has a value of US$166 202 000. All Montauk Holdings Shares will rank *pari passu*.

The Montauk Holdings Shares will only be traded in electronic form on the JSE and, accordingly, all Montauk Holdings Shareholders who hold Montauk Holdings Shares in certificated form will have to Dematerialise their Certificated Montauk Holdings Shares should they wish to trade on the JSE.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Many of the statements included in this Pre-listing Statement are forward-looking statements that involve risks and uncertainties. Forward-looking statements may generally be identified by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. Other than statements of historical acts, all statements, including, among others, statements regarding the future financial position of Montauk Holdings, business strategy, projected levels of growth in its market, projected costs, estimates of capital expenditures and plans and objectives of management for future operation, are forward-looking statements. The actual future performance of Montauk Holdings could differ materially from these forward-looking statements. Important factors that could cause actual results to differ materially from these expectations include those risks set out in Part E of this Pre-listing Statement headed "Risk Factors", as well as other matters not yet known to the Directors or not currently considered material by them. Forward-looking statements should not be relied on and are deemed to be of no force and effect. Any reliance placed on forward-looking statements should be circumscribed and qualified by the contents of the cautionary statements made in this Pre-Listing Statement. Moreover, unless the Board is required by law or the Listings Requirements to update these statements, they will not update any of these statements after the date of this Pre-listing Statement, either to equate them to actual results or to changes in their expectations.

SPECIAL NOTE REGARDING THE DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Pre-listing Statement is provided as at the Last Practicable Date.

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SALIENT INFORMATION

The following information is only a summary of the more detailed information contained in the main body of this Pre-listing Statement, and it may not contain all the information that Prospective Investors should consider before deciding to invest in the Montauk Holdings Shares. Prospective Investors should read the entire Pre-listing Statement, including the "Risk Factors", the historical financial information and the other information about Montauk Holdings.

OVERVIEW

Montauk Holdings develops, owns and operates large scale renewable energy projects utilising landfill methane in the USA. The Group has over 20 years experience in permitting, design, construction and operation of energy facilities utilising LFG and is headquartered in Pittsburgh, Pennsylvania. The Group's expertise and experience includes, *inter alia,* the following:

- pipeline quality gas production;
- electric power generation;
- carbon reduction and offset credits;
- renewable energy credits; and
- LFG collection system operations.

The Group's portfolio of LFG processing and power generation assets has the following attractive characteristics:

- leading market position in the conversion of LFG to pipeline quality natural gas;
- large-scale LFG projects provide substantial cash flows;
- attractive pricing on contracts with creditworthy counterparties;
- active management with the expertise and experience to support growth initiatives;
- well-defined expansion opportunities;
- favourable political and regulatory climate for renewable energy;
- seasoned, experienced professionals at all levels of organisation; and
- a strong environmental and safety record.

An extract of revenue, EBITDA, HEPS and NAV from the most recently available Montauk Holdings consolidated financial information, being the audited annual results for the financial year ended 31 March 2014 adjusted for the *pro forma* financial effects for the Montauk Holdings Restructuring, are set out below:

Montauk Holdings *pro forma* financial information (USD'000)	**Year ended 31 March 2014**
Revenue	31 956
EBITDA	6 021
HEPS – continuing operations (US cents)	(3.60)
NAV per share (US cents)	63.36

KEY INVESTMENT HIGHLIGHTS

Montauk Holdings' key investment highlights include:

- **Strong track record and recognised status as a leading developer of waste to energy sites**

  Montauk Holdings has an established operational platform of large scale renewable energy projects in the USA where the Group currently operates 13 LFG sites with an additional site under development. The Group's long history of success in the LFG industry, complemented by a veteran management team who have extensive specialty experience in LFG, has cemented the Group's reputation as a respected and knowledgeable player in the LFG and renewable energy industries. Over the last 20 years the Group has nurtured excellent working relationships with waste management companies and has established itself as a leading developer of new waste to energy sites in the USA. This has resulted in the Group being recognised as the largest producer of LFG-derived pipeline quality natural gas in the USA as well as a major producer of renewable electricity from LFG.

- **Extensive experience across all categories of commercial beneficial use for processed methane**

  The Group offers turnkey services in the development, operation and management of LFG fuelled renewable energy projects through the provision of a comprehensive service spanning operations, regulatory compliance, engineering, construction and back-office functions. Field operations are staffed internally and are supported by corporate operations and engineering staff. As of 30 September 2014, the Group had 75 employees overall including 54 field employees, over a third of whom have in excess of 10 years experience with the Group. Montauk Holdings differentiates itself from competitors through its extensive experience across all categories of commercialised beneficial use for processed LFG including pipeline quality natural gas, power generation, boiler fuel gas, carbon reduction, and alternative vehicle fuel production.

- **Exposure to the renewable energy market in the USA**

  Montauk Holdings offers investors a unique investment opportunity to participate in the growth of the renewable energy market in the USA. The renewable energy industry has risen in prominence over the past several decades in response to a variety of factors. Emerging data pointing to the impact of industrialisation on the global climate coupled with political unrest in oil and gas rich regions of the world have placed renewable energy at the forefront of the world's economic and political agendas.

- **Emerging market for vehicle fuel-related environmental attributes**

  The Group is well positioned to be able to capitalise on the current premiums associated with cellulosic RINs based on recent interpretations and guidance released by the EPA regarding the ability to generate cellulosic RINs under RFS II as a result of utilising LFG-derived pipeline quality natural gas and LFG fuelled electric generation as a vehicle fuel. Although the market for these RINs is undeveloped at this point, the current premiums associated with cellulosic RINs are substantially greater than the value previously recognised by the Group associated with environmental attributes and presents an exciting source of value for the Group in the future.

- **Rand hedge**

  As Montauk Holdings' operations are based in the USA, it provides Prospective Investors with a US Dollar-based investment, without the need to utilise offshore allocations as prescribed by the SARB.

- **Robust growth prospects**

  The Group has a number of planned strategies to achieve strong growth over the medium to long term that are detailed in the following section, and which include:

  – strategic acquisitions in a fragmented LFG industry with significant opportunity for consolidation;

  – improved efficiencies of existing operations to achieve optimal economies of scale; and

  – diversification into complementary energy business lines.

STRATEGIES FOR GROWTH

- **Optimising value of established businesses**

  Montauk Holdings intends to continue its ongoing processes to unlock value from its existing operations through improving margins and growing market share in its pursuit to maximise shareholder returns. Existing LFG sites can grow through increased generation of recoverable gas from the continued collection of waste on the landfills. Montauk Holdings has the ability to renew existing LFG rights contracts to extend existing contract terms during which gas is collected from the site, further increasing efficiencies and achieving economies of scale. Given the Group's experience in capturing value for their products, Montauk Holdings will continue to source contracts for the Group's products that maximise shareholder returns.

- **Organic expansion**

  As a result of Montauk Holdings' successful operational history and well known value-add to landfill owners, the Group is able to source new sites for development of renewable energy projects. The Group is currently developing a 20 MW electric generation facility at the FR Bowerman landfill in Orange County, California the development of which is expected to be completed in early 2016. Once operational, this site is projected to be the Group's largest LFG project to date in terms of both revenue and EBITDA contribution. This is indicative of the nature of the Group's plans for new projects to ensure that it is well positioned to capitalise on the continuing increase in demand for renewable energy while continuing to grow market share.

- **Growing through additional strategic investments**

  Montauk Holdings is on the lookout for strategic acquisitions of medium to large renewable energy portfolios. The LFG industry is fragmented and presents the opportunity for significant consolidation. Through these anticipated strategic acquisitions of appropriate complementary portfolios, the Group expects to achieve critical mass to generate meaningful returns to Montauk Holdings Shareholders.

- **Diversification of energy sources**

  Montauk Holdings' long-term strategy is to identify opportunities to penetrate new markets in both the conventional and renewable energy sectors by leveraging off its reputation, experience and expertise in the LFG industry. This experience and expertise has the ability to translate to conventional forms of gas production and beneficial use, such as shale gas. The current strategy is to identify opportunities to diversify the Group's operations to similar energy-related business lines that are complementary to the Group's core experience and expertise.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The summarised *pro forma* consolidated statement of comprehensive income and summarised *pro forma* statement of financial position of Montauk Holdings for the year ended 31 March 2014 is set out below.

***Pro forma* consolidated statement of comprehensive income** **US$'000**	**31 March** **2014**
Revenue	31 956
Expenses	(25 944)
Operating expenses	(25 935)
Investment income	4
Finance costs	(13)
Profit for the year from continuing operations before depreciation and amortisation	6 012
Depreciation and amortisation	(10 882)
Loss for the year from continuing operations	(4 870)
Discontinued operations	(22 230)
Loss for the year	(27 100)
Profit/(loss) attributable to:	
Equity holders of the parent	(27 100)
Minority interest	–
EPS (US cents)	(20.04)
Continuing	(3.60)
Discontinued	(16.44)
HEPS (US cents)	(3.60)
Continuing	(3.60)
Discontinued	–

***Pro forma* consolidated statement of financial position** **US$'000**	**31 March** **2014**
Assets	
Non-current assets	75 403
Property, plant and equipment	44 654
Intangible assets	29 063
Non-current receivables	1 686
Current assets	21 521
Inventories	728
Other financial assets	307
Trade and other receivables	3 952
Cash and cash equivalents	16 534
Non-current liabilities	6 150
Current liabilities	5 072
Trade and other payables	4 506
Current portion of borrowings	–
Provisions	566
TOTAL NET ASSETS	85 702
NAV per share (US cents)	63.36
NTAV per share (US cents)	41.88

This information set out above has been extracted from the *pro forma* consolidated financial information included in Annexure 1 to this Pre-listing Statement. This information should be read in conjunction with such *pro forma* financial information and the related notes.

RATIONALE

HCI believes that the unbundling of Montauk Holdings best serves the interests of HCI Shareholders and will enhance HCI Shareholder value through improving the public profile and general public awareness of Montauk Holdings. The HCI Directors believe that Montauk Holdings has the operational and financial capacity to pursue its envisioned growth strategy independently and the Listing provides Montauk Holdings with the opportunity to raise capital, if required, to facilitate future expansion. The separate Listing of Montauk Holdings will also provide HCI Shareholders with the flexibility to maintain, increase or decrease their investment in Montauk Holdings based on their assessment of its prospects. In addition, through the unbundling of Montauk Holdings, the Listing is intended to provide HCI Shareholders with the opportunity to obtain direct exposure to the LFG sector which offers an alternative risk and return profile to their current shareholding in HCI and which has attractive growth prospects over the medium to long term.

Montauk Holdings has in the past been overlooked by investors because of its size relative to other larger and higher profile HCI investments. The Listing will provide visibility and additional information regarding Montauk Holdings which will allow investors to better assess its value.

RISK FACTORS

The section of this Pre-listing Statement entitled "Risk Factors" describes certain risk factors that should be considered together with the other information in this Pre-listing Statement before making a decision to invest in Montauk Holdings Shares. Although information has been provided in this Pre-listing Statement in relation to Montauk Holdings Shares, a Prospective Investor should use his or her own judgement and seek advice from an independent financial adviser as to the appropriateness of an investment in the Company.

UNBUNDLING

The Unbundling and Listing of Montauk Holdings will be implemented by way of *pro rata* distribution of Montauk Holdings Shares by HCI to its shareholders in compliance with the Listings Requirements and Companies Act. Section 46 of the Companies Act requires all distributions to be approved by the HCI Board, and it must reasonably appear that the assets of HCI, as fairly valued, equal or exceed the liabilities of HCI as fairly valued, and that HCI 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 distribution.

IMPORTANT DATES AND TIMES

	2014
Release of the abridged Montauk Holdings Pre-listing Statement on SENS on	Wednesday, 19 November
Declaration and finalisation announcement released on SENS on	Wednesday, 19 November
Last Business Day to trade in HCI Shares on the JSE for settlement by the Record Date, and thereby participate in the Unbundling on	Friday, 5 December
All trades in HCI Shares from this day will exclude the right to receive Montauk Holdings Shares on	Monday, 8 December
Listing of Montauk Holdings Shares on the JSE under the JSE code: MNK and ISIN ZAE000197455 with effect from the commencement of business on	Monday, 8 December
Record Date to participate in the Unbundling being the date on which HCI Shareholders must be recorded in the Register in order to participate in the Unbundling on	Friday, 12 December
Montauk Holdings Shares issued on	Monday, 15 December
CSDP or Broker accounts of HCI Dematerialised Shareholders updated with the Montauk Holdings Shares and share certificates posted to HCI Certificated Shareholders Montauk Holdings on	Monday, 15 December

Notes:

1. The above dates and times are subject to amendment at the discretion of Montauk Holdings. Any such amendment will be released on SENS.
2. All dates and times indicated above are South African Standard Times.
3. There will be no Dematerialisation of HCI Shares between Friday, 5 December 2014 and Friday, 12 December 2014.

DEFINITIONS

In this Pre-listing Statement and the annexures attached hereto, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other genders and references to a person include references to a body corporate and *vice versa*:

"Associate"	an associate as defined in the Listings Requirements;
"Board" or "Directors"	the board of directors of Montauk Holdings on the Listing Date whose names appear in the "Corporate information and advisers" section of this Pre-listing Statement;
"Broker"	any person registered as a "broking member (equities)" in accordance with the provisions of the Financial Markets Act;
"Business Day"	a day other than a Saturday, Sunday or official public holiday in South Africa;
"Btu"	British thermal unit, a traditional unit of energy equal to approximately 1 055 joules;
"Certificated Montauk Holdings Share(s)"	Montauk Holdings Share(s), other than Dematerialised Montauk Holdings Share(s), represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
"Certificated Montauk Holdings Shareholder(s)"	Montauk Holdings Shareholder(s) who hold Certificated Montauk Holdings Share(s);
"Commission"	the South African Companies and Intellectual Property Commission established in terms of section 185 of the Companies Act;
"Common Monetary Area"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"Companies Act"	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
"Crystal Brook"	Crystal Brook Distribution Proprietary Limited, (registration number 2009/018674/07) a private company duly registered and incorporated in accordance with the company laws of South Africa;
"CSDP"	a person that holds in custody and administers securities or an interest in securities and that has been accepted as such by a central securities depository as a participant in terms of section 34 of the Financial Markets Act;
"Deepkloof"	Deepkloof Limited (registration number 101945), a company incorporated in Jersey, Channel Islands;
"Dematerialisation"	the process by which certificated securities are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of members maintained by a CSDP;
"Dematerialised Montauk Holdings Share(s)"	those Montauk Holdings Share(s) which have been Dematerialised in terms of the requirements of Strate through a CSDP or Broker and are held in electronic form on the sub-registers of Montauk Holdings;
"Dematerialised Montauk Holdings Shareholder(s)"	those Montauk Holdings Shareholders who hold Dematerialised Montauk Holdings Shares;
"Duquesne"	Duquesne Light Holdings, Inc, a company incorporated in the USA;
"EBITDA"	earnings before interest, tax, depreciation and amortisation;

"Entitlement Ratio"	the final number of 120.03411 Montauk Holdings Shares to which a HCI Shareholder is entitled, pursuant to the Unbundling for every 100 HCI Shares held by the HCI Shareholder on the Record Date and/or such proportionate lower number of Montauk Holdings Shares in respect of holdings of less than 100 HCI Shares held on the Record Date;
"EPA"	United States of America Environmental Protection Agency;
"EPS"	earnings per share;
"Exchange Control Regulations"	the Exchange Control Regulations issued under the Currency and Exchanges Act, 1933 (Act No. 9 of 1933), as amended;
"Financial Markets Act"	the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
"Foreign Shareholder"	a HCI Shareholder who is a non-resident of South Africa as contemplated in the Exchange Control Regulations;
"the Group" or "Montauk Holdings Group"	Montauk Holdings and its Subsidiaries and Associates;
"HCI Board" or "HCI Directors"	the directors of HCI as at the Last Practicable Date;
"HCI Group"	HCI and its Subsidiaries and Associates;
"HCI Share(s)"	ordinary share(s) having a par value of 25 cents each in the issued share capital of HCI, all of which shares are listed on the JSE, being 118 659 960 shares as at the Last Practicable Date;
"HCI Shareholder(s)"	the registered holder(s) of HCI Share(s) as appearing on the main and sub-registers of HCI as at the Last Practicable Date;
"HCI"	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE;
"HEPS"	headline EPS;
"IFRS"	the International Financial Reporting Standards;
"Income Tax Act"	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
"Independent Reporting Accountants" or "Grant Thornton"	Grant Thornton (Jhb) Inc. (registration number 2002/022635/07), a private personal liability company duly registered and incorporated in accordance with the laws of South Africa;
"Johnnic Holdings" or "JNC"	Johnnic Holdings USA LLC, (registration number 83-0469225), a limited liability company duly registered and incorporated in accordance with the company laws of Delaware USA, a wholly-owned subsidiary of Montauk Holdings and the holding company of Montauk Energy;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and licensed as an exchange under the Financial Markets Act;
"King Code"	the Code of Corporate Practices and Conduct in South Africa representing principles of good corporate governance as laid out in the King Report on Corporate Governance for South Africa 2009;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Pre-listing Statement, being Monday, 10 November 2014;
"LFG"	landfill gas;
"Listing Date"	on or about Monday, 8 December 2014;
"Listing" or "Montauk Holdings Listing"	the listing of the Montauk Holdings Shares on the JSE on the Listing Date;

"Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"Longkloof"	Longkloof Limited (registration number 101946), a company incorporated in accordance with the laws of Jersey, Channel Islands;
"MW"	Megawatt;
"MOI"	the memorandum of incorporation of Montauk Holdings;
"Montauk Capital" or "MEC"	Montauk Energy Capital, LLC (registration number 34-2062852), a limited liability company duly registered and incorporated in accordance with the company laws of Delaware, USA and a 90.7% owned Subsidiary of Montauk Energy;
"Montauk Energy" or "MEH"	Montauk Energy Holdings, LLC, (registration number 32-0325360), a limited liability company duly registered and incorporated in accordance with the company laws of Delaware, USA and a wholly-owned Subsidiary of Johnnic Holdings;
"Montauk Holdings" or "the Company"	Montauk Holdings Limited (registration number 2010/017811/06) a subsidiary of HCI a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which will be listed on the JSE on or about Monday, 8 December 2014. The Company was previously named Elgabrite Proprietary Limited and HCI International Limited;
"Montauk Holdings Restructuring"	the internal restructurings implemented by HCI whereby all the direct and indirect investments of Montauk Holdings, other than those relating to Montauk Energy, were sold by Montauk Holdings to the HCI Group;
"Montauk Holdings Shareholder(s)"	the registered holder(s) of Montauk Holdings Share(s) as appearing on the main and sub-registers of Montauk Holdings following the Listing and Unbundling;
"Montauk Holdings Shares"	ordinary no par value share(s) in the issued share capital of Montauk Holdings;
"NAV"	net asset value;
"NTAV"	net tangible asset value;
"Participant"	a central securities depository participant, in terms of the Financial Markets Act;
"Pre-listing Statement"	this bound document, dated 19 November 2014, relating to the Listing of Montauk Holdings on the JSE with effect from commencement of business on the Listing Date;
"Prospective Investors"	investors who are currently invested, or who intend to make a future investment in Montauk Holdings;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Record Date"	the last date on which the HCI Shareholders are required to be recorded in the HCI register in order to participate in the Unbundling, which is expected to be the close of business on Friday, 12 December 2014;
"REC"	renewable energy credit, a certificate that is proof that one megawatt-hour (MWh) of electricity was generated from a renewable energy resource. Once the electricity provider has fed the electricity into the grid, the renewable energy certificate received can be sold on the open market as a commodity or used to meet state compliance obligations;
"Register"	the securities register of HCI Shareholders maintained by HCI in terms of the Companies Act;
"Restructuring Agreements"	the agreements entered into by Montauk Holdings to give effect to the Montauk Holdings Restructuring;

"RIN"	renewable identification number, a serial number assigned to a batch of biofuel for the purpose of tracking its production, use and trading as required by the EPA's RFS 11 implemented according to the Energy Policy Act of 2005;
"RFS II"	Renewable Fuel Standard, a USA federal program that requires transportation fuel sold in the USA to contain a minimum volume of renewable fuels;
"Sabido"	Sabido Investments Proprietary Limited (registration number 1999/011709/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a Subsidiary of Seardel;
"Sactwu"	Southern African Clothing and Textile Workers Union, whose business address is 350 Victoria Road, Salt River, Cape Town, 7925;
"SARB"	South African Reserve Bank;
"SCFD"	standard cubic feet per day of gas production;
"SENS"	the Stock Exchange News Service of the JSE;
"Seardel"	Seardel Investment Corporation Limited (registration number 1968/011249/06), a Subsidiary of HCI, a public company duly registered and incorporated in accordance with the laws of South Africa, whose ordinary shares and N-ordinary shares are listed on the JSE, with its registered office at 1 Moorsom Avenue, Corner Bofors Circle and Moorsom Avenue, Epping Industria II, 7460 (PO Box 524, Eppindust, 7475);
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/06), a private company duly registered and incorporated in accordance with the company laws of South Africa, and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades;
"Subsidiary"	a subsidiary as defined in the Listings Requirements;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated with limited liability in accordance with the company laws of South Africa;
"Unbundling"	the *pro rata in specie* distribution by HCI to HCI Shareholders, equating to its 99.8% of the issued share capital of Montauk Holdings at the Entitlement Ratio;
"US$"	United States dollar, the official currency of the USA;
"USA"	United States of America; and
"VWAP"	the volume weighted average traded price during the relevant period.

MONTAUK HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 2010/017811/06
Share code: MNK ISIN: ZAE000197455

PRE-LISTING STATEMENT

Directors of Montauk Holdings

Executive

D R Herrman *(Chief Executive Officer)*
S F McClain *(Chief Financial Offer)*

Non-executive

J A Copelyn *(Chairman)*
M H Ahmed*^
MA Jacobson
N B Jappie*
B S Raynor*
A van der Veen

* Independent
^ Lead Independent Director

PART A: THE BUSINESS OF MONTAUK HOLDINGS

1. INCORPORATION AND HISTORY

Montauk Holdings was incorporated and registered in South Africa in 2010 as a private company under the Companies Act with registration number 2010/017811/07. The company was subsequently converted to a public company with registration number 2010/017811/06.

The registered address and head office of the Company is Suite 801, 76 Regent Road, Seapoint, Cape Town, 8005, South Africa.

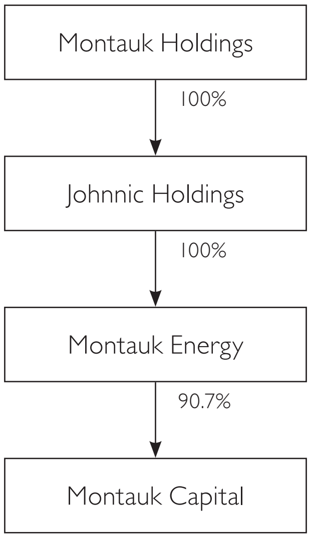
Montauk Capital, Montauk Holdings' major Subsidiary, was formed in 1996 as a wholly-owned subsidiary of Duquesne, a utility holding company listed, at that time, on the New York Stock Exchange. In November 1996, Montauk Capital acquired GSF Energy LLC which served as Montauk Capitals' entry into the LFG industry. GSF Energy LLC is universally recognised for pioneering the LFG recovery industry in the early 1980s when it developed the first LFG-to-energy project in the USA. Between 1997 and 2001, Montauk Capital acquired the LFG rights to additional landfills, which were primarily acquired to provide federal tax credits for the benefit of Duquesne. Montauk Capital began making operational improvements to its LFG collection systems and its gas processing facilities in 2000, in an effort to transform the business from a generator of federal tax credits into a viable operating enterprise.

In December 2006, a Subsidiary of HCI, JNC, acquired Montauk Capital from Duquesne as part of an accelerated auction process. At the time, Duquesne was in the process of selling its outstanding shares of common stock and Montauk Capital was deemed a non-core asset and as such was divested prior to completion of the Duquesne sale.

Since the acquisition of Montauk Capital, HCI has overseen the establishment of independent headquarters, a dedicated management team and the development of finance and business development functions, which has enabled Montauk Energy to successfully implement its strategy for significant growth through a portfolio of operating projects with proven operations and stable EBITDA as well as a pipeline of new project development opportunities.

2. GROUP STRUCTURE AND MONTAUK HOLDINGS RESTRUCTURING

In preparation of the Listing, Montauk Holdings underwent a restructuring by disposing of all businesses which did not operate in the LFG or renewable energy sectors. The intention was to simplify the Group structure and provide Prospective Investors with the opportunity to invest in a pure play LFG and renewable energy company. The result is that Montauk Energy is the only remaining business in Montauk Holdings. Details regarding the Montauk Holdings Restructuring are set out in paragraph 34 of the Pre-listing Statement. The Montauk Holdings Group Structure is set out below:



3. NATURE OF BUSINESS

3.1 Industry overview

Renewable energy is energy generated using alternate fuel sources that are regenerative and virtually inexhaustible, unlike fossil fuels such as oil, natural gas and coal. The most common forms of renewable energy generation are solar, conventional hydroelectric, wind, geothermal and biomass, which includes waste-to-energy. According to the Annual Energy Review performed by the US Energy Information Administration, approximately 11% of all energy projected to be produced in the USA in 2014 is generated from a renewable source. Industry experts expect the economics of zero and low-emission technologies to continually improve and the trend toward greener and more efficient generation to accelerate.

The renewable energy industry has risen in prominence over the past several decades in response to a variety of factors. Emerging data pointing to the impact of industrialisation on the global climate coupled with political unrest in oil and gas rich regions of the world have placed renewable energy at the forefront of the world's economic and political agendas.

LFG, which is primarily comprised of methane and carbon dioxide, is a leading source of man-made greenhouse gas. Methane, a natural, odourless gas, is produced as a result of the natural decay, anaerobic digestion and gasification of organic landfill wastes. Methane is roughly twenty times more potent by weight to the environment than carbon dioxide as a greenhouse gas. Landfills were the third largest human-made source of methane in the USA in 2010, accounting for 16.2% of the generated greenhouse gas. Initially, LFG was vented or flared to minimise migration risk. The energy crisis of the 1970s, however, pushed forward the idea that LFG could be utilised as an efficient energy source.

According to the EPA, landfills released approximately 280 million metric tons of carbon dioxide equivalents into the atmosphere during 2010. Methane combustion produces approximately half the carbon dioxide emissions of coal and two-thirds less than oil, while creating virtually the same output of thermal energy. This potential output represents an enormous opportunity to improve air quality.

LFG projects generate gas or power by utilising the LFG from public or privately owned landfills. Solid waste landfills contain organic material whose anaerobic decomposition causes the generation of gas consisting primarily of methane gas and carbon dioxide. Methane is a valuable fuel (it is primary component of natural gas) and is generated over a long period of time as waste is continually deposited into a landfill. Most landfills emit gas for more than 30 years after closure. Landfills generally produce gas in increasing volumes for up to three years after they are closed, at which time the gas volume begins to gradually decline.

With certain parameters, production history and other statistical information for a given site, engineers can predict the estimated quantity of raw LFG that a landfill is expected to generate over time. Key factors used in determining the expected gas generation of a landfill include the estimated annual waste added to the landfill, the composition of the waste, the amount of rainfall and moisture in the trash, as well as the capacity and construction of the landfill.

3.2 Landfill Gas Projects

Once collected, LFG can be processed into pipeline quality natural gas (high-Btu) or converted into electricity. The conversion project is typically located on landfill property away from the active fill operations where additional waste is added to the landfill site.

A high Btu project involves the conversion of raw LFG into pipeline quality gas for introduction to a natural gas transmission or distribution line. A high Btu plant processes the gas by removing the majority of the non-methane components including carbon dioxide, water, and other volatile and non-volatile organic compounds to attain pipeline quality gas. This complex process has numerous variables that need to be managed in order to be cost effective and efficient. At the end of the gas processing chain the purified LFG is typically compressed and then sold into a natural gas pipeline or to a dedicated end user under long-term contracts at market price for the energy and the value of the environmental attributes generated from the use of the high Btu gas.

There are essentially four proven commercial technologies available to process raw LFG to high Btu gas that are commonly known by the following names: Pressure Swing Adsorption ("PSA"), Membrane Filtration, Selexol, and Kryosel are registered trade names for distinct proprietary processes. All four of these technologies have similar features, but are distinguished primarily by the means employed to separate carbon dioxide from methane in raw LFG.

In the past the natural gas industry was generally reluctant to consider taking what was considered to be off-specification processed LFG into its transmission or distribution pipelines. This reluctance was rooted in concerns about the corrosive effect of off-specification gas to its pipelines and concerns that the utility's own customers will notice a drop in heating quality of their product. With the expansion of these projects throughout the country and various studies regarding the impact of processed LFG versus traditional natural gas these concerns and restrictions have relaxed in recent years.

Electricity is generated as gas-fueled engines or turbines drive electrical generators. These engines are designed to operate efficiently on medium-Btu gas and, as such, this option typically involves producing medium-Btu, which is then pumped into a generating facility. The electricity is used to power on-site plant loads or metered and sold at spot prices or under long-term contracts to utilities, municipalities, or industrial companies.

3.3 Overview of the Group

The Group develops, owns and operates large scale renewable energy projects utilising LFG in the USA. The Group has over 20 years experience in permitting, design, construction and operation of energy facilities utilising LFG and is headquartered in Pittsburgh, Pennsylvania. The Group's expertise and experience includes, *inter alia,* the following:

- pipeline quality gas production;
- electric power generation;
- carbon reduction and offset credits;
- renewable energy credits; and
- LFG collection system operations.

The Group's portfolio of LFG processing and power generation assets has the following attractive characteristics:

- leading market position in the conversion of LFG to pipeline quality natural gas;
- large-scale LFG projects provide substantial cash flows;
- attractive pricing on contracts with credit-worthy counterparties;
- active management with the expertise and experience to support growth initiatives;
- well defined expansion opportunities;
- favourable political and regulatory climate for renewable energy;
- seasoned, experienced professionals at all levels of organisation; and
- a strong environmental and safety record.

A number of factors influence the performance of the Group, the major drivers include

- the ability to continue to grow landfills and collect gas from existing sites;
- the ability to renew LFG rights on existing sites and source new ones;
- energy commodity pricing (natural gas and electric); and
- the availability of "green premiums" such as RECs from renewable electricity generation and RINs generated from the use of high Btu gas as a vehicle fuel.

4. RATIONALE FOR LISTING AND FUTURE PROSPECTS

HCI believes that the unbundling of Montauk Holdings best serves the interests of HCI Shareholders and will enhance HCI Shareholder value through improving the public profile and general public awareness of Montauk Holdings. The separate listing of Montauk Holdings will also provide HCI Shareholders the flexibility to maintain, increase or decrease their investment in Montauk Holdings based on their assessment of its prospects. In addition, through the unbundling of Montauk Holdings, the Listing is intended to provide HCI Shareholders with the opportunity to obtain direct exposure to the LFG sector in the USA which offers an alternative risk and return profile to their current shareholding in HCI and which has attractive growth prospects over the medium to long-term.

Montauk Holdings has in the past been overlooked by investors because of its size relative to other larger and higher profile HCI investments. The Listing will provide visibility and additional information which will allow investors to better assess its value.

The Listing will allow the Group to enhance HCI Shareholder value by providing greater visibility of Montauk Holdings' operations, provide Montauk Holdings with an additional source of capital, to facilitate future expansion and afford Prospective Investors the opportunity to participate directly in the equity of Montauk Holdings.

5. KEY INVESTMENT HIGHLIGHTS

Montauk Holdings' key investment highlights include:

5.1 Strong track record and recognised status as a leading developer of waste to energy sites

Montauk Holdings has an established operational platform of large scale renewable energy projects in the USA where the Group currently operates 13 LFG sites with an additional site under development. The Group's long history of success in the LFG industry, complimented by a veteran management team who have extensive specialty experience in LFG, has cemented the Group's reputation as a respected and knowledgeable player in the LFG and renewable energy industries. Over the last 20 years the Group has nurtured excellent working relationships with waste management companies and has established itself as a leading developer of new waste to energy sites in the USA. This has resulted in the Group being recognised as the largest producer of LFG-derived biogas in the USA as well as a major producer of renewable electricity from LFG.

5.2 Extensive experience across all categories of commercial beneficial use for processed methane

The Group offers turnkey services in the development, operation and management of LFG fuelled renewable energy projects through the provision of a comprehensive service spanning operations, regulatory compliance, engineering, construction and back office functions. Field operations are staffed internally and are supported by a corporate operations and an engineering staff. As of 30 September 2014, the Group had 75 employees overall including 54 field employees, over a third of whom have in excess of 10 years experience with the Group. Montauk Holdings differentiates itself from competitors through its extensive experience across all categories of commercialised beneficial use for processed LFG including pipeline quality natural gas, power generation, boiler fuel gas, carbon reduction, and alternative vehicle fuel production.

5.3 Exposure to renewable energy market in the USA

Montauk Holdings offers investors a unique investment opportunity to participate in the growth of the renewable energy market in the USA. The renewable energy industry has risen in prominence over the past several decades in response to a variety of factors. Emerging data pointing to the impact of industrialisation on the global climate coupled with political unrest in oil and gas rich regions of the world have placed renewable energy at the forefront of the world's economic and political agenda.

5.4 Emerging market for vehicle fuel related environmental attributes

The Group is well positioned to be able to capitalise on the current premiums associated with cellulosic RINs based on recent interpretations and guidance released by the EPA regarding the ability to generate cellulosic RINs under RFS II as a result of utilising LFG-derived pipeline quality natural gas and LFG fuelled electric generation as a vehicle fuel. Although the market for these RINs is undeveloped at this point, the current premiums associated with cellulosic RINs are substantially greater than the value previously recognised by the Group associated with environmental attributes and presents an exciting source of value for the Group in the future.

5.5 Rand hedge

As Montauk Holdings' operations are based in the USA, it provides prospective Investors with a US Dollar based investment, without the need to utilise offshore allocations as prescribed by the SARB.

5.6 Robust growth prospects

The Group has a number of planned strategies to achieve strong growth over the medium to long term, which are detailed in the following section, and includes:

- strategic acquisitions in a fragmented LFG industry with significant opportunity for consolidation;
- improved efficiencies of existing operations to achieve optimal economies of scale; and
- diversification into complimentary energy business lines.

6. STRATEGIES FOR GROWTH

6.1 Optimising value of established businesses

Montauk Holdings intends to continue its ongoing processes to unlock value from its existing operations through improving margins and growing market share in its pursuit to maximise shareholder returns. Existing LFG sites can grow through increased generation of recoverable gas from the continued collection of waste on the landfills. Montauk Holdings has the ability to renew existing LFG rights contracts to extend existing contract terms during which gas is collected from the site, further increasing efficiencies and achieving economies of scale. Given the Group's experience in capturing value for their products, Montauk Holdings will continue to source contracts for the Group's products that maximise shareholder returns.

6.2 Organic expansion

As a result of Montauk Holdings' successful operational history and well known value add to landfill owners, the Group is able to source new sites for development of renewable energy projects. The Group is currently developing a 20 MW electric generation facility at FR Bowerman landfill in Orange County, California the development of which is expected to be completed in early 2016 whereafter it is projected to be the Group's largest LFG project to date. This is indicative of the nature of the Group's plans for new projects to ensure that it is well positioned to capitalise on the continuing increase in demand for renewable energy while continuing to grow market share.

6.3 Growing through additional strategic investments

Montauk Holdings is on the lookout for strategic acquisitions of medium to large renewable energy portfolios. The LFG industry is fragmented and presents the opportunity for significant consolidation. Through these anticipated strategic acquisitions of appropriate complimentary portfolios, the Group expects to achieve critical mass to generate meaningful returns to Montauk Holdings Shareholders.

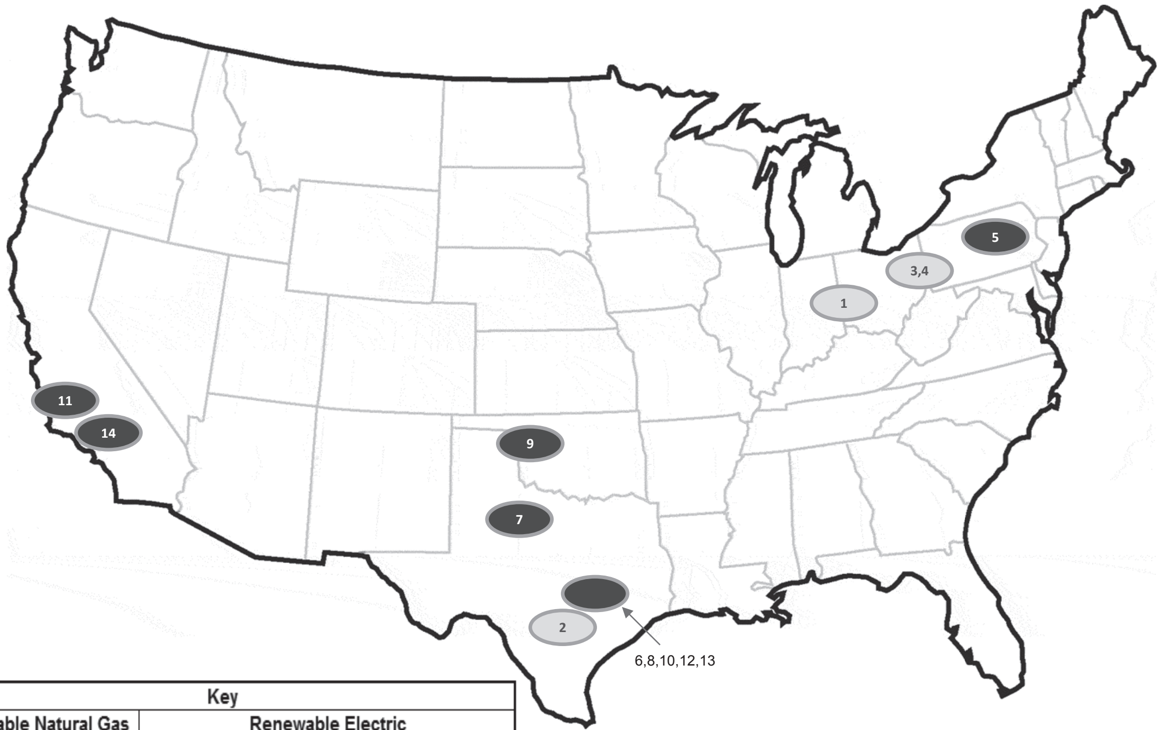
6.4 Diversification of energy sources

Montauk Holdings' long-term strategy is to identify opportunities to penetrate new markets in both the conventional and renewable energy sectors by leveraging off its reputation, experience and expertise in the LFG industry. This experience and expertise has the ability to translate into conventional forms of gas production and beneficial use, such as shale gas. The current strategy is to identify opportunities to diversify the Group's operations to similar energy related business lines that are complimentary to the Group's core experience and expertise.

7. OVERVIEW OF BUSINESS ACTIVITIES

Montauk Holdings has 13 operating projects located in Pennsylvania, New Jersey, Oklahoma, Ohio, Texas, and California. The Group's current portfolio of operating assets include four landfill methane to pipeline quality renewable natural gas facilities with an installed capacity to produce approximately 35 million SCFD of LFG and nine landfill methane to renewable electric power generation facilities with an installed capacity to produce approximately 45 MW of renewable electric power.

Geographical spread of projects



Key					
Renewable Natural Gas		Renewable Electric			
1	Rumpke	5	Monmouth	10	Security
2	McCarty	6	Atascocita	11	Toyon
3	Monroeville	7	McKinney	12	Bayton
4	Valley	8	Coastal plains	13	Blue Bonnet
		9	AEL	14	Bowerman

7.1 Active projects

Montauk Holdings currently owns and operates a geographically diverse landfill gas-to-energy portfolio with contractual rights at 15 landfills across the USA. Of the 15 landfills currently under agreement, 13 sites have existing active projects, four of which generate revenue from the sale of natural gas from high Btu production facilities and nine locations which sell electricity into the existing electrical grid from its electric generation production facilities under a variety of off-take arrangements.

The following table outlines Montauk's active portfolio of landfill gas to energy projects

No	Name	Location	Product	Plant capacity	In service since
1.	Rumpke	Cincinnati, Ohio	High Btu	15m SCFD	1985
2.	McCarty	Houston, Texas	High Btu	9m SCFD	1986
3.	Monroeville	Monroeville, Pennsylvania	High Btu	5.5m SCFD	2004
4.	Valley	Irwin, Pennsylvania	High Btu	5.5m SCFD	2004
5.	Monmouth	Tinton Falls, New Jersey	Electric	10.0 MW	1998
6.	Atascocita *	Humble, Texas	Electric	10.1 MW	2005
7.	McKinney	Dallas, Texas	Electric	3.2 MW	2011
8.	Coastal Plains *	Alvin, Texas	Electric	6.7 MW	2005
9.	AEL	Sand Springs, Oklahoma	Electric	3.2 MW	2013
10.	Security *	Cleveland, Texas	Electric	3.3 MW	2005
11.	Toyon	Los Angeles, California	Electric	1.9 MW	1985
12.	Baytown *	Baytown, Texas	Electric	3.9 MW	2005
13.	Bluebonnet *	Houston, Texas	Electric	1.0 MW	2005

*Texas LFG Portfolio

7.1.1 ***Rumpke***

Landfill name:	Rumpke Sanitary Landfill, Inc.
Location:	Cincinnati, Ohio
Landfill Status:	Open
Gas Rights Term:	31 December 2021*
Project:	High Btu gas

* Term may be extended for five years upon mutual consent.

The Rumpke Landfill, located in Cincinnati, Ohio, is a large, open landfill with significant filling capacity still available. The landfill currently has approximately 49 million waste tons in place, receives over 4 500 tons per day and is expected to operate through 2030 under its current permits. The landfill anticipates seeking future expansion that would extend the active life of the landfill well beyond 2030.

At this site, Montauk Holdings owns and operates a 15 million SCFD high Btu gas processing facility using Pressure Swing Absorption technology. The facility consists of three plants: two 6 million SCFD plants and a 3 million SCFD plant. The original gas processing facilities consisted of a 6 million SCFD and a 3 million SCFD plant that were placed into operation in 1985 and 1994 respectively. Montauk Holdings expanded the facility in 2007 through the development of a 6 million SCFD plant. Under the gas rights agreement the Company is responsible for the capital, operations and management of the landfill gas collection system.

The facility is registered with the EPA as a qualified facility for the generation of RIN's under the EPA's RFS II when used as a transportation fuel. The project currently sells the processed gas to a credit worthy counterparty for use as a vehicle fuel under the RFS II at the applicable monthly index price plus a portion of the value of the RIN's generated. The current sales agreement expires on 30 June 2016.

7.1.2 ***McCarty***

Landfill name:	McCarty Road Landfill.
Location:	Houston, Texas
Landfill Status:	Open
Gas Rights Term:	1 February 2019*
Project:	High Btu gas

* Term may be extended for successive three year terms upon mutual consent.

The McCarty Road Landfill is a large landfill located in Houston, Texas that currently has approximately 46 million waste tons in place and receives over 7 300 tons per day and is expected to operate through 2030 under its current permits.

At this site, Montauk Holdings owns and operates a 9 million SCFD high Btu gas processing facility that employs a solvent based gas separation technique called Selexol. The facility has been in operation since 1986. Under the Gas Rights Agreement the Company is responsible for the capital, operations and management of the landfill gas collection system

The facility is registered with the EPA as a qualified facility for the generation of RINs under the EPA's RFS II when used as a transportation fuel. The project currently sells the processed gas to a credit worthy counterparty for use as a vehicle fuel under the RFS II at the applicable monthly index price plus a portion of the value of the RIN's generated. The current sales agreement expires on 31 January 2019.

7.1.3 ***Valley and Monroeville***

Landfill name:	Valley Landfill	Monroeville Landfill
Location:	Irwin, Pennsylvania	Monroeville, Pennsylvania
Landfill Status:	Open	Open
Gas Purchase Term:	17 October 2023*	17 October 2023*
Project:	High Btu gas	High Btu gas

* Term can be extended for successive five-year periods upon mutual consent.

The Valley and Monroeville landfills are large, active landfills located approximately 15 miles from Montauk Holding's headquarters in Pittsburgh, Pennsylvania. The Valley and Monroeville landfills are two of the largest sites in western Pennsylvania with the combined landfill having approximately 36 million waste tons in place and receiving more than 2 000 tons of refuse per day. Montauk Holdings owns and operates the facilities and shares responsibility to operate and maintain the landfill gas collection systems with Waste Management, Inc, the landfill owner.

Montauk Holdings owns and operates virtually identical membrane based high Btu gas processing facilities at each of the Valley and Monroeville Landfills with a combined input of 11 million SCFD. The facilities were designed and constructed during the late 1990s.

Monroeville and Valley deliver processed landfill gas to the local distribution pipeline where it is transported to separate credit worthy gas purchasers. For gas delivered to the delivery point it receives the applicable monthly index price plus a fixed price for the green attributes used by the gas purchaser to generate renewable energy credits. The current Valley sales agreement expires 31 December 2015 and the current Monroeville contract expires 31 December 2016.

7.1.4 ***Monmouth***

Landfill name:	Monmouth County Reclamation Centre
Location:	Tinton Falls, New Jersey
Landfill Status:	Open
Gas Rights Term:	31 December 2020*
Project:	10 MW Electric Power Generation

*Term may be extended for five years upon mutual consent.

The Monmouth County Reclamation Center is a large open landfill in Tinton Falls, New Jersey that currently has over 15 million waste tons in place. Based on the current filling pattern the landfill is expected to operate through 2020 under its current permits. The Monmouth site anticipates filing for additional expansions that could extend the life of the landfill by another 12 years.

Montauk Holdings owns and operates a 10 MW electric generation facility at this site. The facility commenced operations in 1998 and consists of two combustion turbines. It is located in the eastern part of the PJM Regional Transmission Organisation. PJM is a regional transmission organisation that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM acts as a neutral, independent party that operates a competitive wholesale electricity market and manages the high-voltage electricity grid. PJM provides an attractive and ready market for energy, capacity and renewable energy credits for new and existing resources. In addition, PJM continues to project a need for new electric generation resources over the foreseeable future. The State of New Jersey has aggressive renewable targets and as such has a robust market for renewable energy credits from facilities such as Monmouth.

Monmouth's electric output is sold directly into the grid under an energy management services agreement with a credit worthy counterparty whereby Montauk Holdings receives the applicable day ahead locational margin pricing for the energy. Montauk Holdings separately sells the renewable energy credits related to the renewable energy that it produces into the market in addition to the locational margin pricing received for the electric energy.

7.1.5 ***Texas LFG Portfolio***

Landfill name:	Atascocita Landfill/Open Coastal Plains Landfill/Open Baytown Landfill/Open Security Landfill/Open Bluebonnet Landfill/Closed
Location:	Houston, Texas
Landfill Status:	As noted above
Gas Purchase Term:	31 March 2026*
Project:	Combined 25 MW Electric Power Generation

* Term can be extended for seven additional one year terms upon mutual consent.

The Texas LFG portfolio consists of five landfills in the greater Houston, Texas area. The combined landfills currently have over 34 million waste tons in place. The four landfills that are currently open are expected to continue to accept waste through 2050 under current permits based on the current filling patterns. The portfolio has a master landfill gas purchase agreement with Waste Management Inc., the owner of the landfills, which governs all locations in the portfolio.

Montauk Holdings owns and operates electric generation facilities at each site that have a combined capacity of 25 MW. The facilities commenced operations in 2005 and utilise reciprocating engine generator sets at the facilities. With the exception of the Security facility, these facilities are part of the Electric Reliability Council of Texas Regional Transmission Organisation ("ERCOT") which provides the facilities with a liquid market to sell the electric power. ERCOT provides an attractive and ready market for energy and renewable energy credits for new and existing resources.

With the exception of the Security facility, which sells its output to a credit worthy counterparty under a 10-year fixed price power purchase agreement which expires on 31 May 2024, the portfolio's electric output is sold directly into the grid under an energy management service agreement with a credit worthy counterparty whereby Montauk Holdings receives the applicable real time locational margin pricing for the energy. Montauk Holdings separately sells the renewable energy credits related to the renewable energy that it produces into the market in addition to the locational margin pricing received for the electric energy.

7.1.6 ***McKinney and American Environmental Landfill***

Landfill name:	McKinney Landfill	American Environmental Landfill, Inc
Location:	Dallas, Texas	Sand Springs, Oklahoma
Landfill Status:	Closed	Open
Gas Rights Term:	10 July 2022*	27 February 2028**
Project:	3.2 MW Electric Power Generation	3.2 MW Electric Power Generation

* Term can be extended for 2 successive 5-year periods upon mutual consent.
** Term can be extended for 2 successive 5-year periods at the Group's option.

Montauk Holdings owns and operates virtually identical reciprocating engine generator electric power generation facilities at each of the McKinney and American Environmental Landfill ("AEL") landfills. The projects were developed and constructed by Montauk Energy and placed into service in 2011 (McKinney) and 2013 (AEL). The McKinney landfill closed its operations in 2012 and has approximately six tons of waste in place. The AEL landfill currently has approximately 5 million waste tons in place. The AEL landfill is expected to continue to accept waste through 2032 under its current permits based on the current filling patterns

The McKinney facility is located in ERCOT which provides the facility with a liquid market to sell the electric power. ERCOT provides an attractive and ready market for energy and renewable energy credits for new and existing resources. McKinney's electric output is sold directly into the grid under an energy management service agreement with a credit worthy counterparty wherein Montauk Holdings receives the applicable real time locational margin pricing for the energy. Montauk Holdings separately sells the renewable energy credits related to the renewable energy that it produces into the market in addition to the locational margin pricing received for the electric energy.

The AEL facility sells its output under a 15-year fixed price power purchase agreement to a local municipal power authority. The power purchase agreement expires on 27 February 2028.

7.1.7 *Toyon Landfill*

Landfill name:	Toyon Canyon Landfill
Location:	Los Angeles, CA
Landfill Status:	Closed
Gas Rights Term:	6 February 2014*
Project:	1.7 MW Electric Power Generation

* Term automatically extends until the Group determines that gas can no longer be produced in commercial quantities.

Montauk Holdings owns and operates 1.9 MW engine generator electric power generation facilities at the Toyon Landfill. The project has been in service since the 1980s. The Toyon landfill has been closed since 1985 and has approximately 16 tons of waste in place.

The Toyon facility sells its output under a one-year fixed price power purchase agreement to a local municipal power authority. The power purchase agreement expires on 30 June 2015.

7.2 Development

7.2.1 *Frank R. Bowerman Landfill ("Bowerman")*

Landfill name:	Frank R. Bowerman Landfill
Location:	Irvine, California
Landfill Status:	Open
Gas Purchase Term:	20 years from Commercial Operation Date ("COD") of power project*
Planned Project:	Electric – 20 MW Electric Power Generation

* COD is required by 30 June 2016. Term may be extended for two additional 10-year terms at Montauk Holdings' option – subject to County Board Approval.

The Group is in the advanced stages of development of a large electric project at the Bowerman Landfill located in Irvine, California. The Bowerman Landfill is currently one of the largest landfills in the State of California with over 42 million waste tons in place and a remaining fill life of over 30 years. The Group has secured a twenty year fixed price contract for the sale of renewable power and environmental attributes with a local municipality. The initial power generation project is expected to begin construction and equipment procurement in the fourth quarter of calendar 2014 with an anticipated commercial operation in the first quarter of 2016.

The landfill is owned and operated by Orange County's Waste and Recycling Division. The gas rights agreement with Orange County provides Montauk Holdings with exclusive rights to the LFG produced at the landfill. Montauk Holdings currently operates and maintains the landfill gas collection system and the five flares on the site.

The project will be based on seven reciprocating engine-generator sets with a net output of 20.0 MW making it one of the largest landfill gas to electricity projects in the USA. In addition to the initial project, the Group anticipates landfill gas volumes will continue to increase significantly and will support the possibility of incremental generation capacity to be added at later dates. The expected capital cost of this project is approximately US$59 million.

The Group will finance the project with a combination of a construction financing loan from the equipment manufacturer and a corporate loan facility with a large commercial bank in the USA. On 31 October 2014 the Group executed facility agreements in respect of:

(i) construction financing of approximately US$41 million; and

(ii) a corporate loan facility for approximately US$18 million to fund the construction of the Bowerman project.

8. MAJOR AND CONTROLLING SHAREHOLDERS

Montauk Holdings has been a Subsidiary of HCI since incorporation. The registered office of HCI is Suite 801, 76 Regent Road, Seapoint, Cape Town, 8005. There has been no change in controlling shareholders of Montauk Holdings in the past five years.

Immediately following the Unbundling, HCI Shareholders will hold Montauk Holdings Shares in proportion to their shareholdings in HCI. Consequently, based on the provisional entitlement ratio of 120.03411 Montauk Holdings Shares for every 100 HCI Shares, the HCI Shareholders that will directly or indirectly beneficially hold approximately 5% or more of the Montauk Holdings Shares, immediately after the Unbundling (based on their HCI shareholdings at the Last Practicable Date), will be as follows:

Name	**Number of Montauk Holdings Shares on Listing Date**	**Percentage of issued Montauk Holdings share capital on Listing Date**
Sactwu	40 911 007	30.25
MJA Golding	9 940 992	7.35
Total	50 852 000	37.6

Save as indicated above and as at the Last Practicable Date, the Directors are not aware of any shareholder or Director who will be, directly or indirectly, beneficially interested in 5% or more of the issued share capital of Montauk Holdings.

Sactwu and certain of the directors and members of management of HCI, who will become shareholders of Montauk Holdings following the Unbundling by virtue of their shareholdings in HCI have entered into an agreement to regulate the manner in which they will conduct themselves in relation to their Montauk Holdings Shares. The agreement establishes a voting pool amongst the parties to the agreement and the parties furthermore grant one another pre-emptive rights in respect of the parties' Montauk Holdings Shares.

Sactwu and certain of the directors and members of management of HCI have indicated their intention to enter into an option agreement comprising a put and call option. Sactwu has indicated that it may divest from its investment in Montauk Holdings as the investment does not fit its investment mandate of supporting businesses that operate in South Africa and as such the option agreement will provide Sactwu with the opportunity to exit its 30% shareholding in Montauk Holdings in an orderly manner which doesn't adversely impact the Company or the other Shareholders.

The call option will provide that the Montauk Holdings Shares held by Sactwu can be acquired by the other parties to the agreement for an aggregate consideration of R142 645 000 (plus an amount of R3.44 per additional Montauk Holdings Share acquired by Sactwu prior to exercise of the call option) during the call option period of 180 days commencing on the date of Listing.

The put option will allow Sactwu to sell the Montauk Holdings Shares to the other parties to the agreement at the lesser of the 20 day VWAP prior to the date on which the put option is exercised and the aggregate amount of R142 645 000 (plus R3.44 per additional Montauk Holdings Share acquired by Sactwu prior to exercise of the put option) during the put option period which commences when the call option period ends and lasts for 20 Business Day thereafter.

9. REGULATORY ENVIRONMENT

Montauk Holdings is subject to certain legislation and regulations. The principal South African and USA legislation regulating the renewable energy industry in which Montauk Holdings operates is highlighted in Annexure 10.

PART B: MANAGEMENT AND CORPORATE GOVERNANCE

10. DIRECTORS AND SENIOR MANAGEMENT

The names, ages, business addresses, functions, qualifications, occupations, nationalities and brief CVs of the Directors of Montauk Holdings are set out below.

John Anthony Copelyn (64) (BA Hons, BProc) South Africa

Mr John Copelyn is the non-executive Chairman of Montauk Holdings Limited. He was appointed to the Board in 2010. He joined HCI as Chief Executive Officer in 1997 and has since built a reputation as one of South Africa's foremost businessmen. He was previously general secretary of various unions in the clothing and textile industries from 1974 before becoming a member of parliament in 1994. He currently holds various directorships and is non-executive Chairman of Sabido Investments Proprietary Limited and Tsogo Sun Holdings Limited and serves as a non-executive director on the board of The Industrial Development Corporation of South Africa Limited.

John Copelyn is also a director of the Subsidiaries Johnnic Holdings, Montauk Energy and Montauk Capital.

Date appointed	**Committee memberships**
31 August 2010	Remuneration Committee Social and Ethics Committee *(Chairman)*

Business address

Suite 801
76 Regent Road, Seapoint
Cape Town, 8005
South Africa

David Richard Herrman (47) (BSc, CPA) United States of America

Mr David Herrman is the Chief Executive Officer of Montauk Holdings. Mr Herrman has more than 20 years of business and financial management experience including transactional contract negotiations, financial reporting and compliance. Prior to joining Montauk Energy, he held various positions with Duquesne Light Holdings Incorporated, Interstate Hotels and Resorts Incorporated and PricewaterhouseCoopers.

Dave Herrman is also a director of the Subsidiaries Johnnic Holdings, Montauk Energy and Montauk Capital.

Date appointed	**Committee memberships**
31 August 2014	Social and Ethics Committee

Business address

Fifth Floor, Foster Plaza Building 10
680 Andersen Drive
Pittsburgh
PA, 15126
United States of America

Sean Fitzgerald McClain (40) (BSc, CPA, MBA) United States of America

Mr Sean McClain is the Chief Financial Officer of Montauk Holdings. He has more than 15 years of business and financial management experience including public and private equity placements, debt structuring, acquisitions, financial reporting, compliance and accounting. Prior to joining Montauk Energy, he held various positions with BPL Global Limited, Bayer A.G., Dick's Sporting Goods Incorporated and Arthur Andersen LLP.

Date appointed	**Committee memberships**
31 August 2014	None

Business address

Fifth Floor, Foster Plaza Building 10
680 Andersen Drive
Pittsburgh
PA, 15126
United States of America

Mohamed Ahmed (50) (BComt, Accounting) South Africa

Mr Mohamed Ahmed is an independent non-executive Director and fulfils the role of lead independent director on the Board. He is a businessman and has held directorships in numerous listed and unlisted companies. He is currently the lead independent director of Seardel and the chairman of its audit committee.

Date appointed	**Committee memberships**
31 August 2014	Audit and Risk Committee *(Chairman)* Remuneration Committee *(Chairman)*

Business address

52 Intersite Avenue
Umgeni Business Park
Durban, 4001
South Africa

Michael Jacobson (46) (BCompt, CA(SA), CFA) Australia

Mr Michael Jacobson is a non-executive Director. He is an executive director of Oceania Capital Partners Limited, an investment holding company listed on the Australian Stock Exchange. Mr Jacobson joined HCI in 2003 and has held directorships in several HCI subsidiaries such as Tsogo Sun Holdings Proprietary Limited, Johnnic Holdings and Seardel and has served on various sub committees of these Boards. He is currently a non-executive director of Montauk.

Date appointed	**Committee memberships**
31 August 2014	None

Business address

Suite 61
14 Narabang Way
Belrose
New South Wales, 2085
Australia

Naziema Jappie (54) (MSc Social Sciences) South Africa

Ms Jappie is an independent non-executive Director. She held previous positions in various labour unions and owns her own business. She is a non-executive director of Seardel and Golden Arrow Bus Services Proprietary Limited and a member of the former's audit committee.

Date appointed	**Committee memberships**
31 August 2014	Audit and Risk Committee Social and Ethics Committee Remuneration Committee

Business address

42 Overport Drive
Overport
Durban, 4091
South Africa

Bruce Steven Raynor (64) (BSc Labour Relations)   United States of America

Mr Bruce Raynor is an independent non-executive Director. He is a former executive vice president of the Service Employees International Union in the United States and former president of the United States union "Workers United". He was Chairman of several union-affiliated national pension and insurance funds and was chairman of Amalgamated Life Insurance Company and Amalgamated Bank, the only union-owned bank in the United States. Raynor is currently president of The Sidney Hillman Foundation, a foundation that supports and rewards socially conscious journalism and the principal of R and S Associates LLC, a consulting firm based in New York. Bruce is also a director of the Subsidiaries Montauk Energy and Montauk Capital.

Date appointed	**Committee memberships**
31 August 2014	Audit and Risk Committee

Business address

Fifth Floor, Foster Plaza Building 10
680 Andersen Drive
Pittsburgh
PA, 15126
United States

Andre van der Veen (43) (BCompt, CA(SA), CFA, ACMA)   South Africa

Mr van der Veen is a non-executive Director. He previously held positions in investment banking at Nedcor Investment Bank, Greenwich Techlab and Mettle Limited. He joined HCI in 2004 and was involved in the Group's investment in Montauk Energy Capital LLC. He has served on various HCI Subsidiary boards and committees and currently serves as the non-executive Chairman of HCI Coal Proprietary Limited and the CEO of Niveus Investments Limited and KWV Holdings Limited.

Date appointed	**Committee memberships**
31 August 2014	None

Business address

La Concorde
57 Main Street
Paarl, 7646
South Africa

11. APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

The relevant provisions of the MOI relating to the qualification, remuneration, borrowing powers and appointment of the Directors are set out in Annexure 7 to this Pre-listing Statement.

Directors' declaration

None of the Directors have declared:

- any bankruptcies, insolvencies, or individual voluntary compromise arrangements;
- any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where the Director is or was a director with an executive function of such company at the time of or within the 12 months preceding any such event(s);
- any compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where the Director is or was a partner at the time of or within the twelve months preceding such event(s);
- any receiverships of any asset(s) of the Director or of a partnership of which the person is or was a partner at the time of or within the 12 months proceeding such event(s);
- any details of any public criticism of the Director by statutory or regulatory authorities, including recognised professional bodies, and whether the Director has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- any details regarding removal from an office of trust on the grounds of misconduct and involving dishonesty;

- details of any court order declaring such person delinquent or placing him under probation in terms of section 162 of the Act and/or section 47 of the Close Corporation Act, 1984 or disqualifying him to act as a director in terms of section 219 of the Companies Act; and/or
- any offence involving dishonesty.

The Directors have submitted to the JSE duly completed declarations in compliance with Schedule 21 of the Listings Requirements.

Montauk Holdings and the independent non-executive Directors, being Mr M H Ahmed, Ms N B Jappie and Mr B S Raynor, have specifically applied their minds to the requirements of the King Code related to independence and are satisfied that they are independent.

Terms of office of Directors

Executive and non-executive Directors do not have a fixed term of appointment with the Company or its Subsidiaries. In terms of the Company's MOI, one-third of Directors must retire at every annual general meeting and are eligible for re-election. The Directors who retire shall be those who have been longest in office since their last election. Any Director, who has held office for three years since the last election, shall also retire at the conclusion of the annual general meeting. A retiring Director shall be eligible for re-election, and if re-elected, shall be deemed not to have vacated office.

Remuneration of Directors

There was no remuneration or benefits paid by the Company to the executive and non-executive Directors for the year ended 31 March 2014, in their capacity as Directors. In their respective capacities as Chief Executive Officer and Chief Financial Officer of Johnnic Holdings, D R Herrman and S McClain earned the following remuneration during the year ended 31 March 2014:

	Salary US$'000	Other benefits US$'000	Bonus US$'000	Total US$'000
D R Herrman	188	25	29	242
S F McClain	157	22	16	195

The future remuneration of executive management will be determined in accordance with Group remuneration policies as determined by the Remuneration Committee from time to time.

In his capacity as non-executive Director of subsidiaries Montauk Capital and Montauk Energy, B S Raynor earned the following remuneration during the year ended 31 March 2014:

	Board fees US$'000	Total US$'000
B S Raynor	25	25

The following annual remuneration to non-executive Directors is applicable from the date of Listing of the Company's Shares on the JSE, payable quarterly in arrears, per Director:

	Fees R'000
Board	90
Audit and Risk Committee	36
Remuneration Committee	36
Social and Ethics Committee	36

The fee paid to persons in respect of subcommittee membership is limited to R36,000, irrespective of the number of committees that the person is a member of.

Remuneration paid to non-executive Directors of the company is subject to approval by Shareholders at the annual general meeting of the Company.

No fees were paid to a third party *in lieu* of Directors' fees. Other than Directors who were appointed as a result of the Listing, there is no variance in the fees received by Directors.

Borrowing powers and borrowings

Extracts from the MOI reflecting the borrowing powers of the Directors and the manner in which such borrowing powers may be varied are set out in Annexure 7 to this Pre-listing Statement. The borrowing powers of Directors of Subsidiaries of Montauk Holdings are restricted by the limits imposed by Montauk Holdings and by the Memorandum of Incorporation of the particular Subsidiaries.

The Directors may exercise all the powers of Montauk Holdings to affect borrowings. In terms of the MOI, the borrowing powers of Montauk Holdings are not limited, therefore the borrowing powers have not been exceeded.

12. DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF MONTAUK HOLDINGS

The Directors in Montauk Holdings and their Associates, including Directors who have resigned in the last 18 months, will hold the following direct, and indirect beneficial interests in Montauk Holdings after the Unbundling based on their shareholdings in HCI on the Last Practicable Date:

Directors	Direct beneficial	Indirect beneficial	Associates	Total	Percentage holding
Executive					
D R Herrman	–	–		–	–
S F McClain	–	–		–	–
Non-executive					
J A Copelyn	6 703 624	–		6 703 624	5.0
M A Jacobson	65 299	–		65 299	0.1
A van der Veen	812 797	–		812 797	0.6
M H Ahmed	–	–		–	–
N B Jappie	–	–		–	–
Resigned					
M J A Golding	8 424 770	1 646 291		10 071 060	7.5
K Govender	258 102	20 706	1 625 555	1 904 363	1.4
Total	**16 264 591**	**1 666 997**	**1 625 555**	**19 557 143**	**14.6**

There has been no change in the Directors' indirect interests in their shareholding in HCI between the end of the preceding financial year and the date of this Pre-Listing Statement other than as disclosed on SENS.

13. DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors have no indirect or direct beneficial interests during the current or immediately preceding financial year, or during an earlier financial year which remains in any respect outstanding or unperformed.

No Director has been paid any monies to induce him or her to become a director between the date of incorporation and the Last Practicable Date.

The MOI provides that any Director who has an interest in a contract or arrangement with Montauk Holdings is obliged to declare that interest in terms of the Companies Act and shall not be entitled to vote on a resolution relating thereto.

The Directors only interest in the Unbundling is as a result of their shareholdings in HCI. There is no change in the Directors' interests after the proposed Unbundling.

14. CORPORATE GOVERNANCE

Montauk Holdings has adopted the corporate governance principles of HCI, which has long espoused high standards of ethical behaviour and corporate governance. Montauk Holdings is committed to the principles of openness, integrity and accountability in its dealings with all stakeholders and supports the Code of Corporate Practices and Conduct as recommended by the King Report on Corporate Governance, 2009. Extracts of the corporate governance policies adopted by Montauk Holdings are set out in Annexure 2 to this Pre-listing Statement.

PART C: FINANCIAL INFORMATION – HISTORICAL FINANCIAL INFORMATION, *PRO FORMA* FINANCIAL INFORMATION AND DIVIDEND POLICY

15. HISTORICAL FINANCIAL INFORMATION

The *pro forma* historical financial information for Montauk Holdings for the years ended 31 March 2014 is presented in Annexure 1. The preparation of the historical financial information is the responsibility of the Directors.

16. LOANS PAYABLE AND MATERIAL LOANS

The Group currently has no material loans outstanding as at the Last Practicable Date, other than as disclosed below. The Group has executed facility agreements in respect of construction financing of approximately US$41 million and a corporate loan facility for approximately US$18 million to fund the construction of the Bowerman project. These facilities were finalised on 31 October 2014. Key terms associated with these facilities are as follows:

Loan facility	**Construction financing**	**Corporate financing**
Borrower	Bowerman Power LFG, LLC	Montauk Energy Holdings, LLC
Amount	US$41.03 million	US$12 million Term Loan, US$6 million Revolver
Rate of interest	LIBOR + Applicable Construction Loan Margin for each advance*	LIBOR + 4.5%
Maturity Date	Covert to 10-year fixed rate term loan on commercial operation of facility. Principal amortisation based on 15-year term with balloon payment at end of term.	3-year term. Monthly principal payments of US$100,000.
Security provided	Bowerman project	All assets of Montauk Energy Holdings, excluding the Bowerman project

* Current Applicable Construction Loan Margin is approximately 4.27%. The Applicable Construction Margin floor is 4.15%.

Any loans due in the next 12-months will be repaid out of cash generated by the Group.

17. DIVIDENDS AND DIVIDEND POLICY

The Directors have not established a dividend policy for the Group and any future dividend policy will be subject to the Directors exercising due care in assessing the cash requirements of the Group.

In accordance with the MOI, all unclaimed dividends will be held in trust, provided that dividends unclaimed for a period of three years from the date they were declared may be forfeited for the benefit of Montauk Holdings. Dividends shall be declared payable to shareholders of Montauk Holdings as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is later. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Directors at the time of declaration, subject to the Listings Requirements. There are no current arrangements under which future dividends are waived or agreed to be waived. Relevant extracts of the MOI relating to dividends are set out in Annexure 7 to this Pre-listing Statement.

18. MATERIAL CHANGES

The material changes in the assets, liabilities and trading position of Montauk Holdings and its Subsidiaries that have taken place between 31 March 2014 and the Last Practicable Date relate to the HCI Restructuring.

Prospective Investors are referred to paragraph 34 and this Pre-listing Statement which more fully sets out the details of the Montauk Holdings Restructuring.

Other than the aforementioned specific changes, and those set out in the history of Montauk Holdings in paragraph 1, no other material changes in the financial or trading position of Montauk Holdings and its Subsidiaries have taken place during the past five years.

19. WORKING CAPITAL STATEMENT

The Directors have considered the working capital position of Montauk Holdings and its Subsidiaries and are of the opinion that, for a period of 12 months after the date of this Pre-listing Statement:

(a) Montauk Holdings and its Subsidiaries will be able, in the ordinary course of business, to pay its debts;

(b) the assets of Montauk Holdings and its Subsidiaries will be in excess of the liabilities of Montauk Holdings and its Subsidiaries;

(c) the share capital and reserves of Montauk Holdings and its Subsidiaries will be adequate for ordinary business purposes; and

(d) the working capital of Montauk Holdings and its Subsidiaries will be adequate for ordinary business purposes.

PART D: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

A brief discussion of the results of operations for Montauk Energy's operations for the financial year ended 31 March 2014 is set out below.

The following discussion and analysis should be read together with the rest of the Pre-listing Statement, including the *pro forma* historical financial information in Annexure 1 to this Pre-listing Statement.

Revenues

The Group's revenues are primarily derived from the sale of natural gas and electricity as well as the associated green premiums resulting from the energy commodity being derived from LFG. The projects are baseload projects which run 24 hours a day and seven days a week and results are heavily dependent on the volumes produced at each facility and the associated pricing received.

All four of the Group's high Btu facilities' sales contracts consist of the commodity being sold at the applicable floating monthly index price as well as a fixed price for the associated green attribute. The percentage of sales from the high Btu facilities related to the index based pricing was 60% for 2014 and 52% for 2013. The balance of revenues from the High Btu facilities was based on the fixed price for the green attribute. For the Group's electric generation portfolio 45% of 2014 and 38% of 2013 revenues were based on daily market index pricing with the balance of the volumes being sold under fixed price contracts for both the electric power and associated green attributes. In most areas of the USA, pricing for electricity generally tracks that of natural gas. Therefore given the significant portion of the Group's revenues being based on market index pricing results in the revenues being subject to the inherent volatility in the US natural gas market. Given the recent depressed pricing related to natural gas in the USA, the Company currently utilises a short term hedging strategy that captures perceived value in the futures pricing resulting from short-term movements in natural gas pricing which in recent years has come primarily from weather impacts on current national storage volumes of natural gas.

From 2013 to 2014 the winter heating season's impact on natural gas storage levels both just prior to the 2014 fiscal year (November 2012 – March 2013) and in the last half of the 2014 fiscal year (November 2013 – March 2014) caused a significant increase in natural gas prices in the USA. At the beginning of fiscal 2014 natural gas in storage approximated the previous five year average for that date. By 31 March 2014, as a result of the coldest winter in terms of heating degree days in the USA since 1996, the natural gas storage fell to less than 50% of the five year average which spiked prices at the end of the fiscal year.

As a result, in 2014, the average price for natural gas was US$4.05 per MMBtu, which was a 38% increase over the average price for 2013 of US$2.94 per MMBtu. The Group's revenues from the High Btu facilities increased 35%, including outstanding hedge impacts, in 2014 over 2013. The price increase offset an 8% decline in volumes produced in 2014 from 2013. Likewise, the average spot price for electric power in the Houston, Texas region was US$36.08 per MWh in 2014 compared to the average spot price for 2013 of US$25.92, a corresponding 39% increase. However, despite overall flat production from 2014 compared to 2013 and the significant price increase experienced in 2014, the Group's overall electric generation portfolio's revenues only increased by 7% in 2014 over 2013. This is a result of a change in the volume mix amongst the fixed price contracts in 2014 as compared to 2013.

Expenses

The Group's expenses are primarily related to operations and maintenance costs associated with facilities, labour and general and administrative costs such as insurance and depreciation. Given the standardised maintenance schedules for the facilities-related operations, maintenance costs are very predictable. As a result overall operating expenses were approximately 3% lower in 2014 as compared to 2013 due to timing of required maintenance on the Group's facilities.

Cash flows:

Other factors influencing the Group's cash flows are:

(i) maintenance capital expenditures;

(ii) development/expansion capital expenditures; and

(iii) financing activities and significant changes in working capital.

The operations and maintenance of the Group's portfolio requires regular capital expenditures to maintain the facilities in addition to ongoing operations and maintenance expenses. The majority of these maintenance capital expenditures are made at specified intervals in accordance with prescribed maintenance cycles which can vary from year to year. Maintenance capital expenditures were US$4.3 million in 2014 and US$2.4 million in 2013. Development/expansion capital expenditures were US$(0.8) million in 2014 and US$6.2 million in 2013. These were primarily comprised of capital expenditures related to the completion of the AEL facility of US$5.8 million in 2013 and the subsequent receipt of a US$1.6 million grant in 2014 from the United States Treasury under Section 1603 of the American Reinvestment and Recovery Act of 2009 for the AEL facility.

Statement of financial position

In 2014 HCI contributed US$25.2 million to the Group to facilitate the retirement of the US$25 million FirstRand Bank facility. As a result of the retirement the Group has no outstanding external financing liabilities as at the Last Practicable Date other than the facilities raised to finance the construction of the Bowerman project as disclosed in paragraph 16. The proceeds received from the sale of Longkloof and Deepkloof were applied to settle the inter-company loan. In addition the Group had an outstanding receivable at 31 March 2014 of approximately US$4.0 million related to the sale of excess NO_x emission allowances for its Texas facilities. These proceeds were received in April of 2014.

PART E: RISK FACTORS

Investing in the Montauk Holdings Shares carries a level of inherent risk. Accordingly, before investing in Montauk Holdings Shares, investors should carefully consider the risks described below in addition to the other information in this Pre-listing Statement. Although information has been provided in this Pre-listing Statement in relation to the Montauk Holdings Shares, an investor should use his or her own judgment and seek advice from an independent financial adviser before making a decision to invest in Montauk Holdings.

The Group's businesses, financial position, results of operations, growth, strategies and dividend policy could be materially adversely affected by a number of risks, including those set out below. These risks could also have an adverse effect on the trading price of the Montauk Holdings Shares. The risks described below are not considered to be exhaustive; additional risks not presently known to Montauk Holdings or that the Directors currently deem immaterial may also adversely affect the Group's business, financial position, results of operations, growth, strategies and dividend policy.

This Pre-listing Statement contains "forward-looking" statements that involve risks and uncertainties. Montauk Holdings' actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below.

20. RISKS RELATED TO MONTAUK HOLDINGS' BUSINESS

Suitability of investment

Investors are not to construe the contents of this Pre-listing Statement as financial, tax or legal advice. Prior to acquiring Montauk Holdings Shares investors should consult with their financial, tax and legal advisers to determine the appropriateness and consequences of an investment in the Group.

General risks

The Group's key business operations may be adversely affected by global or local economic, political, environmental or other factors beyond the control of the Group.

Montauk Holdings operates in a highly regulated industry

The Group operates in the highly regulated landfill industry in the USA. No assurances can be provided that new rules and regulations will not be enacted or that existing or future rules and regulations will not be applied in a manner which could limit or curtail production or development of LFG sites. Amendments to current laws and regulations governing operations and activities or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Group.

Commodity price risk

The Group is exposed to commodity price risks and specifically the fluctuation of gas prices. The market price of natural gas is volatile and affected by numerous factors which are beyond the control of Montauk Holdings.

These factors include, *inter alia*: international supply and demand, the level of consumer demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, inflation, as well as global and regional political events. Sustained downward movements in the price of gas could render some or all of Montauk Holdings' LFG projects uneconomical.

Finite supply of new landfill project opportunities

Landfill sites in the USA must comply with federal regulations which include location restrictions to ensure that landfills are built in suitable geological areas away from faults, wetlands, flood plains, or other restricted areas. This results in a limited pool of new landfill project opportunities available to Montauk Holdings through which it can execute its expansion plans.

Operational risks

LFG is an unstable and highly unpredictable fuel source and conditions impacting LFG recovery is very site specific. Operational risks include fire and explosion and gas migration in the subsurface can result in contact of landfill gas with groundwater. In the event that any of these outcomes occur it may result in rehabilitation costs and legal liability which would adversely affect the Company's financial position.

Ability to successfully extend existing landfill contracts

LFG rights are issued by the landfill owner to Montauk Holdings for a contractual period. As Montauk Holdings has already invested resources in the development of existing sites, the ability to extend these contracts on expiration would enable them to achieve operational efficiency in continuing to generate revenues from a site without significant additional capital investments requirements. There is a risk that Montauk Holdings will be unable to extend existing landfill contracts when they expire which will have an adverse effect on its ability to achieve performance targets.

Availability of competitive financing for renewable projects

Montauk Holdings operates in a specialised industry which requires extensive capital outlays to develop a site, while cash flows are only generated once the site is operational. Due to the specialised nature of these renewable projects, there is a limited pool of competitive financing offerings available to Montauk Holdings to pursue its growth strategy at economical levels.

Dependency on government programmes

Montauk Holdings is dependent on federal and state incentive programmes to offset the higher production costs in the LFG industry. Consequently, potential future changes in regulations or a reduction in government support for renewable energy could negatively impact on Montauk Holdings' ability to pursue its intended growth strategy and adversely affect its current business model.

Certain LFG projects are currently loss making

Certain of the LFG sites held by Montauk Holdings are currently loss-making. Such projects may be unprofitable for an extended period of time until they achieve critical mass and there are no assurances that the Company will be able to restore such investments to profitability in the anticipated timeframes.

Customer concentration

A substantial portion of the Group's revenues are generated from three locations, each in separate areas of the USA. Each location generally sells all of its output to one separate customer per location. The Group's financial position, results of operations and cash flows could be adversely impacted if production volumes related to these locations were to decrease in future.

Environmental

The Group is subject to a variety of environmental laws and regulations governing discharges to the air and water, as well as the handling, storage and disposing of hazardous or waste materials. The Group believes its operations currently comply in all material respects with all of the environmental laws and regulations applicable to its business. However, there can be no assurance that environmental requirements will not change in the future or that the Group will not incur significant costs to comply with such requirements.

Failure to retain and attract key personnel and qualified employees

The Company's performance depends to a large extent on the efforts and abilities of its key personnel and employees. The Company believes that its success will continue to depend, in part, upon its ability to continue to attract, retain and motivate the necessary personnel, including executive officers and certain other key employees. Between them, the key executives of Montauk Holdings have numerous years of speciality experience in the LFG industry. These executives, along with other key personnel, have the knowledge and understanding of Montauk Holdings' operations that cannot be readily duplicated in the short term. Failure to attract and retain such personnel, including any member of Montauk Holdings' senior management team, could have a material adverse effect on the Company's business by impairing its ability to execute its business plan and growth strategy.

PART F: SHARE CAPITAL

21. SHARE CAPITAL

The authorised and issued share capital of Montauk Holdings on Listing Date is as follows:

	US$ '000
Authorised	
200 000 000 shares of no par value	
200 000 000 unclassified shares	
Issued	
135 256 156 shares of no par value	166 202

None of the Montauk Holdings Shares are held as treasury shares by the Group.

No Montauk Holdings Shares will be listed on any securities exchange other than the JSE. Montauk Holdings has not created or issued any debentures.

There are no founders or deferred shares. Other than the Montauk Holdings Shares which are expected to be listed on the JSE, no securities have been issued by Montauk Holdings nor listed on any other stock exchange.

The issue of authorised but unissued securities for cash requires approval by way of a special resolution of Montauk Holdings Shareholders in a general meeting in accordance with the MOI. There are no resolutions, authorisations or approvals currently in place by virtue of which securities will be created and/or issued.

21.1 Share incentive schemes

No share incentive schemes have been implemented at Montauk Holdings as at the Last Practicable Date.

Montauk Capital has a share-based compensation programme, in which employees, non-employee directors and outside consultants and independent contractors are eligible to participate in Montauk Capital membership units. Additional detail and terms of the share incentive scheme is set out in the notes to the Johnnic Holdings audited financial statements which are set out in Annexure 5.

21.2 Rights attaching to Montauk Holdings Shares

All issued Montauk Holdings Shares have equal rights to participate in the capital and profits of Montauk Holdings. Any variation in the rights attaching to Montauk Holdings Shares will require a special resolution of Montauk Holdings Shareholders in a general meeting in accordance with the MOI.

In accordance with the MOI, at any general meeting of Montauk Holdings Shareholders, every Montauk Holdings Shareholder present in person or by authorised representative shall have one vote on a show of hands, provided that a proxy shall, irrespective of the number of Montauk Holdings Shareholders that proxy represents, have only one vote. On a poll, every Montauk Holdings Shareholder present in person or by proxy shall have one vote for each ordinary share held.

At the Listing Date, all the issued Montauk Holdings Shares will rank *pari passu* in every respect. There are no preferential conversion or exchange rights of any kind attached to Montauk Holdings Shares.

In terms of section 36(4) of the Companies Act, if the Board of Montauk Holdings exercises its discretion in terms of section 36(3)(c) of the Companies Act to classify the 200 000 000 authorised but unclassified shares in the capital of Montauk Holdings, it is required to file a notice of amendment of its MOI, setting out the changes and rights attaching to such class of shares. In addition, in terms of the MOI and the Listings Requirements, the Company will require the approval of a special resolution of Montauk Holdings Shareholders in a general meeting in the event of the Board classifying such shares.

22. ALTERATIONS TO SHARE CAPITAL IN THE PAST THREE YEARS

The changes to Montauk Holdings' issued shares during the three financial periods ended 31 March 2014, 31 March 2013 and 31 March 2012 are summarised below:

Changes to issued shares	Ordinary Shares
Up to the Last Practicable Date	
Issued shares at beginning of year	135 256 156
Changes in share capital	–
Issued shares at the Last Practicable Date	135 256 156
Year ended 31 March 2014	
Issued shares at beginning of year	135 256 156
Changes in share capital	–
Issued shares at end of year	135 256 156
Year ended 31 March 2013	
Issued shares at beginning of year	98 122 807
Shares issued on 17 May 2012	37 133 349
Issued shares at end of year	135 256 156
Year ended 31 March 2012	
Issued shares at beginning of year	100
Shares issued on 15 December 2011	70 015 097
Shares issued on 16 December 2011	28 107 610
Issued shares at end of year	98 122 807

The 70 015 097 shares issued on 15 December 2011 at R9.83 per share were issued to an HCI Subsidiary, Tsogo Investment Holding Company Proprietary Limited, as the purchase consideration for the acquisition of Johnnic Holdings.

The 28 107 610 shares issued on 16 December 2011 at R9.27 per share were issued to HCI as the purchase consideration for the acquisition of HCI Investments Australia Proprietary Limited.

The 37 133 349 shares issued on 17 May 2012 at R7.35 per share were issued to HCI to settle the R273 million loan for the purchase of Deepkloof and Longkloof.

There have been no share repurchases, consolidations or subdivisions in the three preceding years.

23. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF MONTAUK HOLDINGS SHARES

The Group is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any Montauk Holdings Shares.

24. MONTAUK CAPITAL MEMBERSHIP STRUCTURE

The Montauk Capital Limited Liability Agreement allows for three classes of membership units, Class A Units, Class B Units and Class C Units. Both the Class B Units and Class C Units are non-voting interests.

The Montauk Capital Limited Liability Agreement requires that the management of Montauk Capital, subject to certain limitations, be governed by a board of managers. Montauk Energy has the right to select all members of the board of managers as long as it owns at least 51% of the total outstanding Class A Units.

The Montauk Capital membership structure as at 30 September 2014 is as follows:

Members	**Units**	**%**
Class A members		
Montauk Energy	890.9822	90.71
Third Party Class A members	49.9311	5.08
Class B members	41.3880	4.21
Class C members	0	0
Total	**982.3013**	**100.00**

The Montauk Capital Limited Liability Agreement permits Johnnic Holdings, subject to certain restrictions, to cause Montauk Capital to issue additional Montauk Capital membership units. Allocations of income or loss and cash distribution preferences for the different classes of membership units are determined in accordance with the Limited Liability Agreement as follows:

Parent company contributions to Montauk Capital have been made by Johnnic Holdings through an interest bearing debt facility with a balance of US$133 329 268 as at 30 September 2014. Distributions to shareholders can only be declared after this debt facility has been settled.

Any distribution by Montauk Capital must first be applied to reducing the Class A members' unreturned capital contributions to nil. The unreturned capital contribution balances as at 30 September 2014 are as follows:

Class A Members unreturned capital contribution	**US$**	**%**
Montauk Energy	62 367 401	100
Third Party Class A members	1	–
Total	**62 367 402**	**100**

After the Class A members' unreturned capital contribution has been reduced to nil, any distribution by Montauk Capital will be distributed to the holders of Class A membership units and Class B membership units *pro rata* in proportion to their respective percentage interests. There are no Class C members.

25. PREVIOUS OFFERS

There have been no *bona fide* offers for sale or sales of any Montauk Holdings Shares or any of its Subsidiaries which have been acceptable to the board of Montauk Holdings during the three years prior to the date of issue of this Pre-listing Statement.

PART G: PARTICULARS OF THE LISTING

26. LISTING OF MONTAUK HOLDINGS SHARES ON THE JSE

The Issuer Regulation Division of the JSE has agreed to the Listing of the entire issued ordinary share capital of Montauk Holdings in the Integrated Oil and Gas" sector of the JSE under the abbreviated name "MONTAUK", symbol "MNK" and ISIN "ZAE000197455" with effect from the commencement of business on or about Monday, 8 December 2014.

27. EXCHANGE CONTROL REGULATIONS

Currency and shares are not freely transferable from South Africa to any jurisdiction falling outside the geographical borders of South Africa, other than jurisdictions falling within the Common Monetary Area, and must be dealt with in terms of the Exchange Control Regulations as described more fully in Part H of this Pre-listing Statement. The Exchange Control Regulations also regulate the acquisition by former residents and non-residents of Montauk Holdings Shares. Investors who are residents outside of the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable investing in the Montauk Holdings Shares.

28. DEMATERIALISATION OF MONTAUK HOLDINGS SHARES

Once listed, the Montauk Holdings Shares will be available to investors in Dematerialised form only. Accordingly, all investors must appoint a CSDP, directly or through a broker, to receive and hold the Montauk Holdings Shares in Dematerialised form on their behalf. Should a Montauk Holdings Shareholder require a physical share certificate for its Montauk Holdings Shares, it will have to materialise its Montauk Holdings Shares by contacting and informing its CSDP to do so. It is noted that there are risks associated with holding shares in certificated form, including the risk of loss or tainted scrip, which are no longer covered by the JSE Guarantee Fund. All Montauk Holdings Shareholders who elect to convert their Montauk Holdings Shares from Dematerialised form into Certificated form will have to Dematerialise their Montauk Holdings Shares should they wish to trade them under the terms of Strate (see paragraph 29 below headed "Strate" in this Pre-listing Statement).

29. STRATE

Montauk Holdings Shares may only be traded on the JSE in electronic form (Dematerialised Montauk Holdings Shares) and will be trading for electronic settlement in terms of Strate immediately following the Listing.

Strate is a system of "paperless" transfer of securities. If you have any doubt as to the mechanics of Strate please consult your Broker, other appropriate adviser or the Strate website at www.strate.co.za.

Some of the principal features of Strate are as follows:

- electronic records of ownership replace share certificates and physical delivery of certificates;
- trades executed on the JSE must be settled within five Business Days;
- all investors owning Dematerialised Montauk Holdings Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a Participant to act on their behalf and to handle their settlement requirements; and
- unless investors owning Dematerialised Montauk Holdings Shares specifically request their Participant to register them as an own-name shareholder (which entails a fee), their Participant's or Broker's nominee company, holding shares on their behalf, will be the shareholder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the Participant or Broker (or the Participant's or Broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the Participant or Broker (or the Participant's or Broker's nominee company), as to how it wishes to exercise the rights attaching to the Montauk Holdings Shares and/or to attend and vote at meetings of Montauk Holdings Shareholders.

PART H: TAX AND EXCHANGE CONTROL

30. TAXATION ISSUES

The following summary describes certain tax consequences of the purchase, ownership and disposal of the Montauk Holdings Shares. It is not an exhaustive description of all the possible tax consequences of any purchase, ownership or disposal. This summary is based on the laws as in force and as applied in practice on the date of this Pre-listing Statement and is subject to changes to those laws and practices subsequent to the date of this Pre-listing Statement. In the case of persons who are non-residents of South Africa for fiscal purposes, it should be read in conjunction with the provisions of any applicable double tax convention between South Africa and their country of tax residence. Investors should consult their own advisers as to the tax consequences of the purchase, ownership and disposal of Montauk Holdings Shares in light of their particular circumstances, including, in particular, the effect of any state, regional, local or other tax laws.

30.1 Residence based system of taxation

Since 1 January 2001 South Africa has moved from a largely source-based to a residence-based system of taxation.

Residents of South Africa are taxed on their world-wide income and capital gains, whereas non-residents are taxed only on income and certain capital gains sourced in South Africa or deemed to be from a source in South Africa.

30.1.1 *Individuals*

An individual will be a resident of South Africa for tax purposes if:

- such individual is ordinarily a resident in South Africa. This term is not defined in the Income Tax Act, and therefore its meaning is determined according to guidelines established by the courts. Generally, a person's ordinary residence will be "the country to which he would naturally and as a matter of course return from his wanderings; as contrasted with other lands it might be called his usual or principal residence and it would be described more aptly than other countries as his real home" (Cohen v CIR 13 SATC 362); or
- the requirements of the physical presence test are met. This is determined with reference to the number of days spent by the individual in South Africa during a six-year period. A natural person would meet the physical presence test if he is physically present in South Africa:
  - for a period or periods exceeding 91 days in aggregate during the relevant year of assessment, as well as for a period or periods exceeding 91 days in aggregate during each of the five years of assessment preceding such year of assessment; and
  - for a period or periods exceeding 915 days in aggregate during those five preceding years of assessment. Should a person meet both tests, he will be deemed to be a resident from a tax perspective with effect from the first day of the relevant year of assessment in which the two tests have been met. A day includes a part of day, but excludes any day that the person is in transit through South Africa between two places outside South Africa and such person has not formally entered South Africa.

30.1.2 *Legal persons (company, close corporation and trust)*

A resident with regards to legal persons is defined in the Income Tax Act as any person which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa. Reference can be made to 'Income Tax Interpretation Note 6 – Resident: Place of Effective Management' – issued on 26 March 2002 which details the approach adopted by the South African Revenue Service ("Interpretation Note"). The South African Revenue Service has indicated that the place of effective management is the place where the company is managed on a regular or day-to-day basis by the directors or senior managers of the company, irrespective of where the overriding control is exercised, or where the board of directors meets. If the management functions are executed at a single location, the location will be the place of effective management. Per the Interpretation Note the following facts and circumstances must be considered to determine the effective management of a company:

- where the centre of top-level management is located;
- location of and functions performed at the headquarters;
- where the business operations are actually conducted;
- where controlling shareholders make key management and commercial decisions in relation to the company;
- legal factors such as the place of incorporation, formation or establishment, the location of the registered office and public officer;
- where the directors or senior managers reside;
- the frequency of the meetings of the company's directors or senior managers and where they take place;
- the experience and skills of the directors and managers;
- the actual activities and physical location of senior employees;
- the scale of onshore as opposed to offshore operations; and
- the nature of powers conferred upon representations of the entity.

The approach adopted by the South African Revenue Services may differ from the interpretation attached to this concept by the OECD, in the sense that the OECD has indicated that one should consider the place where key management and commercial decisions are taken as opposed to the operational execution of decisions.

30.1.3 ***General proviso regarding treaty resident persons***

The Income Tax Act excludes from the definition of resident all persons (legal or natural) that are deemed to be exclusively resident in another country in terms of a double tax convention for the avoidance of double taxation.

30.2 Dividend income

Any amounts distributed by a company and funded out of profits or reserves to its shareholders, including amounts distributed by a company to acquire, cancel or redeem its own shares, are generally considered to be dividends, except to the extent that the distribution represents a reduction in the contributed tax capital ("CTC") of the company and such amounts do not comprise of any amounts transferred from profits. A distribution of share premium or share capital in these circumstances can, however, be deemed to be a distribution of profits to shareholders of a particular class to the extent that the share capital and share premium so reduced exceeds the share capital and share premium contributed by that class of shareholders.

In general, dividends paid by a South African resident company to South African shareholders and non-South African shareholders will be exempt from South African income tax in their hands.

30.3 Dividends Tax

The STC regime was replaced with Dividends Tax, which constitutes a withholding tax imposed at shareholder level. The Dividends Tax legislation became effective from 1 April 2012.

Dividends Tax is imposed in respect of any dividend paid by a company and is levied at a rate of 15%. This rate may be reduced to as low as 5% under the provisions of certain double tax agreements. In addition, the Dividends Tax Legislation includes a number of exemptions, including exemptions for local inter-company dividends and dividends paid to certain exempt entities.

The definition of "dividend" is any amount transferred or applied by a company for the benefit of any shareholder by virtue of any share held by that shareholder in that company, whether by way of a distribution, or as consideration for the acquisition of any share in that company.

The "dividend" definition contains three exclusions. Firstly, amounts resulting in a reduction of CTC (as described below) do not constitute a dividend. Secondly, dividends do not include capitalisation issues. Thirdly, an open market purchase (i.e. general buy back) by a listed company of its own shares on the exchange operated by the JSE does not constitute a dividend.

CTC, essentially will comprise amounts received or accrued by a company as consideration for the issue of its shares. This would therefore typically be share capital and share premium (excluding any portion thereof which comprises capitalised reserves).

30.4 **Reduction of CTC**

A *pro rata* distribution by a company of CTC does not constitute a dividend for Dividends Tax purposes. Instead, such a distribution will constitute a return of capital and will generally reduce the base cost of the shareholder by the amount of such distribution on the date that it is received by or accrues to such shareholder. If the return of capital exceeds the base cost of the shareholder in the relevant share, the excess amount will be treated as a capital gain.

30.5 **Capital Gains Tax ("CGT")**

South African resident shareholders – Individuals

A disposal of shares by an individual shareholder who is resident in South Africa for tax purposes will give rise to a gain (or loss) for the purposes of CGT (on the basis that the individual holds such shares on capital account). The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the shares will generally be the consideration paid for those shares, and costs directly incurred in the buying or selling thereof such as securities transfer tax, transfer costs brokerage or legal adviser's fees. The base cost in the shares may be increased by one-third of any interest incurred to finance the cost of acquiring the shares, if the shares are listed on the JSE, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A capital gain on a disposal of shares, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the individual's marginal tax rate (maximum 40%) to the extent that it exceeds the annual exclusion (R30 000 for the years of assessment ending 29 February 2015). 33.33% of the net capital gain is currently included in taxable income resulting in a maximum effective tax rate on capital gains of 13.33%. On the death of a taxpayer, there is a deemed disposal of the shares at market value, unless the shares are bequeathed to, or in favour of, a surviving spouse. Deemed disposals to a surviving spouse, who is a South African resident, are treated, in practical effect, as taking place at no gain or loss. The annual exclusion where death occurs during the year of assessment ending 29 February 2015 is R300 000. Where a taxpayer emigrates (i.e. gives up South African tax residence) there will also be a deemed disposal of the shares at market value and this will trigger CGT.

South African resident shareholders – Corporates

A disposal of shares by a South African resident corporate shareholder may give rise to a capital gain (or loss) for the purposes of CGT (on the basis that the company holds such shares on capital account). The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the shares will generally be the consideration paid for the shares, and costs directly incurred in the buying or selling thereof such as securities transfer tax, transfer costs brokerage or legal adviser's fees. The base cost in the shares may be increased by one-third of any interest incurred to finance the cost of acquiring the shares, if the shares are listed on the JSE, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A capital gain on a disposal of shares by a corporate shareholder, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the normal tax rate for companies (currently 28%). 66.7% of the net capital gain is currently included in taxable income, resulting in an effective tax rate on capital gains of 18.67%.

Non-South African resident shareholders – individuals and corporates

A disposal of shares by a non-South African resident would give rise to a gain (or loss) for the purposes of CGT to the extent that the gains are realised pursuant to the disposal of any interest in immovable property situated in South Africa. An interest in immovable property situated in South Africa includes shares if:

- 80% or more of the market value of the shares, at the time of disposal, is attributed directly or indirectly to immovable property held otherwise than as trading stock; and
- the shareholder (alone or together with any connected person in relation to that shareholder), directly or indirectly holds at least 20% of the shares.

Currently not more than 80% of the market value of the shares of the HCI Group is attributable to immovable property and consequently the distribution *in specie* by HCI should not fall within the ambit of the South African CGT legislation, provided the non-resident shareholder does not have a permanent establishment in South Africa.

Deemed capital gain

The proceeds from the disposal of shares may be on capital or revenue account. The nature of the proceeds will depend on the intention of the shareholder. The proceeds will be deemed to be of a capital nature if the shareholder had been the owner of the qualifying shares for a continuous period of at least three years and the exclusions in this regard do not apply.

30.6 **Estate duty**

Where a person who is ordinarily resident in South Africa holds shares at the date of his or her death, the market value of such shares will be included in the estate. Estate duty is levied at a flat rate of 20% on the dutiable amount of the deceased estate to the extent that it exceeds R3.5 million per estate. In determining the dutiable amount of an estate, deductions are, *inter alia*, allowed for the value of bequests and property left to a surviving spouse, and estate liabilities, including CGT paid on the deemed disposal of the shares on date of death.

30.7 **Securities transfer tax**

Securities transfer tax ("STT") of 0.25% of the applicable taxable amount is payable in respect of every "transfer" of securities issued by a company incorporated in South Africa. "Transfer" includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security. A purchase of shares from or through the agency of a JSE registered broker is subject to STT of 0.25% of the purchase consideration. The STT is payable by the broker, which may recover it from the transferee. Where shares are not purchased from or through the agency of a broker, but the change in beneficial ownership is effected by a Participant, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of shares on the date of the transaction is payable by the Participant, which may recover it from the transferee.

In any other case of a change in beneficial ownership of shares, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of shares is payable by the transferee through the broker which holds the shares in custody.

30.8 **Corporate tax**

The corporate tax rate is 28% of taxable income.

30.9 **Value-added tax**

The transfer of shares is not subject to value-added tax as it constitutes a financial service which is an exempt supply.

31. EXCHANGE CONTROL

Currency and shares are not freely transferable from South Africa to any jurisdiction falling outside the geographical borders of South Africa, other than jurisdictions falling within the Common Monetary Area and must be dealt with in terms of the South African Exchange Control Regulations as described below. The South African Exchange Control Regulations also regulate the acquisition by former residents and non-residents of Montauk Holdings Shares.

Recipients of Montauk Holdings Shares who are residents outside the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the Unbundling.

The following summary is intended as a guide and is therefore not comprehensive. If investors are in any doubt regarding South African Exchange Control Regulations, they should please consult their professional advisers.

Emigrants from the Common Monetary Area

- A former resident of the Common Monetary Area who has emigrated from South Africa may use blocked Rand accounts to acquire Montauk Holdings Shares.
- All payments in respect of subscriptions for or purchases of the Montauk Holdings Shares by non-residents using blocked Rand accounts must be made through an authorised dealer in foreign exchange.
- Any Montauk Holdings Shares issued pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios.

- Share certificates issued in respect of the Montauk Holdings Shares acquired with blocked Rand will be endorsed "non-resident" in accordance with the South African Exchange Control Regulations. Share certificates will be placed under the control of the authorised dealer through whom the payment was made.
- Shares issued to a Dematerialised Montauk Holdings Shareholder whose registration as a shareholder has been marked as being an "emigrant", will be similarly marked as being held by an "emigrant".

Recipients of Montauk Holdings Shares resident outside the Common Monetary Area

- A person who is not resident in the Common Monetary Area, including an immigrant not using blocked Rand, should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to receive Montauk Holdings Shares in terms of the Unbundling.
- All share certificates issued to non-residents of South Africa will be endorsed "non-resident" in accordance with the South African Exchange Control Regulations.
- All Montauk Holdings Shares issued to Dematerialised Montauk Holdings Shareholders, whose registration has been so endorsed will be endorsed "non-resident" in accordance with the South African Exchange Control Regulations. The Participant or broker through whom the Company's shareholders have Dematerialised their shares will ensure that they adhere to the South African Exchange Control Regulations.

32. UNBUNDLING

Foreign shareholders

32.1 General

The Unbundling is governed by the laws of South Africa and is subject to all applicable laws and regulations, including Exchange Control Regulations.

Having regard to prevailing laws in their relevant jurisdictions, foreign shareholders may be affected by the Unbundling. Such foreign shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this Pre-listing Statement that may affect them, including the Unbundling. Foreign shareholders may be prohibited from beneficially holding any of the Montauk Holdings Shares unbundled and distributed to them.

It is the responsibility of each foreign shareholder to satisfy itself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Unbundling, including the obtaining of any governmental, exchange or other consents or the making of any filings which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction.

Any foreign shareholder who is in doubt as to his position with respect to the Unbundling in any jurisdiction, including, without limitation, its tax status, should consult an appropriate professional adviser in the relevant jurisdiction without delay. In particular, foreign shareholders must take their own advice on whether they are entitled to beneficially hold any Montauk Holdings Shares unbundled and distributed to them and take the appropriate action in accordance with that advice.

32.2 Ineligible foreign shareholders

Foreign shareholders in certain jurisdictions outside of South Africa may not be entitled to take transfer of any of Montauk Holdings Shares unbundled by HCI.

The Montauk Holdings Board recommends the following mechanism for distribution of any of the Montauk Holdings Shares to ineligible foreign shareholders. In the case of any of such Shares which an ineligible foreign shareholder is taking transfer of, such shares are to be lodged on behalf of the ineligible foreign shareholders with Computershare and to be held by the said company on behalf of the ineligible foreign shareholders, to be disposed of by them for the benefit of the ineligible foreign shareholders so as to comply with the regulatory restraints of such jurisdictions.

Subject to the above, Computershare will be requested to coordinate the disposal of any the Montauk Holdings Shares on behalf of such ineligible foreign shareholders for cash in South Africa and distribute the cash proceeds there from (net of applicable fees, expenses, taxes and charges) to ineligible foreign shareholders, in proportion to such ineligible foreign shareholders' entitlement to unbundled Montauk Holdings Shares. There can be no assurance as to what price such ineligible foreign shareholders will receive from the disposal of such unbundled Montauk Holdings Shares or the timing or exchange rate conversion of such receipt.

Ineligible foreign Montauk Holdings Shareholders will, in respect of their entitlement to the unbundled Montauk Holdings Shares, receive the average consideration per unbundled Montauk Holdings Share (net of transaction and currency conversion costs). The average consideration per unbundled Montauk Holdings Share due to each excluded foreign Montauk Holdings Shareholder will only be paid once all such unbundled Montauk Holdings Shares have been disposed of.

32.3 **Procedure and implementation of the Unbundling**

The Unbundling of Montauk Holdings will be implemented by way of *pro rata* distribution of Montauk Holdings Shares by HCI to its shareholders in compliance with the Listing Requirements and Companies Act. Section 46 of the Companies Act requires all distributions to be approved by the HCI Board, after the HCI Board has satisfied itself that it reasonably appears that the assets of HCI, as fairly valued, equal or exceed the liabilities of HCI as fairly valued, and that it appears that HCI 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 distribution.

The Unbundling will amount to a distribution *in specie* in terms of section 46 of the Income Tax Act. HCI shall unbundle to all HCI Shareholders, registered at the close of business on the Record Date its entire shareholding in Montauk Holdings in proportion to their shareholding. The Unbundling will be effected on or about 15 December 2014.

HCI Shareholders recorded on the register on the Record Date will have their accounts at their CSDP or broker credited with the Montauk Holdings Shares due to them on 15 December 2014.

HCI Certificated Shareholders will be sent the Montauk Holdings share certificates to their registered postal address by registered mail on or about 15 December 2014, at their risk. Certificated shareholders will be required to Dematerialise such share certificate in order to sell such Montauk Holdings Shares on the JSE.

Ineligible foreign shareholders in certain jurisdictions outside of South Africa may not be entitled to take transfer of the unbundled Montauk Holdings Shares in terms of the Unbundling. Such shareholders are referred to paragraph 32.2 of this Pre-listing Statement for the relevant procedure that applies in that situation.

33. TAX CONSEQUENCES IN RESPECT OF THE UNBUNDLING

Set out below is a guide only and is not intended to be a complete analysis of the tax implications of the Unbundling. It is not intended to be, nor should it be considered to be, legal or tax advice. Shareholders should therefore, consult their own tax advisers on the tax consequences of the proposed settlement in both South Africa and their jurisdiction of residence, for which neither Montauk Holdings, HCI nor their advisers will be held responsible.

The Montauk Holdings Shares held by HCI will be distributed to HCI Shareholders in terms of an unbundling transaction as envisaged in section 46 of the Income Tax Act. Corporate roll-over relief is afforded to HCI and the HCI Shareholders to the extent that one meets the relevant requirements as set out in section 46 of the Income Tax Act. Effectively, HCI will distribute its entire shareholding of Montauk Holdings Shares to the HCI Shareholders in accordance with the effective interest of the HCI Shareholders in HCI. Because the shares in Montauk Holdings will be listed on the JSE before the Unbundling, the requirement is that the unbundled shares in Montauk Holdings must constitute more than 25% shares in HCI in the case where no other shareholder holds an equal or greater amount of equity shares in the unbundled company. Given the fact that the Montauk Holdings Shares to be distributed by HCI to the HCI Shareholders will constitute 99.7% of the entire issued shares in the share capital of Montauk Holdings, the relevant requirements of the unbundling provisions will thus be met.

Pursuant to the unbundling provisions contained in section 46 of the Income Tax Act:

- HCI must disregard the distribution of the Montauk Holdings Shares for purposes of determining its taxable income or assessed loss; and
- the distribution by HCI will not be deemed to be a dividend for Dividend Tax purposes.

Attention is drawn to the fact that the Unbundling provisions do not apply if, immediately after the distribution of the Montauk Holdings Shares, 20% or more of the Shares in Montauk Holdings are held by a so-called disqualified persons either alone or together with any connected person in relation to the disqualified person. A disqualified person is amongst others defined as a non-resident or certain exempt entities.

The unbundling provisions will apply automatically and it is not necessary to make any specific election to such effect. The transfer of the Montauk Holdings Shares will also not be subject to securities transfer tax in terms of section 8(1)(a) of the Securities Transfer Tax Act, No. 25 of 2007, as amended, given the fact that the public officer of HCI will make a sworn affidavit that the transfer of the Montauk Holdings Shares complies with the provisions of section 46 of the Income Tax Act.

Pursuant to the Unbundling, HCI Shareholders must determine a new base cost for the HCI Shares as well as the Montauk Holdings Shares received in terms of the Unbundling process. Effectively, the new base cost is determined in accordance with the ratio that the market value of the unbundled Montauk Holdings Shares, as at the end of the day after the distribution, bears to the sum of the market value, as at the end of that day, of the HCI shares as well as the Montauk Holdings Shares.

HCI has not attempted to qualify the Unbundling as a tax-free transaction to shareholders in terms of the rule of any jurisdiction other than South Africa. Accordingly, the Unbundling may constitute a taxable transaction in any other such jurisdiction. HCI Shareholders, who are non-resident for tax purposes in South Africa, are advised to consult their professional advisers as regards the tax treatment of the Unbundling in light of the tax laws in their respective jurisdictions and double tax conventions between South Africa and their countries of tax residence.

The concessions provided for in section 46 are outlined below:

33.1 **Disposal of Montauk Holdings shares by HCI**

The distribution of Montauk Holdings Shares by HCI, in terms of the Unbundling, will be disregarded by HCI in determining its taxable income or assessed loss in the tax year that the Unbundling takes place.

33.2 **Dividend Tax**

The distribution of the Montauk Holdings Shares to HCI Shareholders, in terms of the Unbundling, will be deemed not to be a dividend declared by HCI or a dividend received by an HCI Shareholder and as such will not be subject to Dividends Tax.

33.3 **HCI Shares held as trading stock**

Any HCI Shareholder holding HCI Shares as trading stock will be deemed to acquire the unbundled Montauk Holdings Shares as trading stock. The combined expenditure of such HCI Shares and Montauk Holdings shares will be the amount originally taken into account by the shareholder in respect of the original HCI Shares held by that shareholder, as contemplated in section 11(a), section 22(1) or section 22(2) of the Income Tax Act.

An HCI Shareholder must determine the portion of the combined expenditure, as above, attributable to the Montauk Holdings Shares, as follows:

$A = B \times [C/(C + D)]$

where:

A = the expenditure of the Montauk Holdings Shares, to be determined;

B = the combined expenditure, as contemplated above;

C = the market value of the Montauk Holdings Shares received pursuant to the Unbundling as at the close of the day of the Unbundling date; and

D = the market value of the HCI Shares, in respect of which the Montauk Holdings Shares in C were received, as at the close of the day of the Unbundling.

An HCI Shareholder must determine the portion of the combined expenditure attributable to the HCI Shares contemplated in D above, as follows:

$E = B – A$

where:

E = the revised expenditure of the HCI Shares, to be determined;

B = the combined expenditure, as contemplated above; and

A = the expenditure of the Montauk Holdings Shares, as determined above.

The expenditure to be allocated to the unbundled Montauk Holdings Shares will be determined by applying a specified ratio to the cost of the HCI Shares. HCI will advise HCI Shareholders of the specified ratio, being the result of [C/(C + D)], as above, by way of an announcement to be released on SENS on or about Wednesday, 10 December 2014.

Any expenditure allocated to the Montauk Holdings Shares must be deemed to have been incurred on the date that the expenditure was incurred in respect of the HCI Shares.

33.4 **New base cost**

Pursuant to the unbundling, HCI Shareholders must determine a new base cost for CGT purposes for the HCI Shares as well as the Montauk Holdings Shares received in terms of the Unbundling process. Effectively, the new base cost is determined in accordance with the ratio that the market value of the unbundled Montauk Holdings Shares, as at the end of the day after the distribution, bears to the sum of the market value, as at the end of that day, of the HCI Shares and the Montauk Holdings Shares.

33.5 **HCI Shares held as capital assets**

Any HCI Shareholder holding HCI Shares as capital assets will be deemed to acquire the unbundled Montauk Holdings Shares as capital assets. The original expenditure incurred in respect of the HCI Shares, in terms of paragraph 20 of the Eighth Schedule, and (where applicable), the CGT valuation of the HCI Shares, as contemplated in paragraph 29 of the Eighth Schedule, will be apportioned between the Montauk Holdings Shares and the HCI Shares, as follows:

$A = B \times [\ C/(C + D)\ ]$

where:

A = the deemed expenditure and, where applicable, deemed CGT valuation of the Montauk Holdings Shares, to be determined;

B = each of the original expenditure incurred and, where applicable, CGT valuation of the HCI Shares, in respect of which the Montauk Holdings Shares in C were received prior to Unbundling;

C = the market value of the Montauk Holdings Shares received pursuant to the Unbundling as at the close of the day after the Unbundling date; and

D = the market value of the HCI Shares, in respect of which the Montauk Holdings Shares in C were received, as at the close of the day after the Unbundling date.

A HCI Shareholder must determine the portion of the original expenditure incurred in respect of the HCI Shares and (where applicable) the CGT valuation of the HCI Shares attributable to the HCI Shares contemplated in D above, as follows:

$E = B - A$

where:

E = the revised expenditure and, where applicable, the revised CGT valuation of the HCI Shares, to be determined;

B = each of the original expenditure incurred and, where applicable, CGT valuation of the HCI Shares, in respect of which the Montauk Holdings Shares in "C" above were received; and

A = the deemed expenditure and, where applicable, deemed CGT valuation of the Montauk Holdings Shares, as determined above.

HCI will advise HCI Shareholders of the specified ratio, being the result of [C/(C + D)], as above, by way of an announcement to be released on SENS on or about Wednesday, 10 December 2014. The base cost to be allocated to the unbundled Montauk Holdings Shares will be determined by applying a specified ratio to the base cost of the HCI Shares.

The base cost so allocated to the unbundled Montauk Holdings Shares will reduce the base cost of the HCI Shares held, thus allocating the base cost between the HCI Shares and the unbundled Montauk Holdings Shares.

HCI Shareholders will be deemed to have acquired the unbundled Montauk Holdings Shares on the date on which the HCI Shares were originally acquired.

Any expenditure allocated to the Montauk Holdings Shares must be deemed to have been incurred on the date that the expenditure was incurred in respect of the HCI Shares.

34. **MONTAUK HOLDINGS RESTRUCTURING**

Rationale

In preparation of the Listing, Montauk Holdings embarked on a restructuring whereby all businesses which do not operate in the LFG or renewable energy sectors were sold to entities within the HCI Group. The intention was to simplify the Group structure and provide Prospective Investors with the opportunity to invest in a pure play LFG and renewable energy company as well as to consolidate the HCI media assets into HCI's listed Subsidiary, Seardel. Refer to Annexures 14 and 15 for the Group structure before and after the Montauk Holdings Restructuring.

Mechanics of the HCI Restructuring

Crystal Brook and Longkloof

Crystal Brook, which was owned 80% by Montauk Holdings and 20% by Venfin Media Beleggings Proprietary Limited, a wholly-owned Subsidiary of Remgro Limited was sold to Sabido, a Subsidiary of Seardel, for a total value of R11 million, of which Montauk Holdings received R8.8 million for its 80% shareholding.

Longkloof was owned 80% by Deepkloof, a Subsidiary of Montauk Holdings, and 20% by IPROP Holdings Limited, an indirect wholly-owned subsidiary of Remgro Limited. Sabido purchased 100% of the shares in Longkloof for US$100 settled in cash as well as the shareholder claims. The discharge of the shareholder claims was funded by an interest-free loan from Sabido's major shareholders to Sabido. As a result of this, all the shares in Longkloof are held by Sabido and the Longkloof loans have been settled by Longkloof. Deepkloof will in turn utilise approximately R170 million of the funds received from Longkloof (in settlement of its loan obligations towards Deepkloof) to partially repay the loans owing to Montauk Holdings.

The Crystal Brook and Longkloof transactions constituted a small related party transaction for Seardel in terms of the Listing Requirements which was announced on SENS on 28 August 2014 and were effective on 15 September 2014.

Deepkloof

Montauk Holdings sold the remaining Deepkloof loans and shares to a wholly-owned subsidiary of HCI, HCI Invest14 Holdco Proprietary Limited ("HCI Invest14 Holdco").

The sale by Montauk Holdings to HCI Invest14 Holdco of the Deepkloof loans and shares will be on loan account for a market value consideration. In particular, the purchase price in respect of the Deepkloof loans is the face value of the outstanding loans. The purchase price in respect of the Deepkloof shares is R520 million. As a result, HCI Invest14 Holdco holds the Deepkloof shares and the remaining Deepkloof loans are owing by Deepkloof to HCI Invest14 Holdco. The effective date of the Deepkloof sale agreement is 17 October 2014.

35. **INFORMATION ON SUBSIDIARIES**

Details of Montauk Holdings' Subsidiaries are set out in Annexure 13.

36. **PRINCIPAL IMMOVABLE PROPERTY OWNED OR LEASED**

Details of the principal immovable properties owned or leased by Montauk Holdings are set out in Annexure 9 to this Pre-listing Statement. None of the Directors have any material interest in any of the immovable properties owned or leased by Montauk Holdings.

37. **PROPERTY AND SUBSIDIARIES ACQUIRED OR TO BE ACQUIRED**

Montauk Holdings and its Subsidiaries have not acquired any material property or made any material acquisitions in the three years preceding the date of this Pre-listing Statement.

38. **DISPOSAL OF PROPERTY**

Except for the disposals set out in the Montauk Holdings Restructuring, as at the Last Practicable Date, there are no disposals of any material properties by Montauk Holdings or the Group in the three-year period preceding the date of this Pre-listing Statement nor were there any proposed disposals of material properties.

39. **INTERESTS OF PROMOTERS AND DIRECTORS**

No amounts were paid or have accrued as payable between the date of incorporation and the Last Practicable Date, or are proposed to be paid to any promoter or Director.

No promoter or Director had any material beneficial interest direct, or indirect, in the promotion of Montauk Holdings or in any property acquired or proposed to be acquired by Montauk Holdings out of the proceeds of the issue or between the date of incorporation and the Last Practicable Date.

40. MATERIAL CONTRACTS

There were no material contracts entered into, other than the Restructuring Agreements, otherwise than in the ordinary course of business by the Group, during the two years preceding the date of this Pre-listing Statement.

There were no contracts entered into at any time prior to the two years preceding the date of this Pre-listing Statement other than in the ordinary course of business that contain obligations or settlements material to the Group as at the date of this Pre-listing Statement.

There were no existing or proposed contracts relating secretarial or technical fees payable by the Group.

The Group has entered into contracts with the landfill owners for each of the LFG projects which include a royalty obligation payable to the landfill owners based on a percentage of gross revenue generated per site.

41. MATERIAL CAPITAL COMMITMENTS

The Group's capital commitments relate to the development of the Bowerman site, the details of which are set out in paragraph 7.2.1. The Group will finance the project with a combination of a construction financing loan from the equipment manufacturer and a corporate loan facility with a large commercial bank in the USA. On 31 October 2014, the Group executed facility agreements in respect of:

(i) construction financing of approximately US$41 million; and

(ii) a corporate loan facility for approximately US$18 million to fund the Group's equity requirements for the construction of the Bowerman project.

42. CONTINGENT LIABILITIES

There are no material contingent liabilities for the Group as at the Last Practicable Date.

43. LEASE PAYMENTS

Montauk's lease commitments are summarised below:

	US$ million
Due within 1 year	0.2
Due within 2 to 5 years	0.5
Due later than 5 years	–
Total	0.7

There were no other material lease commitments for the Group as at the Last Practicable Date.

44. LOANS RECEIVABLE AND MATERIAL LOANS

44.1 Loans receivable, material inter-company finance and other transactions

Montauk Holdings has not advanced any material loans to its Subsidiaries.

No material loans were made or security furnished by Montauk Holdings and/or any of its Subsidiaries to or for the benefit of any Director, manager, Associate of Montauk Holdings as at the Last Practicable Date.

There are no material loans receivable from entities outside of the Group.

45. LITIGATION STATEMENT

There are no legal or arbitration proceedings which may have, or have had in the past 12 months, a material effect on the financial position of Montauk Holdings or its subsidiaries. Montauk Holdings and its subsidiaries are not aware of any other such proceedings that are pending or threatened.

46. EXPENSES

The estimated expenses that will be incurred by Montauk Holdings for the Unbundling and Listing are set out in the table below.

	Estimated amount (Rand)
Investment bank and sponsor – Investec Bank	1 750 000
Legal adviser fees	150 000
JSE listing fees	338 493
Printing and related costs – Ince	306 000
Independent reporting accountants' fees – Grant Thornton	130 000
JSE documentation fees	78 025
Estimated total excluding VAT	2 602 518

47. COMMISSIONS

No commission or consideration, including underwriting commission in respect of the allotment or issue of shares, has been paid by Montauk Holdings between the date of incorporation and the Last Practicable Date.

There have been no commissions, discounts, brokerages or other special terms granted between the date of incorporation and the Last Practicable Date in connection with the issue or sale of any securities, stock or debentures in the capital of Montauk Holdings, where this has not been disclosed in any audited annual financial statements.

48. CONSENTS

Each of the investment bank and sponsor, independent experts, legal advisers, independent reporting accountants and Transfer Secretaries have consented in writing to act in the capacities stated and to their names being included in this Pre-listing Statement and have not withdrawn their consent prior to the publication of this Pre-listing Statement.

None of the advisers of Montauk Holdings had an interest in the issued share capital of Montauk Holdings as at the Last Practicable Date.

Grant Thornton, whose report is included in this Pre-listing Statement, has given and has not withdrawn its consent to the inclusion of its name and report in this Pre-listing Statement in the form and context in which it appears.

49. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Montauk Holdings, the offices of the investment bank and sponsor and the offices of the Transfer Secretaries during normal business hours (excluding Saturdays, Sundays and South African public holidays) from Wednesday, 19 November 2014 up to and including Monday, 15 December 2014:

- the MOI and constitutional documents of Montauk Holdings, Johnnic Holdings, Montauk Energy and Montauk Capital;
- the Restructuring Agreements;
- the annual financial statements of Montauk Holdings for the financial periods ended 31 March 2014 and 31 March 2013;
- the annual financial statements of Johnnic Holdings for the preceding three years ended 31 March 2014, 31 March 2013 and 31 March 2012;
- the signed independent reporting accountants' limited assurance report on the *pro forma* financial information of Montauk Holdings and Johnnic Holdings;
- written consents of the investment bank and sponsor, independent expert, legal advisers, independent reporting accountants and Transfer Secretaries to the inclusion of their names in this Pre-listing Statement in the context and form in which they appear;
- a signed copy of this Pre-listing Statement (available in English only).

There are no trust deeds or agreements affecting the governance of Montauk Holdings or the interests of Montauk Holdings Shareholders.

50. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 17 of this Pre-listing Statement, collectively and individually, accept full responsibility for the accuracy of the information given in this Pre-listing Statement, including the extraction of the historical financial information relating to Montauk Holdings and Johnnic Holdings from the respective historical financial information and certify that to the best of their knowledge and belief that 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 have been made and that this Pre-listing Statement contains all information required by the Listings Requirements.

SIGNED AT CAPE TOWN ON BEHALF OF THE BOARD OF DIRECTORS OF MONTAUK HOLDINGS.

Dave Herrman 19 November 2014
Chief Executive Officer Cape Town

PRO FORMA FINANCIAL INFORMATION OF MONTAUK HOLDINGS

The *pro forma* financial information is the responsibility of the Directors of Montauk Holdings and has been prepared for illustrative purposes only. Due to its nature, the unaudited *pro forma* financial information may not fairly present Montauk Holdings' consolidated financial position, or results of operations. The unaudited *pro forma* financial information has been prepared to illustrate the impact of the restructuring of Montauk Holdings and the Listing for the financial year ended 31 March 2014 had the restructuring and Listing occurred on 1 April 2013 for statement of comprehensive income purposes and on 31 March 2014 for statement of financial position purposes. No adjustments have been made to the *pro forma* financial information in respect of post balance sheet events except as provided for in IFRS or in respect of the particular corporate action for which the *pro forma* financial information is presented or in respect of any post balance sheet corporate action where it would be misleading not to make an adjustment.

MONTAUK HOLDINGS LIMITED *PRO FORMA* STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	2014 $'000 Montauk Holdings Unadjusted (1)	Adjustments for Restructure (2)(e,f)(3)	Miscellaneous adjustments (4),(5),(6),(7)	2014 $'000 Montauk Holdings Adjusted
Revenue	31 956	–	–	31 956
Other operating expenses and income	(25 515)	–	(420)	(25 935)
Depreciation and amortisation	(10 882)	–	–	(10 882)
Investment income	4	–	–	4
Finance costs	(916)	–	903	(13)
Profit/(loss) before taxation	**(5 353)**	**–**	**483**	**(4 870)**
Taxation	–	–	–	–
Profit/(loss) for the year from continuing operations	**(5 353)**	**–**	**483**	**(4 870)**
Discontinued operations	(10 829)	(11 401)	–	(22 230)
Profit/(loss) for the year	**(16 182)**	**(11 401)**	**483**	**(27 100)**
Attributable to:				
Equity holders of the parent	(12 933)	(14 650)	483	(27 100)
Non-controlling interest	(3 249)	3 249	–	–
	(16 182)	**(11 401)**	**483**	**(27 100)**
Loss attributable to equity holders of the parent	**(12 933)**	**(14 650)**	**483**	**(27 100)**
IAS 16 loss on disposal of plant and equipment	3	–	–	3
IAS 27 (profit)/loss on disposal of subsidiaries	–	22 230	–	22 230
IAS 36 impairment of assets	2 016	(2 016)	–	–
Remeasurements included in equity accounted earnings of associates	3 325	(3 325)	–	–
Headline loss attributable to equity holders of the parent	**(7 589)**	**2 239**	**483**	**(4 867)**

	2014 $'000 Montauk Holdings Unadjusted (1)	Adjustments for Restructure (2)(e,f)(3)	Miscellaneous adjustments (4),(5),(6),(7)	2014 $'000 Montauk Holdings Adjusted
Basic earnings/(loss) per share (US cents)				
Earnings/(loss)	(9.56)	(10.84)	0.36	(20.04)
Continuing operations	(3.96)	–	0.36	(3.60)
Discontinued operations	(5.60)	(10.84)	–	(16.44)
Headline earnings/(loss) (US cents)	(5.62)	1.66	0.36	(3.60)
Continuing operations	(3.96)	–	0.36	(3.60)
Discontinued operations	(1.66)	1.66	–	–
Weighted average number of shares in issue	135 256	135 256	135 256	135 256
Actual number of shares in issue at end of year (net of treasury shares)	135 256	135 256	135 256	135 256
Diluted earnings/(loss) per share (US cents)				
Earnings(loss)	(9.56)	(10.84)	0.36	(20.04)
Continuing operations	(3.96)	–	0.36	(3.60)
Discontinued operations	(5.60)	(10.84)	–	(16.44)
Headline earnings/(loss)	(5.62)	1.66	0.36	(3.60)
Continuing operations	(3.96)	–	0.36	(3.60)
Discontinued operations	(1.66)	1.66	–	–

MONTAUK HOLDINGS LIMITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	2014 $'000 Montauk Holdings Unadjusted (1)	Adjustments for Restructure (2)(a – d),(3)	Miscellaneous adjustments (4),(7)	2014 $'000 Montauk Holdings Adjusted
Assets				
Non-current assets	**75 403**	–	–	**75 403**
Property, plant and equipment	**44 654**			**44 654**
Intangible assets	**29 063**			**29 063**
Non-current receivables	**1 686**			**1 686**
Current assets	**13 728**	7 793	–	**21 521**
Inventories	**728**			**728**
Other financial assets	**307**			**307**
Trade and other receivables	**3 952**			**3 952**
Cash and cash equivalents	**8 741**	7 793		**16 534**
Disposal group assets held for sale	**123 080**	(123 080)	–	**–**
Total assets	**212 211**	(115 287)	–	**96 924**
Equity and liabilities				
Capital and reserves	**145 522**	(59 820)	–	**85 702**
Ordinary share capital	**166 202**			**166 202**
Common control reserve	**(3 809)**	6 719		**2 910**
Other reserves	**(4 616)**	6 233		**1 617**
Accumulated profits	**(37 707)**	(47 320)		**(85 027)**
Equity attributable to equity holders of the parent	**120 070**	(34 368)	–	**85 702**
Non-controlling interest	**25 452**	(25 452)		**–**
Non-current liabilities	**6 150**	–	–	**6 150**
Long-term provisions	**6 150**			**6 150**
Current liabilities	**39 154**	(34 082)	–	**5 072**
Trade and other payables	**4 506**			**4 506**
Current portion of borrowings	**34 082**	(34 082)		**–**
Provisions	**566**			**566**
Disposal group liabilities held for sale	**21 385**	(21 385)	–	**–**
Total equity and liabilities	**212 211**	(115 287)	–	**96 924**
Net asset value carrying per share (US cents)	**88.77**	(25.41)	–	**63.36**
Tangible net asset value carrying per share (US cents)	**43.49**	(1.61)	–	**41.88**
Shares in issue	**135 256**	135 256	135 256	**135 256**
Exchange rates	**At 31 March**	**Average**		
USD/ZAR	0.0944	0.0988		
USD/GBP	1.6632			
USD/AUD	0.9231	0.9309		

Notes to the *pro forma* consolidated financial statements

1. Extracted from the audited consolidated results of Montauk Holdings for the year ended 31 March 2014 as presented in Annexure 3. These include the consolidated results of Johnnic Holdings, HCI Investments Australia (Pty) Ltd, Longkloof, Crystal Brook and Deepkloof.
2. The sale of Deepkloof to a wholly-owned South African subsidiary of HCI and the sale of Crystal Brook to Sabido became unconditional during October 2014 and September 2014 respectively. The following *pro forma* adjustments have been made in respect of these sales:
   (a) Cash and cash equivalents increased as a result of promissory notes owing by Deepkloof to Johnnic Holdings of US$7 million being repaid and the cash retained in Johnnic Holdings. An increase of US$0.8 million was as a result of the sale proceeds received for Crystal Brook;
   (b) Borrowings owing by Montauk Holdings to HCI and HCI Treasury totalling US$34 million were repaid.
   (c) Disposal group assets and liabilities relating to Deepkloof and Crystal Brook and as reflected in the audited consolidated results of Montauk Holdings for the year ended 31 March 2014 were derecognised in the statement of financial position;
   (d) Common control reserves in the amount of US$6.7 million, foreign currency translation reserves in the amount of US$6.2 million and non-controlling interests in the amount of US$25.5 million and as reflected in the audited consolidated results of Montauk Holdings for the year ended 31 March 2014 were derecognised;
   (e) Losses from discontinued operations relating to Deepkloof and Crystal Brook have been adjusted as follows:
      (i) Losses of US$10.8 million as reflected in the audited consolidated results of Montauk Holdings for the year ended 31 March 2014 have been eliminated;
      (ii) A loss on disposal of subsidiaries in the amount of US$22.2 million was recognised. This amount was taken into account in the reconciliation of headline earnings.
   (f) Losses reflected in the audited consolidated results of Montauk Holdings for the year ended 31 March 2014 relating to non-controlling interests in the amount of US$3.2 million was eliminated.
3. Borrowings extinguished as described in (2) were interest free and repayable on demand. As a result, no *pro forma* adjustments were made in respect of interest paid.
4. Miscellaneous adjustments in the income statement relating to the separate listing and distribution of Montauk Holdings shares involve the following:
   (a) In anticipation of the separate listing of Montauk Holdings, Johnnic Holdings settled a term loan of US$25 million owing to third parties. The interest expense of US$0.9 million recognised in the audited consolidated results of Montauk Holdings for the year ended 31 March 2014 relating to this term facility is not expected to recur in future. The settlement was funded from the proceeds received from the sale of Longkloof and Deepkloof;
   (b) Additional recurring costs associated with the continued listing of Montauk Holdings that are estimated at approximately US$220 000 per annum relating to the JSE listing fees, shareholder communication and results announcements;
   (c) Transaction fees in respect of the separate listing of Montauk Holdings that are not expected to recur are estimated at approximately US$200 000.
5. All adjustments in the income statement are considered to have a continuing effect, except for adjustments detailed in (2)(e)(ii) and (4)(c).
6. No credit adjustments in the income statement are considered taxable and no debit adjustments are considered tax-deductible.
7. All *pro forma* adjustments were made using the following exchange rates at 31 March 2014 that agree to the exchange rates used to compile the audited consolidated results of HCI
   (a) US$/ZAR 0.0944
   (b) US$/GBP 1.6632
   (c) US$/AUD 0.9231
8. None of the financial statements used in the compilation of the *pro forma* consolidated financial statements were the subject of a modified audit report.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF MONTAUK HOLDINGS

12 November 2014

The Directors
Montauk Holdings Limited
Suite 801
76 Regent Road
Seapoint
Cape Town
8005

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF MONTAUK HOLDINGS LIMITED ("MONTAUK HOLDINGS")

Introduction

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Montauk Holdings by the directors. The *pro forma* financial information, as set out in Annexure 1 of the Pre-Listing Statement to be issued by Montauk Holdings on or about 19 November 2014 ("the Pre-Listing Statement "), consists of the *pro forma* statement of financial position, the *pro forma* statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the Montauk Holdings Restructuring and Listing on the company's financial position as at 31 March 2014, and the company's financial performance for the period then ended, as if the transactions had taken place at 31 March 2014 for purposes of the *pro forma* statement of financial position and at 1 April 2013 for purposes of the *pro forma* statement of comprehensive income.

Directors' responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 1 of the Pre-Listing Statement.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a pre-listing statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure 1 of the Pre-Listing statement.

Consent

This report on the *pro forma* financial information is included solely for the information of the Montauk Holdings shareholders. We consent to the inclusion of our report on the *pro forma* financial information, and the references thereto, in the form and context in which they appear in the Pre-Listing Statement.

Yours faithfully

Grant Thornton Johannesburg
(Practice number 903485)
Per Duncan Church
Partner
Chartered Accountant (SA)

Grant Thornton Office Park
137 Daisy Street
Sandown, 2196

HISTORICAL FINANCIAL INFORMATION OF MONTAUK HOLDINGS

Introduction

The historical financial information of Montauk Holdings set out below has been extracted from the audited consolidated financial statements of Montauk Holdings for the periods ended 31 March 2014 and 2013. The financial statements were audited by Grant Thornton and reported on without qualification.

The presentation of the historical financial information of Montauk Holdings within this Pre-listing Statement is the responsibility of the Directors of Montauk Holdings.

Statements of financial position at 31 March 2014

	Notes	**2014** **$'000**	2013* $'000
Assets			
Non-current assets		**75 403**	171 271
Property, plant and equipment	1	**44 654**	50 039
Intangible assets	2	**29 063**	54 465
Goodwill	3	**–**	10 537
Investments in associates	4	**–**	10 311
Investments in joint venture	5	**–**	38 639
Other financial assets	6	**–**	5 747
Subsidiary companies	7	**–**	–
Deferred taxation	8	**–**	94
Non-current receivables	9	**1 686**	1 439
Current assets		**13 728**	61 885
Inventories	10	**728**	1 061
Programme rights	11	**–**	1 075
Other financial assets	6	**307**	7 025
Trade and other receivables	12	**3 952**	19 695
Taxation		**–**	33
Cash and cash equivalents	28.5	**8 741**	32 996
Disposal group assets held for sale	13	**123 080**	–
Total assets		**212 211**	233 156
Equity and liabilities			
Capital and reserves		**145 522**	166 312
Ordinary share capital	14	**166 202**	166 202
Common control reserve		**(3 809)**	(3 809)
Other reserves	15	**(4 616)**	1 023
Accumulated losses		**(37 707)**	(24 774)
Equity attributable to equity holders of the parent		**120 070**	138 642
Non-controlling interest		**25 452**	27 670
Non-current liabilities		**6 150**	27 034
Borrowings	16	**–**	21 250
Long-term provisions	17	**6 150**	5 784
Current liabilities		**39 154**	39 810

	Notes	2014 $'000	2013* $'000
Trade and other payables	18	**4 506**	14 826
Financial liabilities	19	**–**	1 639
Current portion of borrowings	16	**34 082**	22 695
Taxation		**–**	167
Provisions	17	**566**	483
Disposal group liabilities held for sale	13	**21 385**	–
Total equity and liabilities		**212 211**	233 156
NAV (US cents per share)		**88.77**	122.96
NTAV (US cents per share)		**43.49**	74.90

* Restated

Statement of comprehensive income for the year ended 31 March 2014

	Notes	2014 $'000	2013 $'000
Revenue	21	**31 956**	29 287
Other operating expenses and income		**(25 515)**	(25 376)
Depreciation and amortisation		**(10 882)**	(10 001)
Investment income	22	**4**	7
Finance costs	23	**(916)**	(1 269)
Loss before taxation	24	**(5 353)**	(7 352)
Taxation	25	**–**	–
Loss for the year from continuing operations		**(5 353)**	(7 352)
Discontinued operations	26	**(10 829)**	(2 800)
Loss for the year		**(16 182)**	(10 152)
Attributable to:			
Equity holders of the parent		**(12 933)**	(9 736)
Non-controlling interest		**(3 249)**	(416)
		(16 182)	(10 152)
Earnings/(loss) per share (cents)	27.1	**(9.56)**	(7.46)
Continuing operations		**(3.96)**	(5.63)
Discontinued operations		**(5.60)**	(1.83)
Diluted earnings/(loss) per share (cents)	27.2	**(9.56)**	(7.46)
Continuing operations		**(3.96)**	(5.63)
Discontinued operations		**(5.60)**	(1.83)

* Restated

Statements of other comprehensive income for the year ended 31 March 2014

	Group 2014 $'000	2013* $'000
Loss for the year	**(16 182)**	(10 152)
Other comprehensive income (loss) net of tax:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**(2 050)**	341
Total comprehensive loss for the year	**(18 232)**	(9 811)
Attributable to:		
Equity holders of the parent	**(18 572)**	(10 264)
Non-controlling interest	**340**	453
	(18 232)	(9 811)
Headline loss per share (cents) *	**(5.62)**	(7.03)
– Continuing operations	**(3.96)**	(7.82)
– Discontinued operations	**(1.66)**	(0.79)
Diluted headline loss per share (cents) *	**(5.62)**	(7.03)
– Continuing operations	**(3.96)**	(7.82)
– Discontinued operations	**(1.66)**	(0.79)

* Restated

Statements of changes in equity for the year ended 31 March 2014

	Note	Share capital $'000	Common control reserve $'000	Other reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total $'000
GROUP							
Balance at 31 March 2012		130 939	2 583	1 551	(14 709)	22 951	143 315
Share capital and premium							
Shares issued	14	35 263	–	–	–	–	35 263
Current operations							
Total comprehensive income/(loss)		–	–	(528)	(9 736)	453	(9 811)
Effects of changes in holding		–	–	–	(329)	5 759	5 430
Acquisition of subsidiaries		–	(6 392)	–	–	(1 493)	(7 885)
Balance at 31 March 2013		166 202	(3 809)	1 023	(24 774)	27 670	166 312
Current operations							
Total comprehensive income/(loss)		–	–	(5 639)	(12 933)	340	(18 232)
Acquisition of subsidiaries		–	–	–	–	864	864
Effects of changes in holding		–	–	–	–	(3 242)	(3 242)
Capital reductions and dividends		–	–	–	–	(180)	(180)
Balance at 31 March 2014		166 202	(3 809)	(4 616)	(37 707)	25 452	145 522

Statements of cash flows for the year ended 31 March 2014

		Group	
		2014	2013
	Notes	**$'000**	$'000
Cash flows from operating activities		**10 717**	1 625
Cash generated by operations	28.1	**5 623**	1 045
Investment income		**1 011**	1 170
Changes in working capital	28.2	**5 473**	(158)
Cash generated by operating activities		**12 108**	2 057
Finance costs		**(1 036)**	(1 516)
Taxation (paid) received	28.3	**(175)**	1 084
Dividends paid		**(180)**	–
Cash flows from investing activities		**334**	(12 497)
Business combinations	28.4	**–**	(691)
Investment in:			
– Subsidiary companies		**(1 819)**	–
– Associated companies and joint ventures		**–**	(6 100)
– Other		**(404)**	(5 106)
Dividends received		**–**	9 190
Short-term loans advanced		**(10)**	22
Decrease in long-term receivables		**(247)**	(2 006)
Proceeds on disposal of investments		**10 489**	4 654
Intangible assets			
– Additions		**(4 353)**	(3 790)
– Disposals		**202**	–
Property, plant and equipment			
– Additions		**(3 524)**	(8 670)
Cash flows from financing activities		**7 290**	15 768
Change in non-controlling interest		**–**	4 626
Long-term funding repaid		**(24 821)**	(1 640)
Long-term funding raised		**32 110**	12 782
Cash and cash equivalents			
Movements		**18 341**	4 896
At beginning of year		**32 996**	28 069
Foreign exchange difference		**(2 492)**	31
At end of year	28.5	**48 845**	32 996

1. ACCOUNTING POLICES

This summary of the principal accounting policies of the Montauk Holdings Limited group is presented to assist with the evaluation of the annual financial statements.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the South African Companies Act, No 71 of 2008, and the Listings Requirements of the JSE Limited. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of investment properties and certain financial instruments as described in the accounting policies below. The accounting policies are consistent with that applied in the previous year.

(b) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board.

(c) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries, associated entities and joint ventures.

(i) Subsidiaries

Subsidiaries are all entities (including structured 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 over the entity. Where the group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Control is presumed to exist when the group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists where the group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

The company records its investment in subsidiaries at cost less any impairment charges. These interests include any intergroup loans receivable, which represent by nature a further investment in the subsidiary.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests and direct costs incurred in respect of transactions with non-controlling interests are also recorded in equity.

When the group ceases to have 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. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture 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.

(iii) Associates and joint ventures

The group recognises its share of associates' and joint ventures' results in profit or loss, after accounting for interest, tax and non-controlling interests.

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

The carrying amount of the group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) recognised on acquisition.

The group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition reserve movements is recognised in other comprehensive income. The cumulative post-acquisition movements are recognised against the carrying amount of the investment. When the group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Some of the group's associates and joint ventures have accounting reference dates other than 31 March. These are equity accounted using management prepared information on a basis coterminous with the group's reporting date.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' and joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

(d) Foreign exchange

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US Dollars which is the group's functional and presentation currency.

(ii) Transactions and balances

The financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date with the resultant translation differences being recognised in profit or loss. Translation differences on non-monetary assets such as equity investments classified as available-for-sale are recognised in other comprehensive income.

(iii) Foreign subsidiaries and associates – translation

Once-off items in the statement of comprehensive income and statement of cash flows of foreign subsidiaries and associates expressed in currencies other than the US Dollars are translated to US Dollars at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date. All translation exchange differences arising on the retranslation of opening net assets together with differences between the statements of comprehensive income translated at average and closing rates are recognised as a separate component of equity. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in equity are recycled through profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange at reporting date.

(e) Business combinations

(i) Subsidiaries

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets.

(ii) Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

Where a business combination occurs in several stages goodwill will be recognised on the transaction that results in the group obtaining control of the subsidiary. Goodwill, or gain on bargain purchase, will be measured as the difference between the fair value of the identifiable net assets acquired and the sum of the consideration paid, the non-controlling interest and the fair value of any previous interest held.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash generating units is in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles.

(iii) Common control transactions

Acquisitions of subsidiaries which do not result in a change of control of the subsidiaries are accounted for as common control transactions. The excess of the cost of the acquisition over the group's interest in the carrying value of the identifiable assets and liabilities of the acquired entity, is carried as a non-distributable reserve in the consolidated results.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

(i) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less the estimated residual value of each asset over its expected useful life as follows:

Freehold buildings and infrastructure	10 – 50 years
Leasehold land and buildings	Period of the lease
Other equipment and vehicles	3 – 10 years
Plant and machinery	5 – 12½ years

(ii) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the carrying amount of the asset.

(iii) Capitalisation of borrowing costs

Direct financing costs incurred, before tax, on major capital projects during the period of development or construction that necessarily take a substantial period of time to be developed for their intended use are capitalised up to the time of completion of the project.

(g) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the group.

Amortisation is recognised together with depreciation in profit or loss.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

(i) Licences

Radio licences are initially recognised at cost. Analogue licences are renewable for a minimal cost every five years under provisions within the Broadcasting Services Act, The Directors understand that the revocation of a commercial radio licence has never happened in Australia and have no reason to believe that the licences have a finite life. As a result ration broadcasting licences have been assessed to have indefinite useful lives. Accordingly they are not amortised and are tested for impairment annually or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

(ii) Trademarks

Trademarks are recognised initially at cost. Trademarks have definite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives.

(iii) Customer contracts

These contracts represent a guaranteed source of income over the life of the contract for the purchase of processed gas. The contract is amortised over a 15-year period on a straight-line method.

(iv) Distribution rights

Distribution rights represent multi-territory and multiplatform programming rights that the group is able to on-sell to other broadcasters. Distribution rights are initially recognised at cost. Distribution rights are amortised over the products' economic life-cycle which is determined on a pro-rate basis of the individual titles total cost based on the territory and broadcast platform for which the distribution rights have been on sold.

Distribution rights are amortised on a straight-line basis.

Distribution rights are tested for impairment annually until they are brought into use.

(v) Gas rights

Gas rights with finite lives are amortised over their estimated useful economic life as follows:

Units of production method of depletion over gas rights term

(vi) Interconnection

The interconnect intangible asset is the exclusive right to utilise an interconnection line between the operating plant and a utility substation to transmit produced electricity. Included in that right is full maintenance provided on this line by the utility.

(h) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognised at fair value plus any directly attributable transaction costs (transaction costs are not included on initial recognition for financial instruments carried at fair value through profit or loss).

Financial assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle net, the relevant financial assets and liabilities are offset.

Interest costs are recognised using the effective interest method. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net interest payable over the life of the instrument.

(i) Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are non-derivative financial assets held for trading and/or designated by the entity upon initial recognition as fair value through profit or loss.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Gains or losses arising from changes in the fair value of the "financial assets at fair value though profit or loss" category are presented in the statement of comprehensive income within other losses/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the group's right to receive payments is established.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets (trade and other receivables), except for maturities of greater than 12 months after the statement of financial position date which are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

(iv) Financial liabilities at fair value through profit or loss

Non-derivative financial liabilities are measured initially and subsequently at fair value by discounting the future cash payments using the market rate applicable at statement of financial position date. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

(v) Financial liabilities at amortised cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the profit or loss over the period of the borrowings.

(vi) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified as any of the above. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit and loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest rate method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payments is established.

(vii) Cash and cash equivalents

Cash and cash equivalents are carried at cost and include cash in hand, bank deposits, other short-term highly liquid investments and bank overdrafts.

Bank overdrafts are included within cash and cash equivalents on the face of the statement of cash flows as they form an integral part of the group's cash management.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, and for unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity specific inputs.

Impairment

The group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. Impairment testing of trade receivables is described in note (i) above.

The Company records its investment in subsidiaries at cost less any impairment charges.

(i) Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the statement of financial position, depending on when they are expected to mature. For derivatives that are not designated to have a hedging relationship, all fair value movements thereon are recognised immediately in profit or loss. See note (h) for the group's accounting policy on hedge accounting.

(j) Hedge accounting

The derivative instruments used by the group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedging relationship.

In order to qualify for hedge accounting, the group is required to document the relationship between the hedged item and the hedging instrument. The group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is re-performed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); hedges of highly probable forecast transactions or commitment (cash flow hedge); or hedges of net investments in foreign operations.

The full fair value of a hedging derivative is classified as a noncurrent asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedges

Fair value hedges comprise derivative financial instruments designated in a hedging relationship to manage the group's interest rate risk to which the fair value of certain assets and liabilities are exposed.

Changes in the fair value of the derivative offset the relevant changes in the fair value of the underlying hedged item attributable to the hedged risk in profit or loss in the period incurred.

Gains or losses on fair value hedges that are regarded as highly effective are recognised in profit or loss together with the gain or loss on the hedged item attributable to the hedged risk.

(ii) Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency or interest rate risk to which the cash flows of certain liabilities are exposed.

The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are recycled to profit or loss in the period in which the hedged item affects profit or loss.

However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in other comprehensive income are included in the initial cost of the asset or liability.

(iii) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations comprise either foreign currency borrowings or derivatives (typically forward exchange contracts) designated in a hedging relationship.

Gains or losses on hedging instruments that are regarded as highly effective are recognised in other comprehensive income. These largely offset foreign currency gains or losses arising on the translation of net investments that are recorded in equity, in the foreign currency translation reserve. The ineffective portion of gains or losses on hedging instruments is recognised immediately in profit or loss. Amounts accumulated in equity are only recycled to profit or loss upon disposal of the net investment.

Where a derivative ceases to meet the criteria of being a hedging instrument or the underlying exposure which it is hedging is sold, matures or is extinguished, hedge accounting is discontinued. A similar treatment is applied where the hedge is of a future transaction and that transaction is no longer likely to occur.

Certain derivative instruments, whilst providing effective economic hedges under the group's policies, are not designated as hedges. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in profit or loss.

The group does not hold or issue derivative financial instruments for speculative purposes.

(k) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average or first in-first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less selling expenses. Provision is made for slow moving goods and obsolete materials are written off.

(l) Programme rights

Programme rights are stated at the contracted costs incurred in obtaining the rights to transmit the programmes, less the cost of programmes transmitted or written off during the year.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are included in the share premium account. Where subsidiaries hold shares in the holding company's equity share capital, the consideration paid to acquire these shares is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. Shares issued to or held by share incentive plans within the group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

(n) Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables are analysed between current and non-current liabilities on the face of the statement of financial position, depending on when the obligation to settle will be realised.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

(p) Impairment

This policy covers all assets except inventories (see note i), financial assets (see note g), non-current assets classified as held for sale (see note o). Impairment reviews are performed by comparing the carrying value of the asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets the group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

For the purpose of conducting impairment reviews, CGUs are considered to be the lowest level of groups of assets and liabilities that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

When an impairment is recognised, the impairment loss is held firstly against any specifically impaired assets of the CGU, then recognised against goodwill balances. Any remaining loss is set against the remaining intangible and tangible assets on a *pro rata* basis.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in profit or loss in the period in which it occurs and the carrying value of the asset is increased.

The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

(q) Non-current assets held for sale

Items classified as non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification.

(r) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the statement of comprehensive Income within interest costs.

Provisions are not recognised for future operating losses however provisions are recognised for onerous contracts where a contract is expected to be loss making (and not merely less profitable than expected).

(i) Provision for rehabilitation

Long-term environmental obligations are based on the group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure, in view of the uncertainty of estimating the potential future proceeds.

Expenditure on plant and equipment for pollution control is capitalised and depreciated over the useful lives of the assets whilst the cost of ongoing current programmes to prevent and control pollution and to rehabilitate the environment is charged against income as incurred

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable

(i) Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

(iii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired the group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

(iv) Royalty income

Royalty income is recognised on an accrual basis in accordance with the relevant agreements and is included in other income.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(t) Leases

(i) The group is the lessee

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

(ii) The group is the lessor

The group recognises finance lease receivables on its statement of financial position. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease. Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(u) Income tax

The tax expense for the period comprises current, deferred tax and secondary tax on companies. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full using the statement of financial position liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investment in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised. Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is measured on a non-discounted basis.

(v) Dividend distributions

Dividend distributions to equity holders of the parent are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when approved by the board. Dividends declared after the reporting date are not recognised, as there is no present obligation at the reporting date.

(w) Employee benefits

(i) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(ii) Bonus plans

The group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year-end.

(x) Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 02/2015 issued by SAICA.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Principles of critical accounting estimates and assumptions

(i) The group makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(ii) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(e). The recoverable amounts of cash generating units have been determined based on value in use calculations.

These calculations require the use of estimates – see note 3 for details.

(iii) Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Deferred tax assets

Management has applied a probability analysis to determine future taxable income against which calculated tax losses will be utilised. A similar probability analysis was applied in determining the amount of STC credits that would be utilised in the foreseeable future.

(v) Property, plant and equipment, excluding land

Changes in business landscape or technical innovations may impact the useful lives and estimated residual values of these assets. Similar assets are grouped together, but residual values and useful lives may vary significantly between individual assets in a category. Management reviews assets' residual values, useful lives and related depreciation charges annually at each reporting date.

(vi) Inventory valuation

The group manufactures and trades with perishable products. Judgement is required to determine the saleability of these products. In addition, a significant portion of the group's matured wines and brandies have a lengthy production cycle. The saleability and valuation of work-in-progress inventories are dependent on market and consumer trends. Stringent quality control, detailed sales planning and forecasting and procurement planning are key factors in ensuring that the valuation of the group's inventory is reasonable.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE:

3.1 Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 April 2013 or later periods which the group has not early adopted:

Standard	Details of amendment	Annual periods beginning on or after
• IFRS 3 • Business Combinations	Annual Improvements 2010 – 2012 Cycle: amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9. Annual Improvements 2011 – 2013 Cycle: amendments to the scope paragraph for the formation of a joint arrangement	The group will apply the IFRS 3 amendments from annual periods beginning 1 April 2015 The group will apply the IFRS 3 amendments from annual periods beginning 1 April 2015
IFRS 8 Operating Segments	Annual Improvements 2010 – 2012 Cycle: amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations	The group will apply the IFRS 8 amendments from annual periods beginning 1 April 2015
IFRS 9 Financial Statements	The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement, de-recognition of financial assets and liabilities and hedge accounting have been issued. Chapters dealing with impairment methodology are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.	The group will apply the IFRS 9 amendments from annual periods beginning 1 April 2018
IFRS 10 Consolidated Financial Investments	IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of 'Investment Entities' must be accounted for at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement.	The group will apply the IFRS 10 amendments from annual periods beginning 1 April 2014
IFRS 11 Joint arrangements	Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	The group will apply the IFRS 11 amendments from annual periods beginning 1 April 2016
IFRS 12 Disclosure of Interest in Other Entities	New disclosures required for Investment Entities (as defined in IFRS 10).	The group will apply the IFRS 12 amendments from annual periods beginning 1 April 2014

Standard	Details of amendment	Annual periods beginning on or after
IFRS 13 Fair Value Measurement	Annual Improvements 2010 – 2012 Cycle: amendments to clarify the measurement requirements for those short-term receivables and payables. Annual Improvements 2011 – 2013 Cycle: amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with IAS 39 or IFRS 9.	The group will apply the IFRS 13 amendments from annual periods beginning 1 April 2014 The group will apply the IFRS 13 amendments from annual periods beginning 1 April 2014
IAS 24 Related Party Disclosures	Clarification of the definition of a related party.	The group will apply the IAS 24 amendments from annual periods beginning 1 April 2014
IAS 36 Impairment of Assets	The amendment to IAS 36 clarifies the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal	The group will apply the IAS 36 amendments from annual periods beginning 1 April 2014
IAS 38 Intangible Assets	Annual Improvements 2010 – 2012 Cycle: Amendments to the revaluation method – proportionate restatement of accumulated depreciation. Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets.	The group will apply the IAS 38 amendments from annual periods beginning 1 April 2014 The group will apply the IAS 38 amendments from annual periods beginning 1 April 2016

The directors have considered the impact of the standards and do not expect a material impact on the financial statements of the group.

	Group 2014 $'000	2013 $'000
1. PROPERTY, PLANT AND EQUIPMENT		
Cost		
Land and buildings	**4 997**	5 648
Leasehold improvements	**10**	10
Other equipment and vehicles	**75 093**	74 032
Plant and machinery	**370**	215
	80 470	79 905
Accumulated depreciation		
Land and buildings	**(2 265)**	(1 903)
Other equipment and vehicles	**(33 406)**	(27 852)
Plant and machinery	**(145)**	(111)
	(35 816)	(29 866)
Carrying value		
Land and buildings	**2 732**	3 745
Leasehold improvements	**10**	10
Other equipment and vehicles	**41 687**	46 180
Plant and machinery	**225**	104
	44 654	50 039
Movements in property, plant and equipment		
Balance at beginning of year		
Land and buildings	**3 745**	4 107
Leasehold improvements	**10**	–
Other equipment and vehicles	**46 180**	42 709
Plant and machinery	**104**	75
	50 039	46 891
Additions		
Leasehold improvements	**–**	10
Other equipment and vehicles	**3 317**	9 258
Plant and machinery	**169**	52
	3 486	9 320
Business combinations		
Other equipment and vehicles	**898**	127
Transfer to disposal group assets held for sale (refer to note 13)		
Other equipment and vehicles	**(1 351)**	–
Disposals and transfers		
Land and buildings	**(651)**	–
Other equipment and vehicles	**(223)**	–
Plant and machinery	**(14)**	–
	(888)	–
Depreciation		
Land and buildings	**(362)**	(362)
Other equipment and vehicles	**(7 086)**	(5 910)
Plant and machinery	**(34)**	(23)
	(7 482)	(6 295)

	Group 2014 $'000	2013 $'000
Currency translation		
Other equipment and vehicles	**(48)**	(4)
Balances at end of year		
Land and buildings	**2 732**	3 745
Leasehold improvements	**10**	10
Other equipment and vehicles	**41 687**	46 180
Plant and machinery	**225**	104
	44 654	50 039

A register of land and buildings is available for inspection at the registered office of the company.

	Licences $'000	Trademarks $'000	Distribution rights $'000	Customer contracts $'000	Emission allowances $'000	Gas rights $'000	Inter-connection $'000	Total $'000
2. **INTANGIBLE ASSETS**								
Group 2014								
Carrying value at beginning of year	**10 443**	**671**	**11 352**	**9 239**	**3 055**	**19 705**	**–**	**54 465**
Additions	**–**	**123**	**4 230**	**–**	**–**	**42**	**825**	**5 220**
Foreign exchange differences	**(1 208)**	**–**	**708**	**–**	**–**	**–**	**–**	**(500)**
Disposals	**–**	**–**	**(202)**	**–**	**–**	**–**	**–**	**(202)**
Amortisation	**–**	**(75)**	**(3 617)**	**(1 378)**	**–**	**(2 419)**	**(6)**	**(7 495)**
Transfers to disposal group held for sale (refer to note 13)	**(9 235)**	**(719)**	**(12 471)**	**–**	**–**	**–**	**–**	**(22 425)**
Carrying value at end of year	**–**	**–**	**–**	**7 861**	**3 055**	**17 328**	**819**	**29 063**
Cost	**–**	**–**	**–**	**17 241**	**3 055**	**35 493**	**825**	**56 614**
Accumulated amortisation	**–**	**–**	**–**	**(9 380)**	**–**	**(18 165)**	**(6)**	**(27 551)**
	–	**–**	**–**	**7 861**	**3 055**	**17 328**	**819**	**29 063**
Group 2013								
Carrying value at beginning of year	–	–	–	10 620	5 005	22 120	–	37 745
Additions	–	90	3 789	–	–	2	–	3 881
Business combinations*	10 443	581	11 703	–	–	–	–	22 727
Foreign exchange differences	–	–	(568)	–	–	–	–	(568)
Disposals	–	–	–	–	(1 950)	–	–	(1 950)
Amortisation	–	–	(3 572)	(1 381)	–	(2 417)	–	(7 370)
Carrying value at end of year	10 443	671	11 352	9 239	3 055	19 705	–	54 465
Cost	10 443	671	15 841	17 241	3 055	35 451	–	82 702
Accumulated amortisation	–	–	(4 489)	(8 002)	–	(15 746)	–	(28 237)
	10 443	671	11 352	9 239	3 055	19 705	–	54 465

The amortisation expense has been included in the line item depreciation and amortisation in the statement of comprehensive income.

The following useful lives were used in the calculation of amortisation:

Licences	**
Trademarks	10 years
Distribution rights	****
Customer contracts	15 years
Emission allowances	***
Gas rights	12 – 20 years
Interconnection	10 years

* Restated

** Radio licences are initially recognised at cost. Analogue licences are renewable for a minimal cost every five years under provisions within the Broadcasting Services Act. The Directors understand that the revocation of a commercial radio licence has never happened in Australia and have no reason to believe that the licences have a finite life. As a result radio broadcasting licences have been assessed to have indefinite useful lives. Accordingly they are not amortised and are tested for impairment annually or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

The recoverable amount of the commercial radio broadcasting CGU at 31 March 2014 was determined based on a value in use discounted cash flow model. The value in use calculations use cash flow projections based on the 2015 financial budget extended over the subsequent four-year period ("Forecast period") using estimated growth rates. Cash flows beyond the five-year period are extrapolated using growth rates that do not exceed the long term average growth rate for the business in which the CGU operates. Assumptions used in the value in use calculation include a pre-tax discount rate of 14.75%, revenue and operating cost growth rates of 4% and 3% respectively and a long-term growth rate of 2.5%.

At 31 March 2013 the recoverable amount of the commercial radio broadcasting CGU was assessed with regard to the acquisition price and competitive bid process leading up to the acquisition, which occurred during March 2013.

*** Emission allowances consist of credits that need to be applied to Nitrous Oxide (N_2O) emissions from internal combustion engines. These engines emit levels of N_2O for which specific allowances are required in certain states of the United States of America. Certain assets acquired through the acquisition of a subsidiary by Montauk Energy Holdings LLC qualify for N_2O allowances. These have been recognised at fair value at date of acquisition and will be amortised only when brought into use.

**** Distribution rights represent multi-territory and multi-platform programming rights that the group is able to on sell to other broadcasters. These rights are amortised over the estimated useful life, based on the territory and platform for which the respective rights have been on sold.

	Group 2014 $'000	2013 $'000
3. GOODWILL		
Arising on acquisition of shares in subsidiaries	**–**	10 537
Reconciliation of carrying value		
At beginning of year	**10 537**	–
– Cost	**10 537**	–
– Accumulated impairment	**–**	–
Business combinations	**–**	10 537
Business combinations as previously stated	**–**	3 814
Restatement (refer note 34)	**–**	6 723
Effects of foreign exchange differences	**(778)**	–
Transfer to disposal group assets held for sale (refer to note 13)	**(9 759)**	–
	–	10 537
At end of year		
– Cost	**–**	10 537
– Accumulated impairment	**–**	–

Goodwill relates to the group's media interests. The value of CGUs to which goodwill has been allocated has been determined based on value in use calculations using management generated cash flow projections. The following were the principal assumptions, based on past experience, that were used to calculate the net present value of those CGUs.

Pre-tax discount rates	14.75%
Number of years:	5 years
Cost growth rate	2.5% – 4%

4. INVESTMENTS IN ASSOCIATES

Set out below are the associates which, in the opinion of the Directors, are material to the reporting entity. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the reporting entity. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of associates	Place of business/ country of incorporation	Principal activity	**2014**	2013	**2014 $'000**	2013 $'000
Da Vinci Media GmbH	Germany	Media	**33%**	33%	**–**	4 284
The Africa Channel Limited	United Kingdom	Media	**47%**	47%	**–**	4 093
Other associates**					**–**	1 934
					–	10 311
Directors valuation of unlisted associates						10 311

** A list of these is available for inspection at the company's registered office.

	2014	2013
Group's share of associates:		
– Contingent commitments	**–**	–
– Capital commitments	**–**	–

The investments in associates have been transferred to disposal group assets held for sale at year end. Refer to note 13.

5. INVESTMENT IN JOINT VENTURE

Name of joint venture	Place of business/ country of incorporation	Principal activity	Group's interest 2014	Group's interest 2013	Group carrying value **2014 $'000**	Group carrying value 2013 $'000
Baycorp Holdings Proprietary Limited	New Zealand	Debt collection service provider	53%	53%	**–**	38 639
Cost					**–**	43 682
Accumulated impairment					**–**	(5 043)
					–	38 639
Due to both operational and competitive reasons, the investment in Baycorp Holdings Proprietary Limited was tested for impairment in the prior year, resulting in the carrying value being impaired by $5.04 million. No impairment was required in the current year.						
The summarised financial information in respect of the group's principal joint ventures is set out below:						
Current assets					**54 180**	59 656
Non-current assets					**76 850**	95 389
Current liabilities					**13 344**	10 297
Non-current liabilities					**47 633**	56 508
Income					**55 713**	42 687
Expenses					**(45 115)**	(38 425)
Group's share of joint ventures' (losses) profits for the year					**(5 591)**	2 249
Group's share of joint ventures' other comprehensive income for the year					**1 564**	338
Dividends received					**–**	8 908
Group's share of joint ventures' capital commitments					**–**	–

The investment in joint venture has been transferred to disposal group assets held for sale at year end. Refer to note 13.

	Group **2014 $'000**	2013 $'000
6. OTHER FINANCIAL ASSETS		
Available for sale investments held at fair value		
Other	**203**	311
Fair value through profit and loss		
Foreign exchange contract	**104**	6 991
Financial assets held at amortised cost		
Other loans	**–**	5 470
	307	12 772
Current	**307**	7 025
Non-current	**–**	5 747
	307	12 772

Fair value of derivative financial instruments carried at fair value through profit or loss

The fair value of derivatives was based upon market valuations. The net market value of all forward exchange contracts at year end was calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates.

	Group 2014 $'000	Group 2013 $'000
7. SUBSIDIARY COMPANIES		
Shares at cost less impairment	**191 857**	166 620
Amounts owing by subsidiary companies	**10 044**	11 529
	201 901	178 149
Amounts owing to subsidiary companies	**–**	–
	201 901	178 149

These loans are interest free and have no set repayment dates.

Interests in subsidiaries

Set out below are the group's principal subsidiaries at year end. Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business/ Country of incorporation	% exercisable voting rights 2014	% exercisable voting rights 2013	% of effective interest held by the group 2014	% of effective interest held by the group 2013	% of effective interest held by the non-controlling interests (NCI) 2014	% of effective interest held by the non-controlling interests (NCI) 2013
Montauk Energy Corporation LLC	Natural gas	United States of America	**90**	90	**90**	90	**10**	10
Oceania Capital Partners Limited	Investment holding	Australia	**68**	68	**68**	68	**32**	32
Longkloof Limited	Media	Channel Islands	**80**	80	**80**	80	**20**	20
Crystal Brook Distribution Proprietary Limited	Media	South Africa	**80**	80	**80**	80	**20**	20

Significant restrictions

There are no significant statutory, contractual or regulatory restrictions on the group's ability to access or use the assets and settle the liabilities of the group.

There are no contractual arrangements in place for the provision of financial support to any of the principal subsidiaries, nor has there been any financial or other support provided to these entities during the reporting period. There is no current intention of providing financial or other support to these entities.

Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests (NCI) that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Oceania Capital Partners Limited	
	2014	2013
	$'000	$'000
Summarised statement of financial position		
Non-current assets	**46 098**	62 030
Current assets	**32 840**	25 868
Non-current liabilities	**(4 771)**	(109)
Current liabilities	**(1 225)**	(1 470)
Net assets	**72 943**	86 319
Accumulated non-controlling interests	**23 803**	28 139
Summarised statement of comprehensive income		
Revenue	**8 350**	1 948
Loss for the year	**(4 518)**	(3 246)
Other comprehensive income	**1 099**	234
Total comprehensive (loss) for the year	**(3 418)**	(3 011)
Loss allocated to non-controlling interests	**(1 445)**	(249)
Dividends paid to non-controlling interests	**–**	–
Summarised cash flows		
Cash flows from operating activities	**178**	(1 367)
Cash flows from investing activities	**9 117**	(14 085)
Cash flows from financing activities	**4 946**	11 222

Full details of subsidiary companies are provided in Annexure A.

8. DEFERRED TAX

Movements in deferred taxation		
At beginning of year	**94**	–
Provisions and accruals	**1**	9
Assessed losses	**1**	31
Other	**(4)**	54
Transfer to disposal group assets held for sale	**(92)**	–
At end of year	**–**	94
Analysis of deferred taxation		
Provisions and accruals	**–**	9
Assessed losses	**–**	31
Other	**–**	54
	–	94
Composition of deferred taxation		
Deferred taxation assets	**–**	94
Deferred taxation liabilities	**–**	–
	–	94

The deferred tax balances have been transferred to disposal group assets held for sale at year end. Refer to note 13.

		Group	
		2014	2013
		$'000	$'000
9.	**NON-CURRENT RECEIVABLES**		
	Prepayments	**18**	109
	Letter of credit	**1 532**	1 293
	Other loans	**136**	37
	These loans are due within 1 to 6 years and bear interest at rates ranging from 0% to 5% per annum.		
	Less: Current portion	**–**	–
		1 686	1 439

Fair value of non-current receivables

The fair value of non-current receivables approximates the carrying value as market related rates of interest are charged on these outstanding amounts. There were no impairment provisions on non-current receivable financial assets during the current or prior years.

10.	**INVENTORIES**		
	Finished goods	**–**	300
	Consumables and spares	**728**	761
		728	1 061

Certain inventory balances have been transferred to disposal group assets held for sale at year end. Refer to note 13.

11.	**PROGRAMME RIGHTS**		
	Television programmes		
	– International	**–**	1 075
	Reconciliation of carrying value		
	At beginning of year	**1 075**	1 366
	Amortised through other operating expenses	**(127)**	(291)
	Transfer to disposal group assets held for sale (refer to note 13)	**(948)**	–
	At end of year	**–**	1 075

	Group 2014 $'000	2013 $'000
12. TRADE AND OTHER RECEIVABLES		
Trade receivables	**3 252**	9 065
Other receivables	**700**	10 630
Provision for impairment of trade receivables	**–**	–
	3 952	19 695
Fair value of trade receivables		
Trade and other receivables	**3 952**	19 695

The carrying value approximates fair value because of the short period to maturity of these instruments.

Trade receivables neither past due nor impaired

The credit quality of trade and other receivables that are neither past due nor impaired is assessed on an ongoing basis for individual debtors and based on repayment history. No individual customer represents more than 10% of the Group's trade receivables.

Collateral

The Group holds no collateral over the trade receivables which can be sold or repledged to a third party.

Trade receivables past due but not impaired

At 31 March 2014, trade receivables of $ nil (2013: $0.17 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2014	2013
30 to 60 days	**–**	28
60 to 90 days	**–**	28
More than 90 days	**–**	120

None of the financial assets that are fully performing have been renegotiated in the last year.

Impairment of trade receivables

At 31 March 2014, trade receivables of $ nil (2013: $ nil) were impaired. Impaired trade receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.

Other receivables past due but not impaired

At 31 March 2014, other receivables of $ nil (2013: $ nil) were past due but not impaired.

Impairment of other receivables

At 31 March 2014, other receivables of $ nil (2013: $ nil) were impaired.

For both trade and other receivables the creation and release of provision for impaired receivables have been included in other operating expenses and income in the statement of comprehensive income. Amounts charged to the provision account are written off when there is no expectation of recovery.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2014	2013
Australian Dollar	**–**	2 459
SA Rand	**–**	972
US Dollar	**3 952**	16 264
	3 952	19 695

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as shown above.

Certain trade and other receivables balances have been transferred to disposal group assets held for sale at year end. Refer to note 13.

	Group 2014 $'000	Group 2013 $'000
13. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE		
Non-current assets classified as held for sale	**123 080**	–
Liabilities associated with the non-current assets held for sale	**(21 385)**	–
	101 695	–

13.1 During the year ended 31 March 2014 a decision was made by the company's board of directors to dispose of the group's interest in HCI Investments Australia Proprietary Limited, subject to the receipt of the necessary regulatory approvals.

Assets and liabilities associated with HCI Investments Australia Proprietary Limited classified as held for sale included in Media

	2014 $'000	2013 $'000
Property, plant and equipment	**439**	–
Goodwill	**5 945**	–
Intangible assets	**9 235**	–
Investments in joint ventures	**30 148**	–
Other financial assets	**517**	–
Deferred taxation	**52**	–
Trade and other receivables	**1 151**	–
Cash and cash equivalents	**32 803**	–
Borrowings	**(4 676)**	–
Trade and other payables	**(867)**	–
Current portion of borrowings	**(275)**	–
Taxation	**(198)**	–
	74 274	–

Refer to note 26.1 for details of operations related to the above assets and liabilities that have been classified as discontinued.

13.2 During the year ended 31 March 2014 a decision was made by the company's board of directors to dispose of the group's interest in Longkloof Limited, subject to the receipt of the necessary regulatory approvals.

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
14. ORDINARY SHARE CAPITAL				
Authorised				
Ordinary shares of no par value	200 000	200 000	–	–
Issued				
In issue in company	135 256	135 256	166 202	166 202

Details of the issued share capital and share premium and changes during the current and prior year are as follows:

	Number of shares '000	Share capital $'000
In issue at 31 March 2012	98 123	130 939
Shares issued	37 133	35 263
In issue at 31 March 2013	135 256	166 202
In issue at 31 March 2014	135 256	166 202

The unissued shares are under the control of the directors until the next annual general meeting.

	Group 2014 $'000	2013 $'000
Assets and liabilities associated with Longkloof Limited classified as held for sale included in Media		
Property, plant and equipment	**893**	–
Goodwill	**3 814**	–
Intangible assets	**13 190**	–
Investments in associates	**8 796**	–
Deferred taxation	**32**	–
Inventories	**12**	–
Programme rights	**948**	–
Other financial assets	**1 761**	–
Trade and other receivables	**4 839**	–
Cash and cash equivalents	**6 905**	–
Trade and other payables	**(5 581)**	–
Current portion of borrowings	**(9 137)**	–
Taxation	**(71)**	–
	26 401	–

Refer to note 26.2 for details of operations related to the above assets and liabilities that have been classified as discontinued.

13. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

13.3 During the year ended 31 March 2014 a decision was made by the company's board of directors to dispose of the group's interest in Crystal Brook Distribution Proprietary Limited, subject to the receipt of the necessary regulatory approvals.

	Group 2014 $'000	2013 $'000
Assets and liabilities associated with Crystal Brook Distribution Proprietary Limited classified as held for sale included in Media		
Property, plant and equipment	**19**	–
Deferred taxation	**8**	–
Inventories	**216**	–
Trade and other receivables	**962**	–
Cash and cash equivalents	**364**	–
Trade and other payables	**(519)**	–
Taxation	**(19)**	–
	1 031	–

Refer to note 26.3 for details of operations related to the above assets and liabilities that have been classified as discontinued.

13.4 During the year ended 31 March 2014 a decision was made by the company's board of directors to dispose of the group's interest in Deepkloof Limited, subject to the receipt of the necessary regulatory approvals.

	Group 2014 $'000	2013 $'000
Assets and liabilities associated with Deepkloof Limited classified as held for sale included in Other		
Cash and cash equivalents	**32**	–
Trade and other payables	**(43)**	–
	(11)	–

		Group	
		2014	2013
		$'000	$'000
15.	**OTHER RESERVES**		
	FCTR at beginning of year	**1 023**	1 551
	Exchange differences on translation of foreign subsidiaries	**(5 639)**	(528)
	At end of year	**(4 616)**	1 023
16.	**BORROWINGS**		
	Bank borrowings	**–**	25 000
	Other borrowings	**34 082**	18 945
		34 082	43 945
	Current portion of borrowings	**(34 082)**	(22 695)
		–	21 250
	Secured	**–**	25 000
	Unsecured	**34 082**	18 945
		34 082	43 945
	The Group was exposed to a guarantee for the borrowings of a subsidiary, Johnnic Holdings USA LLC, under a put option granted by the ultimate holding company, Hosken Consolidated Investments Limited (HCI), to FirstRand Bank Limited. Under the guarantee, HCI was jointly and severably liable for the facility of US$25 000 000. This facility was repaid during the current year.		
	Fixed rates	**34 082**	11 900
	Floating rates	**–**	32 045
		34 082	43 945
	Maturity of these borrowings is as follows:		
	Due within 1 year	**34 082**	22 695
	Due within 2 – 5 years	**–**	21 250
	Due after 5 years	**–**	–
		34 082	43 945
	Analysis by currency		
	South African Rand	**34 082**	11 900
	United States Dollar	**–**	32 045
		34 082	43 945
	Weighted average effective interest rates	–	4.18%

At 31 March 2014, the carrying value of borrowings approximates their fair value as market related rates have been applied to discount the instruments.

Certain borrowings balances have been transferred to disposal group assets held for sale at year end. Refer to note 13.

	Group 2014 $'000	2013 $'000
17. PROVISIONS		
Rehabilitation liability		
Balance at beginning of year	**5 784**	5 259
Raised during the year	**366**	525
Balance at end of year	**6 150**	5 784
Leave pay		
Balance at beginning of year	**144**	152
Raised during the year	**276**	154
Utilised	**(254)**	(162)
Balance at end of year	**166**	144
Staff bonuses		
Balance at beginning of year	**339**	329
Raised during the year	**457**	340
Utilised	**(396)**	(330)
Balance at end of year	**400**	339
Total provisions	**6 716**	6 267
Non-current	**6 150**	5 784
Current	**566**	483
	6 716	6 267

Rehabilitation liability

Rehabilitation obligations are based on the Group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the rehabilitation of landfill gas sites.

Leave pay

This provision is raised in respect of accumulated annual leave days accrued to employees as the Group has a present legal obligation as a result of past services provided by the employee. The timing of the settlement is uncertain given the nature of the provision.

Staff bonuses

This provision is recognised when the Group has a present legal or constructive obligation as a result of past services provided by the employee. The timing and extent of claims settled remain uncertain until settlement occurs.

18. TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
Trade payables	**333**	525
Other payables	**4 173**	14 301
	4 506	14 826

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations.

Certain trade and other payables balances have been transferred to disposal group assets held for sale at year end. Refer to note 13.

	Group 2014 $'000	2013 $'000
19. FINANCIAL LIABILITIES		
Financial liabilities carried at fair value through profit or loss		
Foreign exchange contracts	**–**	1 639
Current portion	**–**	1 639
Non-current portion	**–**	–
	–	1 639

Fair value of derivative financial instruments carried at fair value through profit or loss

The fair value of derivatives was based upon market valuations. The net market value of all foreign exchange contracts at year end was calculated by comparing the foreign exchange contracted rates to the equivalent year end market foreign exchange rates.

	Group 2014 $'000	2013 $'000
20. COMMITMENTS		
Operating lease arrangements where the Group is a lessee:		
Future leasing charges:		
– Payable within one year	**164**	2 348
– Payable within two to five years	**160**	1 771
– Payable after five years	**212**	–
	536	4 119
21. REVENUE		
Sale of goods	**31 956**	29 943
22. INVESTMENT INCOME		
Interest		
Bank	**4**	7
23. FINANCE COSTS		
Interest	**(916)**	(1 269)
24. PROFIT/(LOSS) BEFORE TAXATION		
The following items have been included in arriving at profit before taxation:		
Auditor's remuneration		
– Audit fees – current year	**127**	132
– Other services	**5**	5
Administrative fees	**1 858**	243
Consultancy fees	**333**	34
Operating lease charges		
– Premises	**186**	130
– Plant and equipment	**8**	65
Loss/(profit) on disposal of property, plant and equipment	**3**	(212)
Gain/(loss) on derivative instrument	**(1 743)**	1 929
Secretarial fees	**15**	–
Staff costs	**3 588**	3 126

	Group	
	2014	2013
	$'000	$'000
25. TAXATION		
Current	**–**	–
Deferred	**–**	–
	–	–
Reconciliation of tax rate	**%**	%
Normal tax rate	**28**	28
Capital losses and non-deductible expenses	**(123)**	(43)
Non-taxable income including share of associates income	**8**	9
Prior year charges	**45**	–
Differential tax rates – CGT and foreign	**42**	6
Effective rate	**–**	–
26. DISCONTINUED OPERATIONS		
Profit for the year from discontinued operations	**429**	123
Losses for the year from discontinued operations	**(11 258)**	(2 923)
	(10 829)	(2 800)

26.1 During the year ended 31 March 2014 a decision was made by the company's board of directors to sell the group's interest in HCI Investments Australia Proprietary Limited, subject to the receipt of the necessary regulatory approvals

The results of these operations have therefore been classified as discontinued operations for the group.

Loss from discontinued operations relating to HCI Investments Australia Proprietary Limited		
Revenue	**6 711**	755
Operating and other costs	**(7 703)**	(3 792)
Share of (loss)/profit of joint venture	**(5 625)**	3 795
Fair value adjustments of investments	**923**	585
Impairment of investment	**–**	(5 043)
Net finance costs	**583**	944
Profit(loss) before taxation	**(5 111)**	(2 756)
Taxation	**316**	1 174
	(4 795)	(1 582)
Cash flows from discontinued operations		
Cash flows from operating activities	**178**	(1 353)
Cash flows from investing activities	**10 057**	(7 836)
Cash flows from financing activities	**4 946**	4 974
	15 181	(4 215)

Refer to note 13.1 for details of assets and liabilities relating to the above discontinued operation that have been classified as held for sale.

26.2 During the year ended 31 March 2014 a decision was made by the company's board of directors to sell the group's interest in Longkloof Limited, subject to the receipt of the necessary regulatory approvals.

The results of these operations have therefore been classified as discontinued operations for the group.

	Group	
	2014	2013
	$'000	$'000
Loss from discontinued operations relating to Longkloof Limited		
Revenue	**8 847**	6 750
Operating and other costs	**(12 298)**	(8 057)
Share of losses of associated companies	**(815)**	(1 155)
Investment surplus	**–**	1 109
Impairment of assets	**(2 520)**	–
Fair value adjustments of investments	**175**	–
Net finance costs	**176**	109
Loss before taxation	**(6 435)**	(1 244)
Taxation	**(18)**	(79)
	(6 453)	(1 323)
Cash flows from discontinued operations		
Cash flows from operating activities	**(684)**	1 254
Cash flows from investing activities	**289**	5 579
Cash flows from financing activities	**2 107**	(1 640)
	1 712	5 193

Refer to note 13.2 for details of assets and liabilities relating to the above discontinued operation that have been classified as held for sale.

26.3 During the year ended 31 March 2014 a decision was made by the company's board of directors to sell the group's interest in Crystal Brook Distribution Proprietary Limited, subject to the receipt of the necessary regulatory approvals.

The results of these operations have therefore been classified as discontinued operations for the group.

Loss from discontinued operations relating to Crystal Brook Distribution Proprietary Limited		
Revenue	**1 710**	1 282
Operating costs	**(1 120)**	(1 101)
Net finance costs	**6**	1
Profit before tax	**596**	182
Taxation	**(167)**	(59)
	429	123
Cash flows from discontinued operations		
Cash flows from operating activities	**176**	(33)
Cash flows from investing activities	**(56)**	356
Cash flows from financing activities	**–**	–
	120	323

Refer to note 13.3 for details of assets and liabilities relating to the above discontinued operation that have been classified as held for sale.

26.4 During the year ended 31 March 2014 a decision was made by the company's board of directors to sell the group's interest in Deepkloof Limited, subject to the receipt of the necessary regulatory approval.

The results of these operations have therefore been classified as discontinued operations for the group.

	Group	
	2014	2013
	$'000	$'000
Loss from discontinued operations relating to Deepkloof Limited		
Revenue	**–**	–
Operating costs	**(10)**	(18)
Loss before tax	**(10)**	(18)
Taxation	**–**	–
	(10)	(18)
Cash flows from discontinued operations		
Cash flows from operating activities	**(9)**	(20)
Cash flows from investing activities	**38**	22
Cash flows from financing activities	**–**	–
	29	2

Refer to note 13.4 for details of assets and liabilities relating to the above discontinued operation that have been classified as held for sale.

27. EARNINGS PER SHARE

27.1 Earnings per share as presented on the statement of comprehensive income is based on the weighted average number of 135 256 156 ordinary shares in issue (2013: 130 474 601).

27.2 Diluted earnings per share is based on the weighted average number of 135 256 156 ordinary shares in issue (2013: 130 474 601).

Used in calculation of earnings per share	**135 256**	130 475
Used in calculation of diluted earnings per share	**135 256**	130 475
27.3 **Headline loss per share (cents) ***	**(5.62)**	(7.03)
– Continuing operations	**(3.96)**	(7.82)
– Discontinued operations	**(1.66)**	(0.79)
Diluted headline loss per share (cents) *	**(5.62)**	(7.03)
– Continuing operations	**(3.96)**	(7.82)
– Discontinued operations	**(1.66)**	(0.79)

	2014		2013	
	Gross	**Net**	Gross	Net
	$'000	**$'000**	$'000	$'000
Reconciliation of headline earnings:				
Earnings/(loss) attributable to equity holders of the parent		**(12 933)**		(9 736)
IAS 16 loss (profit) on disposal of plant and equipment	**3**	**3**	(212)	(212)
IAS 28 impairment of associates and joint ventures	**2 520**	**2 016**	5 043	3 414
IAS 38 profit on disposal of intangible assets	**–**	**–**	(2 643)	(2 643)
Remeasurements included in equity accounted earnings	**4 911**	**3 325**	–	–
Headline earnings/(loss) attributable to equity holders of the parent		**(7 589)**		(10 064)

	Group 2014 $'000	Group 2013 $'000
28. NOTES TO THE CASH FLOW STATEMENTS		
28.1 Cash generated by operations		
Profit/(loss) after taxation	**(16 182)**	(10 152)
Taxation	**(131)**	(1 037)
Depreciation and amortisation	**14 975**	10 092
Put amortisation	**–**	2 131
Loss (profit) on disposal of property, plant and equipment	**3**	(2 855)
Impairment of goodwill and investments	**2 520**	5 043
Equity accounted profits	**6 440**	(2 640)
Forex translation	**–**	(2 036)
Fair value adjustments	**(1 098)**	(585)
Investment income	**(1 007)**	(1 254)
Finance costs	**1 154**	1 462
Investment surplus	**–**	(1 109)
Movement in provisions	**466**	414
Other non-cash items	**(1 517)**	3 571
	5 623	1 045
28.2 Changes in working capital		
Inventory	**69**	(62)
Programming rights	**127**	291
Trade and other receivables	**8 449**	(3 947)
Trade and other payables	**(3 172)**	3 560
	5 473	(158)
28.3 Taxation paid		
Unpaid at beginning of year	**(131)**	1 252
Charged to the Statement of Comprehensive Income	**(348)**	(264)
Business combinations	**–**	(44)
Foreign exchange difference	**15**	9
Unpaid at end of year	**289**	131
	(175)	1 084
28.4 Business combinations		
Acquisitions		
Property, plant and equipment	**–**	(529)
Intangible assets	**–**	(22 688)
Deferred tax asset	**–**	(73)
Investment in associates	**–**	(5 366)
Other non-current assets	**–**	(3 814)
Trade and other receivables	**–**	(4 526)
Programming rights	**–**	(1 366)
Financial assets	**–**	(4 959)
Inventories	**–**	(272)
Cash and cash equivalents	**–**	(17 891)
Deferred tax liability	**–**	16
Borrowings	**–**	16 985
Other non-current liabilities	**–**	68
Trade and other payables	**–**	4 750
Taxation payable	**–**	44
	–	(39 621)

	Group 2014 $'000	2013 $'000
Non-controlling interest	**–**	(1 190)
Goodwill	**–**	(6 642)
Common control reserve	**–**	(6 392)
Shares issued	**–**	35 263
Cash and cash equivalents at date of acquisition	**–**	17 891
Net cash outflow	**–**	(691)

28.5 **Cash and cash equivalents**

Bank balances and deposits	**8 741**	32 996
Cash in disposal group assets held for sale	**40 104**	–
	48 845	32 996

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

Certain cash and cash equivalent balances have been transferred to disposal group assets held for sale at year end. Refer to note 13

29. **SEGMENT INFORMATION**

The following are the summarised results for the various reportable operating segments:

Continuing operations	Revenue	
Natural gas	**31 956**	29 287
Discontinued operations		
Media and broadcasting	**17 268**	8 787
Continuing operations	Segment Result (loss before tax)	
Natural gas	**(5 353)**	(7 352)
	Segment result (loss after tax)	
Discontinued operations		
Media and broadcasting	**(4 471)**	(1 200)
Other	**(6 358)**	(1 600)
	(10 829)	(2 800)
	Assets	
Media and broadcasting	**60 510**	62 088
Natural gas	**89 131**	101 652
Other	**62 570**	69 416
	212 211	233 156
	Fixed asset additions	
Media and broadcasting*	**325**	240
Natural gas	**3 161**	9 080
	3 486	9 320

Amounts applicable to associates and joint ventures included above:

	2014 Equity accounted earnings* $'000	2014 Investment in associates and joint ventures*** $'000	2013 Equity accounted earnings* $'000	2013 Investment in associates and joint ventures*** $'000
Other	**(6 440)**	**38 944**	2 640	48 950

	Impairments* 2014 $'000	Impairments* 2013 $'000
Other	**(2 520)**	(5 043)

The natural gas segment operates in the United States of America.

Group income is attributable to the following geographical areas:

	2014	2013
Australia*	**6 711**	755
Europe and United Kingdom*	**7 001**	6 620
South Africa*	**1 710**	1 282
United States of America	**31 956**	29 287
Other*	**1 846**	130
	49 224	38 074

Non-current assets** of the Group are held in the following geographical areas:

	2014	2013
Australia***	**79 721**	78 771
South Africa***	**1 561**	1 602
United Kingdom***	**35 878**	34 993
United States of America	**87 170**	99 904
Other***	**3 519**	3 581
	207 849	218 851

* Included in discontinued operations.
** Excludes financial instruments and deferred tax assets
*** Included in disposal group assets held for sale in 2014

	Group 2014 $'000	Group 2013 $'000
30. RELATED PARTY TRANSACTIONS		
30.1 Key management compensation was paid as follows:		
Salaries and other short-term employees benefits	**3 966**	2 226

31. BUSINESS COMBINATIONS

31.1 Subsidiaries acquired

	Principal activity	Date of acquisition	Proportion of shares acquired
Year ended 31 March 2013			
Media and broadcasting			
Sunshine Coast Broadcasters Proprietary Limited The acquisition was facilitated through the purchase of the company's issued share capital. This subsidiary was acquired to expand the Group's business in the radio broadcasting sector within which this entity operates.	Radio broadcasting	15/03/2013	100%
Longkloof Limited The acquisition was facilitated through the purchase of the company's issued share capital. This subsidiary was acquired to expand the Group's business in the broadcasting sector within which this entity operates.	Broadcasting content distributor	01/05/2012	80%
Crystal Brook Distribution Proprietary Limited The acquisition was facilitated through the purchase of the company's issued share capital. This subsidiary was acquired to expand the Group's business in the broadcasting sector within which this entity operates.	Broadcasting content distributor	26/09/2012	80%

31.2 Cost of acquisition, net cash outflow on acquisition and analysis of assets and liabilities acquired.

Year ended 31 March 2013

Media and broadcasting

Sunshine Coast Broadcasters Proprietary Limited

All of the shares in the capital of Sunshine Coast Broadcasters Proprietary Limited were acquired on 15 March 2013.

As the acquisition took place close to the 31 March 2013 year end the information required to account for the acquisition was incomplete. The initial accounting for the acquisition was therefore determined provisionally in the 31 March 2013 financial report. In accordance with IFRS 3: Business Combinations adjustments to initial provisional accounting for the acquisition disclosed in the 31 March 2013 annual financial statements have been recognised as if the final accounting for the business combination had been completed at the acquisition date. Comparative information for 31 March 2013 has therefore been adjusted.

Longkloof Limited

The parent entity, Hosken Consolidated Investments Limited (HCI), paid the purchase consideration for the acquisition of the shares in Longkloof Limited on behalf of the company, resulting in a loan payable by the company to HCI. The company subsequently issued shares to HCI in settlement of the loan.

Crystal Brook Distribution Proprietary Limited

A fellow subsidiary of the company paid the purchase consideration for the acquisition of shares in Crystal Brook Distribution Proprietary Limited on behalf of the company, resulting in a loan payable by the company to the fellow subsidiary.

	Media and broadcasting		
	Reported 2013 $'000	Adjustments $'000	Restated 2013 $'000
Non-current assets			
Property, plant and equipment	636	(104)	532
Intangible assets	29 223	(6 334)	22 889
Deferred tax asset	73	–	73
Investment in associates	5 366	–	5 366
Other non-current assets	3 814	–	3 814
Current assets			
Trade and other receivables	4 526	–	4 526
Programming rights	1 366	–	1 366
Financial assets	4 959	–	4 959
Inventories	272	–	272
Non-current liabilities			
Deferred tax liability	(16)	–	(16)
Borrowings	(16 985)	–	(16 985)
Other non-current liabilities	(68)	–	(68)
Current liabilities			
Trade and other payables	(4 750)	–	(4 750)
Taxation payable	(44)	–	(44)
	28 372	(6 438)	21 934
Non-controlling interests	1 190	–	1 190
Goodwill on acquisition	–	6 438	6 438
Common control reserve	6 392	–	6 392
Shares issued	(35 263)	–	(35 263)
Loan raised with fellow subsidiary	(418)	–	(418)
Cost of acquisitions	273	–	273
Cash balances acquired	17 891	–	17 891
Net cash outflow on acquisition	18 164	–	18 164

31.3 Goodwill arising on acquisition

The purchase price of the businesses acquired includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these businesses. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

31.4 Impact of the acquisitions on the results of the group

The businesses acquired during the year contributed revenues of $8 million and net profit before tax of $4,4 million to the group for the periods from dates of effective control to 31 March 2013. Had the acquisitions been effective on 1 April 2012 the contribution to revenue would have been $14,9 million and net profits of $5,3 million would have been the contribution to profit before tax.

32. FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the treasury departments of the major operating units under policies approved by their boards of directors. Their boards provide principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Credit risk is also managed at an entity level for trade receivables.

Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency. The Group secures its debt denominated in US Dollar in the offshore entities with assets and cash flows of those offshore operations (where the functional currency of these entities is US Dollars). As a result no forward cover contracts is required on this debt. Foreign currency import and exports within the Group are managed using forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
	2014	2013	2014	2013
Australian Dollar	0.93	1.03	0.92	1.04
South African Rand	0.10	0.12	0.09	0.11

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2013.

	Profit/(loss)	
	2014	2013
Australian Dollar	28	83
South African Rand	44	10

A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

	2014 **$'000**	2013 $'000
The following carrying amounts were exposed to foreign currency exchange risk:		
Trade and other receivables		
Australian Dollar	**1 150**	2 459
South African Rand	**961**	972
Other financial assets		
Australian dollar	**517**	11 052
Cash and cash equivalents		
Australian dollar	**32 803**	20 064
South African Rand	**364**	293
Trade and other payables		
Australian dollar	**(867)**	(1 625)
South African Rand	**(538)**	(875)
Borrowings		
Australian dollar	**(4 951)**	–
South African Rand	**(34 082)**	(11 900)

Interest rate risk

The Group's primary interest rate risk arises from long-term borrowings. It is exposed to a lesser extent to interest rate changes on loans to non-controlling interest of fellow subsidiary companies. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

At 31 March the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2014 **$'000**	2013 $'000
Fixed rate instruments		
Financial assets	**307**	12 772
Financial liabilities	**–**	(1 639)
	307	11 133

Fair value sensitivity analysis for fixed rate instruments:

A change of 100 basis points in interest rates would have increased or decreased equity by $ nil (2013: $ nil).

Other price risk

The Group is not exposed to commodity price risk other than the market price of natural gas. In order to mitigate the risks associated with the fluctuations in natural gas prices from time to time the group enters short term future exchange contract to fix gas prices for portions of expected production volumes. A change of 1% in the gas price would have increased/decreased post-tax profits by $0.1 million (2013: $0.07 million). The analysis assumes that all other variables remain constant.

32.1.2 Credit risk

The group has no significant concentrations of credit risk. Overall credit risk is managed at entity level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to the Group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only Group Audit Committee approved parties are accepted. The group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer to note 16 for further credit risk analysis in respect of trade and other receivables. No credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

The table below shows the Group's maximum exposure to credit risk by class of asset:

	Carrying amount	
	2014	2013
	$'000	$'000
Foreign exchange contracts	**104**	6 991
Receivables	**5 638**	21 134
Cash and cash equivalents	**48 845**	32 996
	54 587	61 121

32.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury functions of the major subsidiaries aims to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year end for five years into the future in terms of the Group's long term planning process.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year $'000	**Between 2 and 5 years $'000**	**Over 5 years $'000**
At 31 March 2014			
Bank and other borrowings	34 082	–	–
Trade and other payables	4 507	–	–
	38 589	–	–
At 31 March 2013			
Bank and other borrowings	22 695	21 250	–
Foreign exchange contracts	1 639	–	–
Trade and other payables	14 826	–	–
	39 160	21 250	–

Defaults and breaches on loans

There were no breaches or defaults on the repayment of any loans payable during the current or prior year.

32.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The Group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, share premium, revenue reserves and other reserves being revaluation reserves (if any) and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the Group defines as the weighted average cost of capital, taking into account the Group's internally calculated cost of equity (shareholder funding) and long term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The Group's debt capacity and optimal gearing levels are determined by the cash flow profile of the Group and are measured through applicable ratios such as net debt to EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

32.3 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities

Level 2 – Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data

The following items are measured at fair value:

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group 2014				
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contract	**104**	**–**	**–**	**104**
Available-for-sale financial assets				
Other	**–**	**–**	**203**	**203**
Total assets	**104**	**–**	**203**	**307**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group 2013				
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contract	6 991	–	–	6 991
Available-for-sale financial assets				
Other	–	–	311	311
Total assets	6 991	–	311	7 302
Liabilities				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	1 639	–	–	1 639
Total liabilities	1 639	–	–	1 639

The following table presents the changes in level 3 financial instruments for the year:

	Other $'000
Group 2014	
Assets	
Carrying value at beginning of year	**311**
Disposals	**(108)**
Carrying value at end of year	**203**
Group 2013	
Assets	
Carrying value at beginning of year	90
Additions	221
Carrying value at end of year	311

33. POST BALANCE SHEET EVENTS

Subsequent to the reporting date the following significant events have occurred:

- Deepkloof Limited ("Deepkloof"), a subsidiary of the group, concluded an agreement during July 2014 to subscribe for 13% of the ordinary share capital of Impact Oil and Gas Limited ("IOG"), an oil and gas exploration company based in the United Kingdom, for a total of $25 million. An agreement was also concluded with a third party during September 2014 whereby Deepkloof purchased a further 7% of the ordinary share capital of IOG for $8 million.
- The group's 80% interest in Longkloof Limited was sold to a fellow subsidiary of the company, Sabido Investments Proprietary Limited. In terms of the transaction, the share capital was sold for a nominal amount of $80 and loans owing of $36.7 million were repaid to Deepkloof Limited.

Other than as previously detailed in this report, the directors are not aware of any event or circumstance occurring between the reporting date and the date of this report that materially affects the results of the group or company for the year ended 31 March 2014 or the financial position at that date.

34. PRIOR PERIOD RESTATEMENT

Media and broadcasting

As the acquisition of Sunshine Coast Broadcasters Proprietary Limited took place close to the 31 March 2013 year end, the information required to account for the acquisition was incomplete. The initial accounting for the acquisition was therefore determined provisionally in the 31 March 2013 financial report. In accordance with IFRS 3: Business Combinations adjustments to initial provisional accounting for the acquisition disclosed in the 31 March 2013 annual financial statements have been recognised as if the final accounting for the business combination had been completed at the acquisition date. Comparative information for 31 March 2013 has therefore been adjusted.

The effect of the restatement on the annual financial statements for the years ended 31 March 2013 is as follows:

	Previously reported 2013 $'000	Media and broadcasting restatement $'000	Restated 2013 $'000
Statement of financial position			
Non-current assets	115 041	–	115 041
Property, plant and equipment	50 148	(109)	50 039
Goodwill	3 814	6 723	10 537
Intangible assets	61 079	(6 614)	54 465

35. FINANCIAL INSTRUMENTS

An analysis of the Group's assets and liabilities, classified by financial instrument classification, are set out below:

	Loans and receivables		Financial liabilities at amortised cost		Non financial instruments		Available for sale		Fair value through profit or loss		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Group												
Assets												
Non-current assets	**1 686**	1 439	**–**	–	**73 717**	164 085	**–**	–	**–**	5 747	**75 403**	171 271
Property, plant and equipment	**–**	–	**–**	–	**44 654**	50 039	**–**	–	**–**	–	**44 654**	50 039
Goodwill	**–**	–	**–**	–	**–**	10 537	**–**	–	**–**	–	**–**	10 537
Intangible assets	**–**	–	**–**	–	**29 063**	54 465	**–**	–	**–**	–	**29 063**	54 465
Investments in associates	**–**	–	**–**	–	**–**	10 311	**–**	–	**–**	–	**–**	10 311
Investments in joint venture	**–**	–	**–**	–	**–**	38 639	**–**	–	**–**	–	**–**	38 639
Other financial assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	5 747	**–**	5 747
Deferred tax	**–**	–	**–**	–	**–**	94	**–**	–	**–**	–	**–**	94
Non-current receivables	**1 686**	1 439	**–**	–	**–**	–	**–**	–	**–**	–	**1 686**	1 439
Current assets	**12 693**	58 161	**–**	–	**728**	2 169	**203**	311	**104**	1 244	**13 728**	61 885
Inventories	**–**	–	**–**	–	**728**	1 061	**–**	–	**–**	–	**728**	1 061
Programme rights	**–**	–	**–**	–	**–**	1 075	**–**	–	**–**	–	**–**	1 075
Other financial assets	**–**	5 470	**–**	–	**–**	–	**203**	311	**104**	1 244	**307**	7 025
Trade and other receivables	**3 952**	19 695	**–**	–	**–**	–	**–**	–	**–**	–	**3 952**	19 695
Taxation	**–**	–	**–**	–	**–**	33	**–**	–	**–**	–	**–**	33
Cash and cash equivalents	**8 741**	32 996	**–**	–	**–**	–	**–**	–	**–**	–	**8 741**	32 996
Disposal group assets held for sale	**47 228**	–	**–**	–	**73 748**	–	**–**	–	**2 104**	–	**123 080**	–
Total assets	**61 607**	59 600	**–**	–	**148 193**	166 254	**203**	311	**2 208**	6 991	**212 211**	233 156

	Loans and receivables		Financial liabilities at amortised cost		Non financial instruments		Available for sale		Fair value through profit or loss		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Group												
Liabilities												
Non-current liabilities	**–**	–		**21 250**	6 150	**5 784**	–	**–**	–	**–**	6 150	**27 034**
Borrowings	**–**	–	**–**	21 250	**–**	–	**–**	–	**–**	–	**–**	21 250
Long term provisions	**–**	–	**–**	–	**6 150**	5 784	**–**	–	**–**	–	**6 150**	5 784
Current liabilities	**–**	–	**34 082**	22 695	**5 073**	15 476	**–**	–	**–**	1 639	**39 155**	39 810
Trade and other payables	**–**	–	**–**	–	**4 507**	14 826	**–**	–	**–**	–	**4 507**	14 826
Financial liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1 639	**–**	1 639
Current portion of borrowings	**–**	–	**34 082**	22 695	**–**	–	**–**	–	**–**	–	**34 082**	22 695
Taxation	**–**	–	**–**	–	**–**	167	**–**	–	**–**	–	**–**	167
Provisions	**–**	–	**–**	–	**566**	483	**–**	–	**–**	–	**566**	483
Disposal group liabilities held for sale	**–**	–	**4 951**	–	**16 434**	–	**–**	–	**–**	–	**21 385**	–
Total liabilities	**–**	–	**39 033**	43 945	**27 657**	21 260	**–**	–	**–**	1 639	**66 690**	66 844
Company												
Assets												
Non-current assets	**191 857**	166 620	**–**	–	**10 044**	11 529	**–**	–	**–**	–	**201 901**	178 149
Subsidiary companies	**191 857**	166 620	**–**	–	**10 044**	11 529	**–**	–	**–**	–	**201 901**	178 149
Total assets	**191 857**	166 620	**–**	–	**10 044**	11 529	**–**	–	**–**	–	**201 901**	178 149
Liabilities												
Current liabilities	**–**	–	**34 082**	11 900	**–**	–	**–**	–	**–**	–	**34 082**	11 900
Current portion of borrowings	**–**	–	**34 082**	11 900	**–**	–	**–**	–	**–**	–	**34 082**	11 900
Total liabilities	**–**	–	**34 082**	11 900	**–**	–	**–**	–	**–**	–	**34 082**	11 900

INTEREST IN PRINCIPAL SUBSIDIARIES

	Issued share capital $'000	Effective interest %	**2014** Shares $'000	**2014** Loans $'000	2013 Shares $'000	2013 Loans $'000
Shares and loans stated at cost less impairment						
Investment holding companies						
Deepkloof Limited [(3)]	*	100	**71 202**	**10 043**	71 202	11 501
HCI Investments Australia Proprietary Limited [(2)]	*	100	**	**–**	**	–
Oceania Capital Partners Limited [(2)]	224 841	68	**	**–**	**	–
EON Broadcasting Proprietary Limited	6 461	95	**	**–**	**	–
Media and broadcasting						
Crystal Brook Distribution Proprietary Limited [(4)]	*	80	**418**	**–**	418	28
Longkloof Limited [(3)]	*	80	**	**–**	**	–
Sunshine Coast Broadcasters Proprietary Limited [(2)]	346	95	**	**–**	**	–
Natural gas						
Johnnic Holdings USA LLC [(1)]	179 779	100	**120 237**	**–**	95 000	–
* Under $1 000			**191 857**	10 043	166 620	10 043

** Indirectly held
*** Directly and indirectly held

Subsidiaries whose financial position or results are not material are excluded.

Details of excluded subsidiaries are available from the company secretary.

	2014 $'000	2013 $'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**429**	3 950
Aggregate losses after tax	**(18 777)**	(13 007)

Subsidiaries are incorporated in various countries. Detail shown below.
(1) USA
(2) Australia
(3) Channel Islands
(4) South Africa

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MONTAUK HOLDINGS

12 November 2014

The Directors
Montauk Holdings Limited
Suite 801
76 Regent Road
Seapoint
Cape Town
8005

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MONTAUK HOLDINGS LIMITED ("MONTAUK HOLDINGS") FOR THE YEARS ENDED 31 MARCH 2014 AND 31 MARCH 2013

At your request and for the purposes of the Pre-Listing Statement to be dated on or about 19 November 2014 ("the Pre-Listing statement"), we present our report on the historical financial information of Montauk Holdings for the years ended 31 March 2014 and 31 March 2013 in compliance with the JSE Listings Requirements.

Responsibilities

Directors responsibility for the financial statements

The directors are responsible for the preparation, contents and presentation of the Pre-Listing Statement and the fair presentation of the historical financial information in accordance International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the historical financial information of Montauk Holdings for the period ended 31 March 2014, included in the Pre-Listing Statement, based on our audit of the financial information for the year ended 31 March 2014 and a review conclusion on the historical financial information for the year ended 31 March 2013.

Scope of the audit

We conducted our audit of the historical financial information for the year ended 31 March 2014 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the historical financial information of Montauk Holdings for the year ended 31 March 2014 presents fairly, in all material respects, for the purposes of the Pre-Listing Statement, the financial position of Montauk Holdings at that date and the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Scope of the review

We conducted our review of the historical financial information for the year ended 31 March 2013 in accordance with the International Standards on Review Engagements 2400, "Engagements to review financial statements". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the historical financial information is free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit.

Review conclusion

Based on our review nothing has come to our attention that causes us to believe that the historical financial information of Montauk Holdings for the year ended 31 March 2013 is not fairly prepared, in all material respects, for the purposes of the Pre-Listing Statement, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report and the reference to our opinion in the Pre-Listing statement in the form and context in which it appears.

Yours faithfully

Grant Thornton Johannesburg
(Practice Number 903485)
Per Ben Frey
Partner
Chartered Accountant (SA)

Grant Thornton Office Park
137 Daisy Street
Sandown, 2196

AUDITED CONSOLIDATED FINANCIAL INFORMATION OF JOHNNIC HOLDINGS FOR THE YEARS ENDED 31 MARCH 2014, 2013 AND 2012

Introduction

The historical financial information of Johnnic Holdings set out below has been extracted from the audited financial statements of Johnnic Holdings for the periods ended 31 March 2014, 2013 and 2012. The financial statements were audited by Grant Thornton and reported on without qualification.

The historical financial information of Johnnic Holdings was not historically prepared in terms of IFRS. As per the JSE Listings Requirements, only the latest two financial years have been converted to IFRS (2014 and 2013) and the 2012 financial information is presented in accordance with US GAAP. Shareholders are thereby informed of the potential lack of comparability of the information set out in this Annexure and are advised to review the IFRS conversion notes in order to obtain a full understanding of any potential differences.

The presentation of the historical financial information of Johnnic Holdings within this Pre-listing Statement is the responsibility of the Directors of Montauk Energy Holdings.

Consolidated statement of financial position

Figures in US$'000	Note(s)	**2014**	**2013**	**2012**
ASSETS				
Non-current assets				
Property, plant and equipment	3	45 428	50 230	68 973
Intangible assets	4	29 017	31 991	15 626
Restricted deposit account		1 532	1 293	
Other assets		154	146	2 803
		76 131	**83 660**	**87 402**
Current assets				
Affiliated company note receivable	5	6 600	–	11 498
Trade and other receivables	11	4 539	10 570	3 083
Derivative instruments		104	–	291
Prepaid expenses and other current assets				595
Cash and cash equivalents	12	8 741	7 443	3 834
		19 984	**18 013**	**19 301**
Total assets		**96 115**	**101 673**	**106 703**
EQUITY AND LIABILITIES				
Equity				
Capital	13	179 779	154 542	154 890
Accumulated losses		(94 869)	(89 879)	(83 029)
Equity attributable to equity holders of Parent		**84 910**	**64 663**	**71 861**

Consolidated statement of financial position

Figures in US$'000	Note(s)	2014	2013	2012
Liabilities				
Non-current liabilities				
Rehabilitation provision	15	6 150	5 784	5 338
Long-term debt	17		21 250	25 000
		6 150	**27 034**	**30 338**
Current liabilities				
Trade and other payables	18	3 266	2 878	3 263
Provisions	16	567	487	
Current portion of long-term debt	17	–	3 750	
Derivative instruments		–	1 639	
Related party payable	8	1 222	1 222	1 241
		5 055	**9 976**	**4 504**
Total liabilities		**11 205**	**37 010**	**34 842**
Total equity and liabilities		**96 115**	**101 673**	**106 703**
NAV (per member unit)		**84 910**	**64 663**	
NTAV (per member unit)		**55 893**	**32 672**	

* *Based on US GAAP*

Consolidated statement of comprehensive income

Figures in US$'000	Note(s)	2014	2013	2012*
Revenue	20	31 956	29 287	34 490
Cost of sales		(21 185)	(23 784)	(27 146)
Gross profit		10 771	5 503	7 344
Other income (expenses)		(37)	3 311	899
Operating expenses	21	(16 607)	(13 590)	(16 303)
Commodity Price Market Adjustments		1 743	(1 929)	–
Commodity Price Derivative Settlements	21	(379)	307	–
Operating loss	21	(4 509)	(6 398)	(7 632)
Investment revenue	22	435	817	–
Finance costs	23	(916)	(1 269)	(7 742)
Loss for the year before tax		(4 990)	(6 850)	(15 374)
Taxation		–	–	(18 621)
Loss for the year		(4 990)	(6 850)	(33 995)
Other comprehensive income		–	–	24
Total comprehensive loss		(4 990)	(6 850)	(33 971)
EPS (per member unit)		(4 990)	(6 850)	
DEPS (per member unit)		(4 990)	(6 850)	
HEPS (per member unit)		(4 990)	(6 850)	

* *Based on US GAAP*

Consolidated statement of changes in equity

Figures in US$'000	Capital	Retained earnings	Total
Balance at 1 April 2011*	**61 099**	**(49 064)**	**12 035**
Changes in equity			
Total comprehensive loss for the year	–	(33 965)	(33 965)
Members contribution	93 791	–	93 791
Total changes	93 791	(33 965)	59 826
Balance at 1 April 2012	**154 890**	**(83 029)**	**71 861**
Changes in equity			
Total comprehensive loss for the year	–	(6 850)	(6 850)
Other: Purchase of minority interest	(348)	–	(348)
Total changes	(348)	(6 850)	(7 198)
Balance at 1 April 2013	**154 542**	**(89 879)**	**64 663**
Changes in equity			
Total comprehensive loss for the year	–	(4 990)	(4 990)
Capital infusion via debt cancellation	25 237	–	25 237
Total changes	25 237	(4 990)	20 247
Balance at 31 March 2014	**179 779**	**(94 869)**	**84 910**
Note(s)	13		

* *Based on US GAAP*

Consolidated statement of cash flows

Figures in US$'000	Note(s)	2014	2013	2012
Cash flows from operating activities				
Cash receipts from customers		36 239	29 733	
Cash paid to suppliers and employees		(26 133)	(26 712)	
Cash generated from operations	25	10 106	3 021	
Net cash from operating activities		**10 106**	**3 021**	**6 799**
Cash flows from investing activities				
Purchase of property, plant and equipment	3	(3 203)	(8 566)	(9 957)
Proceeds from sale of asset				1 100
Net loans to affiliated companies		(6 600)	11 000	(11 000)
Cash collateral deposits		758	(1 498)	98
Other		–	(348)	(6)
Net cash from investing activities		**(9 045)**	**588**	**(19 765)**
Cash flows from financing activities				
Member contributions	13	25 237	–	–
Repayment of long-term debt		(25 000)	–	5 000
Net cash from financing activities		237	–	5 000
Total cash movement for the year		**1 298**	**3 609**	**(7 966)**
Cash at the beginning of the year		7 443	3 834	11 800
Total cash at the end of the year	12	**8 741**	**7 443**	**3 834**

* *Based on US GAAP*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014 AND 31 MARCH 2013

ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in US Dollars.

These accounting policies are consistent with the previous period, except for the changes set out in note 29 First-time adoption of International Financial Reporting Standards.

1.1 Principles of consolidation

Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries of the Group.

Subsidiaries

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 March.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from an intra-group transaction, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the transfer.

Transactions and non-controlling interest

Transactions with non-controlling interest are treated as transactions with equity holders of the Group. Disposals to non-controlling interests that do not result in the loss of control, result in gains and losses for the Group that are recorded directly in the statement of changes of equity. The difference between any consideration paid and the relevant share of the net asset value acquired from non-controlling interest are recorded directly in equity.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated financial statements. Significant judgements include: the analysis of the future recoverability of deferred tax assets and estimates related to contractual liabilities to remediate existing sites upon contract expiration.

Trade receivables and loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the commodity pricing and associated premiums for renewable energy assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including the ability to collect commercial quantities of landfill gas and the ability to process the available gas efficiently, together with economic factors such as energy commodity price volatility.

1.3 **Property, plant and equipment**

Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The fair values of the property, plant and equipment acquired through business combinations are recorded on the balance sheet at their fair values at the time of acquisition. Property and equipment purchases are stated at cost. Depreciation is based on costs less estimated residual values, primarily using the straight line or unit-of-production method over the estimated useful lives. Maintenance and repairs are expensed as incurred.

The estimated useful lives of property, plant and equipment are as follows:

Item	**Average useful life (years)**
Land and buildings	15 – 30
Plant and machinery	3 – 20
Computer equipment	3
Computer software	3
Furniture and fittings	7
Leasehold improvements	15
Motor vehicles	5
Other property, plant and equipment	3 – 20

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.4 **Intangible assets**

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Separately identifiable intangible assets are recorded at their fair values upon acquisition. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful life or, if applicable, the term of the related gas rights agreements, whichever is shorter. Intangible assets that have indefinite lives are not amortised but are tested for impairment annually.

The estimated useful lives of separately identified intangible assets are as follows:

Item	Useful life (years)
Interconnection	10
Customer contract	3 – 15
Emissions allowances	Indefinite
Gas mineral rights	12 – 20

Indefinite-lived intangible assets are required to be evaluated at least annually for impairment.

1.5 **Financial instruments**

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss – held for trading
- Loans and receivables
- Financial liabilities at fair value through profit or loss – designated

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Fair value of financial instruments

The group uses the following methods and assumptions in estimating the fair value of each class of financial instrument for which it is practicable to estimate fair value. For cash and cash equivalents, receivables and payables, the carrying amounts approximate fair value due to the short maturity of these instruments. For short and long-term debt, the carrying amounts approximated fair value due to the variable interest rates of the outstanding debt.

Trade and other receivables

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade receivables on the consolidated balance sheet represent outstanding billings for goods and services delivered to customers on an unsecured basis. In evaluating its allowance for doubtful accounts for trade receivables, the Group performs ongoing reviews of its outstanding receivables to determine if any amounts are uncollectable and adjusts the allowance for doubtful accounts accordingly. There were no allowances for doubtful accounts necessary at 31 March 2014 or 2013.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with maturity dates of three months or less from the date of purchase. From time to time, the group holds cash in banks in excess of federally insured limits.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of natural gas and electricity price swaps, are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the group has the positive intention and ability to hold to maturity are classified as held to maturity.

1.6 Tax

Income taxes

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The provision for income taxes includes federal and state income taxes.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.10 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and unwinding of the discount and the movement is recognised in the statement of comprehensive income within interest costs.

Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where a contract is expected to be loss making (and not merely less profitable than expected).

1.11 **Provision for rehabilitation**

Long-term provisions for rehabilitation are based on the group's contractual liabilities to the existing landfill owners to decommission its facilities and restore the location to its previous state in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of decommissioning the groups production facilities at the reporting date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure, in view of the uncertainty of the estimating the potential future proceeds.

1.12 **Revenue**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

1.13 **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2014 or later periods.

The Directors have not yet determined the impact that these new Standards and Interpretation may have on the future financial statements.

IFRS 3 Business combinations

Annual Improvements 2010 – 2012 Cycle: amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9.

Annual Improvements 2011 – 2013 Cycle: amendments to the scope paragraph for the formation of a joint arrangement.

The effective date of the amendment is for years beginning on or after 1 July 2014.

IFRS 9 Financial statements

New standard arising from a three-part project to replace IAS 39 Financial Instruments: Recognition and measurement.

The effective date of the amendment is for years beginning on or after 1 January 2018.

IFRS 10 Consolidated financial statements

IFRS 10 exception of the principle that all subsidiaries must be consolidated. Entities meeting the definition of 'Investment Entities' must account for investments in subsidiaries at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement.

The effective date of the amendment is for years beginning on or after 1 January 2014.

IFRS 13 Fair value measurement

Annual Improvements 2010 – 2012 Cycle: Amendments to clarify the measurement requirements for those short-term receivables and payables.

Annual Improvements 2011 – 2013 Cycle: Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9.

The effective date of the amendment is for years beginning on or after 1 July 2014.

IAS 24 Related party disclosures

Clarification of the definition of a related party.

The effective date of the amendment is for years beginning on or after 1 July 2014.

IFRS 15 Revenue from contracts with customers

New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	2014			2013		
Figures in US$'000	**Cost**	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land and buildings	4 997	(2 265)	2 732	4 997	(1 903)	3 094
Computer software	98	(52)	46	56	(47)	9
Furniture and fixtures	150	(132)	18	148	(124)	24
IT equipment	371	(145)	226	202	(111)	91
Leasehold improvements	10	(1)	9	10	–	10
Motor vehicles	804	(549)	255	730	(467)	263
Long-term maintenance parts	728	–	728	761	–	761
Plant and machinery	74 139	(32 725)	41 414	72 222	(26 244)	45 978
	81 297	**(35 869)**	**45 428**	**79 126**	**(28 896)**	**50 230**

Reconciliation of property, plant and equipment – 2014

	Opening balance	**Additions**	**Reclassi-fications**	**Depreciation**	**Total**
Land and buildings	3 094	–	–	(362)	2 732
Computer software	9	42	–	(5)	46
Furniture and fixtures	24	8	(3)	(11)	18
IT equipment	91	169	–	(34)	226
Leasehold improvements	10	–	–	(1)	9
Motor vehicles	263	77	(2)	(83)	255
Long-term maintenance parts	761	–	(33)	–	728
Machinery and equipment	45 978	2 907	(884)	(6 587)	41 414
	50 230	**3 203**	**(922)**	**(7 083)**	45 428

Reconciliation of property, plant and equipment – 2013

	Opening balance	**Additions**	**Reclassi-fications**	**Depreciation**	**Total**
Land and buildings	4 107	–	(651)	(362)	3 094
Computer software	8	4	(3)	–	9
Furniture and fixtures	41	1	(4)	(14)	24
IT equipment	76	52	(14)	(23)	91
Leasehold improvements	–	10	–	–	10
Motor vehicles	329	14	–	(80)	263
Long-term maintenance parts	652	109	–	–	761
Machinery and equipment	42 301	8 732	669	(5 724)	45 978
	47 514	**8 922**	**(3)**	**(6 203)**	50 230

4. INTANGIBLE ASSETS

Figures in US$'000	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Emissions allowances	3 055	–	3 055	3 055	–	3 055
Customer contracts	17 240	(9 380)	7 860	17 241	(8 001)	9 240
Interconnection	913	(93)	820	–	–	–
Gas mineral rights	35 395	(18 113)	17 282	35 395	(15 699)	19 696
Total	**56 603**	**(27 586)**	**29 017**	**55 691**	**(23 700)**	**31 991**

The weighted average useful life of the customer contracts is 13 years and for the gas mineral rights 12 – 20 years. Amortisation expense was approximately US$1.4 million each for the years ended 31 March 2014 and 2013, respectively.

Reconciliation of intangible assets – 2014

	Opening balance	Additions	Reclassi-fication	Amortisation	Total
Emissions allowances	3 055	–	–	–	3 055
Customer contacts	9 240	–	–	(1 379)	7 861
Interconnection	–	913	(1)	(93)	819
Gas mineral rights	19 696	–	–	(2 414)	17 282
Total	**31 991**	**913**	**(1)**	**(3 886)**	**29 017**

Reconciliation of intangible assets – 2013

	Opening balance	Disposals	Amortisation	Total
Emissions allowances	5 005	(1 950)	–	3 055
Customer contacts	10 621	–	(1 381)	9 240
Gas mineral rights	22 111	–	(2 415)	19 696
Total	**37 737**	**(1 950)**	**(3 796)**	**31 991**

The evaluation of impairment requires the use of projections, estimates and assumptions as to the future performance of the group's operations, including anticipated future revenues, expected operating costs and the discount factor used. Actual results could differ from projections which could result in the recognition of an impairment loss. The group determined no evidence of impairment existed at 31 March 2014 and 31 March 2013 and, therefore, no further impairment testing was required.

5. AFFILIATED COMPANY NOTE RECEIVABLE

Loans and receivables

Figures in US$'000	2014	2013
Loans receivables from fellow subsidiary	6 600	–

Deepkloof Limited

During the fiscal year ended 31 March 2014, the group granted a total of US$6.6 million in loans to an affiliated Group with a maturity date of 30 June 2014. Interest accumulates at a weighted average simple rate of 5.41%. Approximately US$0.4 million in interest receivable was recorded as of 31 March 2014. As of the date the financial statements were available to be issued, management was unaware of any risk associated with repayment of any component of interest or principal related to these loan agreements.

6. **FINANCIAL ASSETS BY CATEGORY**

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

Figures in US$'000	Loans and receivables	Total
2014		
Other financial assets	6 600	6 600
Trade and other receivables	4 539	4 539
Cash and cash equivalents	8 741	8 741
	19 880	**19 880**
2013		
Cash and cash equivalents	7 443	7 443
Trade and other receivables	10 570	10 570
	18 013	**18 013**

7. **DEFERRED TAX**

Deferred tax assets		
Net operating loss carry forwards	33 294	31 890
Federal tax credits	2 485	2 485
Intangible asset amortisation	2 019	2 286
Other	1 999	2 532
Property depreciation	(7 428)	(6 146)
Asset not recognised	(32 369)	(33 047)
Net deferred tax assets	**–**	**–**

The Group has net operating loss carryforwards of US$91.0 million and federal tax credit carryforwards that expire 20 years from the date incurred. Current net operating loss carryforwards and tax credits are set to expire between 2027 and 2034. The Group has not recognised the deferred tax asset relating to losses to the value of US$32.4 million as of 31 March 2014 for uncertainties relating to the realisation of net operating losses, tax credit carryforwards and other temporary differences. There was no income tax expense recognised for the years ended 31 March 2014 and 2013.

8. **RELATED PARTY PAYABLE**

Figures in US$'000	2014	2013
Hosken Consolidated Investments Limited	1 222	1 222

The US$1.2 million payable bears no interest and has no repayment terms, it is payable on demand.

9. **RETIREMENT BENEFITS**

Defined contribution plan

Montauk Energy maintains a 401(k) defined contribution plan for eligible employees. The Group matches 50% of an employee's deferrals up to 4%. The Group also contributes 3% of eligible employee's compensation expense as a safe harbor contribution. The matching contributions vest ratably over four years of service, while the safe harbor contributions vest immediately. Incurred expense related to the 401(k) plan was approximately US$0.3 million for each of the years ended 31 March 2014 and 2013.

10. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

In accordance with IFRS 13, Fair Value Measurements and Disclosures, a hierarchy is established which requires an entity to maximise the use of observable inputs and minimise the use of unobservable inputs when measuring fair value. The hierarchy defines three levels of inputs that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted assets and liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the entire contractual term of the asset or liability.

Level 3 – Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in the pricing of the asset or liability and are consequently not based on market activity but rather through particular valuation techniques.

The Group uses the fair value methodology to value the assets and liabilities recorded at fair value, including the Group's derivative instruments and asset rehabilitation provision. The Group's gas hedges are valued based on the observable market price of the commodity hedged and are considered a Level 1 measurement. The Group's electricity hedges are valued based on unobservable inputs with no readily available market data and are considered a Level 3 measurement. The Group's asset rehabilitation provision is recorded at fair value at the time the liability is incurred if a reasonable estimate of fair value can be made. Fair value is determined by calculating the estimated present value of the cost to retire the asset as determined by qualified engineers, and based on currently available information and inflation estimates, and is considered a Level 3 measurement.

The following table sets forth by level, within the fair value hierarchy, the fair value measurements as of: 31 March 2014 and 2013 (in thousands):

	Level 1	Level 2	Level 3	Total
31 March 2014				
Derivative instruments	260	–	(156)	104
Rehabilitation provision	–	–	(6 150)	(6 150)
	260	**–**	**(6 306)**	**(6 046)**
31 March 2013				
Derivative instruments	(1 121)	–	(518)	(1 639)
Rehabilitation provision	–	–	(5 784)	(5 784)
	(1 121)	**–**	**(6 302)**	**(7 423)**

11. TRADE AND OTHER RECEIVABLES

Figures in US$'000	**2014**	**2013**
Deposits	347	1 925
Other receivable	203	311
Prepayments	451	5 043
Trade receivables	3 538	3 291
	4 539	**10 570**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2014, US$0 (2013: US$0) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

One month past due	–	3
Two months past due	–	3
Three months past due	–	13
	–	**19**

Trade and other receivables impaired

As of 31 March 2014 and 2013, no trade and other receivables were impaired.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	8 741	7 443

13. SHARE CAPITAL

Figures in US$'000	2014	2013
Reconciliation of number of share capital:		
At the beginning of the year	154 542	154 890
Repurchase of non-controlling interest	–	(348)
Member contributions	25 237	–
	179 779	**154 542**
Issued	179 779	154 542

14. SHARE-BASED COMPENSATION

On 27 March 2007, MEC's board of directors approved the 2006 Long-Term Incentive Plan (the "Plan"), in which employees, non-employee directors and outside consultants and independent contractors are eligible to participate. The term of the Plan expires on 27 March 2017 and no awards can be granted after such date. The plan allows for the issuance of incentive unit options, non-qualified unit options and restricted unit awards for each class of membership units. The maximum number of units that may be issued under the Plan is 75. As of 31 March 2014, 22.09 units remain available for issuance. The exercise price of options granted under the plan cannot be less than 100% of the fair market value of a unit as of the date of grant. The vesting period for each grant will be determined at the time of grant. Generally, options expire 10 years from the date of grant. The group recognises compensation expense immediately for units that vest upon issuance and the remaining compensation expense is recognised ratably over the vesting period.

In May of 2007, MEC issued 50.7 restricted Class B units to certain executives of MEC. Twenty percent of the units vested immediately upon issuance. The remaining units vested in four equal annual instalments beginning in May 2008. The grant date fair value of the units issued was approximately US$0.2 million. Six units issued in May 2007 were forfeited during the year ended 31 March 2011. The value of the units forfeited was immaterial. No Class B units were issued and no additional units were forfeited during the years ended 31 March 2014 or 31 March 2013.

In July of 2007, MEC issued options to purchase up to 5.52 Class B units to an executive of MEC, with an exercise price of US$3 600 per unit. Twenty percent of the options vested immediately upon issuance. The remaining options vested in four equal annual instalments beginning in July 2008. No options were exercised or forfeited during the years ended 31 March 2014 or 31 March 2013.

All outstanding options were fully vested and exercisable at 31 March 2014 and 2013. No compensation expense was recognised related to grants and options in 2014 or 2013.

As MEC's units are not publicly traded, the Group utilised the probability-weighted expected return method (PWERM) to value the Class B units issued. Under the PWERM, the value of the units was estimated based upon a probability-weighted present value of expected future investment returns for the enterprise assuming various future outcomes. The future outcomes considered were an initial public offering, a merger or sale, dissolution or continued operation as the existing private enterprise. The discount rate utilised was 15%, with an additional 33% discount on the estimated value for the lack of marketability of the units.

15. REHABILITATION PROVISION

Figures in US$'000	2014	2013
Rehabilitation provision	6 150	5 784

The following table summarises the activity associated with rehabilitation provision of the Group for the years ended 31 March 2014 and 2013:

Figures in US$'000	2014	2013
Rehabilitation provision		
Years ended 31 March		
Rehabilitation provision – beginning of year	5 784	5 259
Accretion expense	466	414
Decommissioning	(100)	–
Acquisitions and new facilities	–	111
Rehabilitation provision – end of year	**6 150**	**5 784**

16. PROVISIONS

Reconciliation of provisions – 2014

	Opening balance	Additions	Utilised during the year	Total
Staff bonus	342	454	(396)	400
Leave provision	145	276	(254)	167
	487	**730**	**(650)**	**567**

Reconciliation of provisions – 2014

	Opening balance	Additions	Total
Staff bonus	–	342	342
Leave provision	–	145	145
	–	**487**	**487**

17. LONG-TERM DEBT

Figures in US$'000	2013
Bank term loan	25 000
Less: Current maturities	(3 750)
	21 250

Bank term loan

On 7 March 2011, the Group secured a five-year, US$25 million term loan facility with FirstRand Bank. The proceeds were used to satisfy then existing first and second lien term loans and to secure additional capacity for general working capital purposes.

On 31 October 2013, the Group received approximately US$25.2 million in additional capital contributions from HCI. The funds were immediately used to satisfy all outstanding principal and interest obligations associated with this facility.

18. TRADE AND OTHER PAYABLES

Figures in US$'000	2014	2013
Accrued expenses	2 941	2 530
Trade payables	325	348
	3 266	**2 878**

19. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial liabilities in each category are as follows:

Figures in US$'000	2014	Total
2014		
Financial liabilities at amortised cost total		
Other financial liabilities	6 150	6 150
Trade and other payables	3 266	3 266
	9 416	9 416
2013		
Financial liabilities at amortised cost total		
Long-term debt	21 250	21 250
Other financial liabilities	5 784	5 784
Trade and other payables	2 878	2 878
	29 912	29 912

20. REVENUE

Figures in US$'000	2014	2013
Gas commodity sales	18 650	16 900
Electric sales	11 650	10 429
Renewable energy credit	1 026	1 349
Electric sales – Capacity	256	161
Carbon credit sales	332	393
Other	42	55
	31 956	**29 287**

21. OPERATING LOSS

Operating loss for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	10 882	10 001
Staff costs	3 588	3 126
Fees for services	2 338	2 291
Operating leases	127	195
Loss on sale of restricted deposit account	(3)	2 855
Operating and maintenance expenses	16 237	16 885
Royalties, transportation, gathering and production fuel	4 551	4 568
Transaction costs	44	132

22. INVESTMENT REVENUE

Interest revenue

Bank	435	817

23. FINANCE COSTS

Interest on borrowings	794	1 324
LC participation fees	13	–
Amortisation of finance fees	109	202
Capitalised interest	–	(256)
	916	**1 270**

24. TAXATION

Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(4 990)	(6 850)
Taxation at the standard rate of 34% (2013: 35%)	1 697	2 397
Tax effect of adjustments on taxable income		
Capital losses and expenses not deductible for tax purposes	(1 076)	(616)
Deferred tax not raised on assessed losses	(1 008)	(2 458)
Exempt income	59	677
Other	328	–
Tax expense and effective tax rate for the year	–	–

The Group is subject to income taxes in the U.S. federal jurisdiction and various state and local jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Group was incorporated on 20 November 2006 and is not subject to US federal, state and local income tax examinations by tax authorities prior to that date.

The Group has completed an Internal Revenue Service Examination for the year ended 31 March 2011 with no material adjustments.

The Group has not recorded any liability for unrecognised tax benefits as of 31 March 2014 or 2013.

25. CASH GENERATED FROM OPERATIONS

Figures in US$'000	**2014**	**2013**
Loss before taxation	(4 990)	(6 850)
Adjustments for:	10 882	10 001
Loss on sale of assets	3	(2 855)
Finance costs	(250)	(54)
Derivative mark-to-market and settlements	(1 743)	1 929
Accretion of rehabilitation provision	466	414
Changes in working capital:		
Trade and other receivables	5 309	960
Trade and other payables	429	(524)
	10 106	**3 021**

26. COMMITMENTS

Operating leases – as lessee (expense)

At 31 March 2014, the Group leases various office space and equipment with expiration dates varying through 2017. Rental expense for these leases for the years ended 31 March 2014 and 2013 was approximately US$0.2 million and US$0.3 million, respectively. Future minimum lease payments for each of the fiscal years 2015 through 2017 are approximately US$0.2 million and US$0.1 million in 2018.

27. CONTINGENCIES

The Group, from time to time, may be involved in litigation that is incidental in nature. Currently, management does not believe there are any matters outstanding that would have a material adverse effect on the Group's financial position or results of operations.

Environmental

The Group is subject to a variety of environmental laws and regulations governing discharges to the air and water, as well as the handling, storage and disposing of hazardous or waste materials. The Group believes its operations currently comply in all material respects with all of the environmental laws and regulations applicable to its business. However, there can be no assurance that environmental requirements will not change in the future or that the Group will not incur significant costs to comply with such requirements.

Seller indemnification

The Group is indemnified for liabilities incurred prior to 29 December 2006, which is the date that the Group acquired MEC. The indemnification includes, but is not limited to operations, existing litigation, self-insurance liabilities, tax compliance and environmental liabilities up to an aggregate maximum of US$20 million.

28. CUSTOMER CONCENTRATION

A substantial portion of Montauk Energy's revenues are generated from three locations, each in separate areas of the country. Each location generally sells all of its output to one separate customer per location. For the years ended 31 March 2014 and 2013, excluding the impact of derivative instruments, approximately 55% and 63%, respectively, of revenues from continuing operations were derived from these customers/locations. In addition, four customers make up approximately 77% and 66% of trade receivables as of 31 March 2014 and 2013, respectively. The Group's financial position, results of operations and cash flows could be adversely impacted if production volumes related to these locations would significantly decrease.

29. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Financial Reporting Standards. These standards have been applied retrospectively and the 2013 comparatives contained in these consolidated financial statements differ from those published in the consolidated financial statements published for the year ended 31 March 2013.

The date of transition was 1 April 2012 and the effect of the transition was as follows.

Reconciliation at 1 April 2012 (Date of transition to the new standards)

	Notes	**As reported under previous GAAP**	**IFRS**
Property, plant and equipment	1, 2	68 972	47 512
Intangible assets	1	15 626	37 737
Restricted deposit account		1 840	1 840
Other assets	2	963	312
Total non-current assets		87 401	87 401
Trade and other receivables		4 176	4 176
Derivative instruments		291	291
Affiliated company note receivable		11 000	11 000
Cash and cash equivalent		3 834	3 834
Total current assets		19 301	19 301
Rehabilitation provision		5 259	5 259
Long-term debt		25 000	25 000
Total non-current liabilities		30 259	30 259
Trade and other payables		4 093	4 093
Provisions		490	490
Total current liabilities		4 583	4 583
Total assets less total liabilities		**71 860**	**71 860**

Total assets less total liabilities

Notes:

1. Gas rights with a carrying value of US$22,111 was classified as PPE in terms of the US GAAP accounts. These have been reclassified to Intangible assets in terms of IFRS.
2. Long-term maintenance spares was reclassified to PPE from other assets in terms of IFRS.

30. RELATED PARTIES

Relationships

Ultimate holding company	Hosken Consolidated Investments Limited
Holding company	Montauk Holdings Proprietary Limited
Subsidiaries	Montauk Energy Holdings, Montauk Energy Capital, Deepkloof Limited
Fellow subsidiary	

Related party balances

Amounts (owed to) receivable from regarding related parties

Figures in US$'000	**2014**	**2013**
Deepkloof Limited	6 600	–
Hosken Consolidated Investments Limited	(1 222)	(1 222)
	5 378	**(1 222)**

Related party transactions

The Group has a management services agreement with HCI, the owner of the Group. Pursuant to the agreement, HCI provides the Group with general management advisory services in exchange for an annual fee. The expense recognised by the Group was US$0.1 million for the years ended 31 March 2014 and 2013, respectively.

31. RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 15 cash; and cash equivalents disclosed in note 12, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

	Less than 1 year
At 31 March 2014	
Trade and other payables	5 055
Other financial liabilities	6 150
At 31 March 2013	
Trade and other payables	4 587
Other financial liabilities	5 784

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

Figures in US$'000	2014	2013
Trade receivables	4 177	10 570
Cash and cash equivalent	8 741	7 443

Commodity price risk

The Group is exposed to commodity price risk because of the fluctuation of the gas price. The Group enters into derivative instruments to hedge 80% of the expected future sales of gas.

The 20% unhedged sales will result in an approximately 60 000 dollar change in EBITDA for every 10 US cent movement in gas price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012*

* Based on US GAAP

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of JNC, MEH, MEC and their respective subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with maturity dates of three months or less from the date of purchase. From time to time, the Company holds cash in banks in excess of federally insured limits.

Trade receivables

Trade receivables on the consolidated balance sheet represent outstanding billings for goods and services delivered to customers on an unsecured basis. In evaluating its allowance for doubtful accounts for trade receivables, the Company performs ongoing reviews of its outstanding receivables to determine if any amounts are uncollectable and adjusts the allowance for doubtful accounts accordingly. There were no allowances for doubtful accounts necessary at 31 March 2012 or 2011.

Property, plant and equipment

The fair values of the property, plant and equipment acquired through business combinations are recorded on the balance sheet at their fair values at the time of acquisition. Property and equipment purchases are stated at cost. Depreciation and depletion are based on costs less estimated salvage values, primarily using the straight-line or unit-of-production method over the estimated useful lives or, if applicable, the term of the related gas rights agreements, whichever is shorter. Maintenance and repairs are expensed as incurred. Major renewals and improvements that extend the useful lives of property are capitalised. The estimated useful lives of property, plant and equipment are as follows:

Land improvements	15 years
Buildings and improvements	30 years
Machinery and equipment	3 – 20 years
Gas mineral rights	12 – 20 years

Separately identifiable intangible assets are recorded at their fair values upon acquisition. The Company accounts for its intangible assets in accordance with FASB Accounting Standards Codification™ ("ASC") 350, *Intangible – Goodwill and Other.* Under ASC 350, intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful life. Intangible assets that have indefinite lives, including goodwill, are not amortised.

The estimated useful lives of separately identified intangible assets are as follows:

Customer contracts 3 – 15 years

Indefinite-lived intangible assets are required to be evaluated at least annually for impairment. The evaluation of impairment under ASC 350 requires the use of projections, estimates and assumptions as to the future performance of the Company's operations, including anticipated future revenues, expected operating costs and the discount factor used. Actual results could differ from projections which could result in the recognition of an impairment loss. The Company performed its annual goodwill test in the fourth quarter of fiscal 2012, and reviewed long-lived assets for impairment and recorded a total impairment charge of approximately $6 million on tangible and intangible assets as of 31 March 2012 (see note D).

Derivative instruments

The Company applies the provisions on ASC 815, *Derivatives and Hedging.* ASC 815 requires each derivative instrument to be recorded in the balance sheet at its fair value at each reporting period. Changes in a derivative instrument's fair value are recognised currently in earnings unless specific hedge criteria are met.

Asset retirement obligations

The Company accounts for asset retirement obligations as required under ASC 410, *Asset Retirement and Environmental Obligations.* ASC 410 requires the fair value of a liability for an asset retirement obligation be recognised in the period in which the legal obligation arises, with the associated discounted asset retirement costs being capitalised as a part of the carrying amount of the long-lived asset with annual accretion expense recorded in operations. The Company has recorded in the financial statements estimates for asset retirement obligations related to the decommissioning and removal requirements for specific landfill gas processing and distribution assets, as required by their associated gas rights agreements, in the financial statements.

Income taxes

JNC has elected to be treated as a corporation for income tax purposes. Therefore, income taxes are accounted for under the liability method on a consolidated basis by JNC in accordance with ASC 740, *Income Taxes.* Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws. The provision for income taxes includes federal and state income taxes.

The Company recognises the financial statement benefit of a tax position only after determining the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognised in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realised upon ultimate settlement with the relevant tax authority.

Fair value of financial instruments

The Company used the following methods and assumptions in estimating the fair value of each class of financial instrument for which it is practicable to estimate fair value. For cash and cash equivalents, receivables and payables, the carrying amounts approximate fair value due to the short maturity of these instruments. For long-term debt, the carrying amounts approximate fair value due to the variable interest rates of the outstanding debt.

In accordance with ASC 820, *Fair Value Measurements and Disclosures,* a hierarchy is established which requires an entity to maximise the use of observable inputs and minimise the use of unobservable inputs when measuring fair value. The hierarchy defines three levels of inputs that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted assets and liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the entire contractual term of the asset or liability.

Level 3 – Unobservable inputs that reflect the entity's own assumptions about the assumption market participants would use in the pricing of the asset or liability and are consequently not based on market activity but rather through particular valuation techniques.

The Company uses the fair value methodology to value the assets and liabilities recorded at fair value, including the Company's derivative instruments and asset retirement obligations. The Company's hedges are valued based on the observable market price of the commodity hedged and are considered a Level 1 measurement. The Company's asset retirement obligations are recorded at fair value at the time the liability is incurred if a reasonable estimate of fair value can be made. Fair value is determined by calculating the estimated present value of the cost to retire the asset as determined by qualified engineers, and based on currently available information and inflation estimates.

The following table sets forth by level, within the fair value hierarchy, the fair value measurements as of 31 March 2012 and 2011:

	Level 1	Level 2	Level 3	Total
31 March 2012				
Derivative instruments	291	–	–	291
Asset retirement obligations	–	–	(5 259)	(5 259)
	291	–	(5 259)	(4 968)
31 March 2011				
Derivative instruments	225	–	–	225
Asset retirement obligations	–	–	(4 763)	(4 763)
	225	–	(4 763)	(4 538)

A summary of changes in the fair value of the Company's Level 3 instruments for the year ended 31 March 2012 is included in note F.

Revenue recognition

Revenues are recorded when earned for the sale of landfill gas processed and electricity generated based on output actually delivered. All other revenues are recorded when realised or realisable and earned.

Share-based compensation

The Company accounts for share-based compensation under the provisions of ASC 718, *Compensation Stock Compensation.* ASC 718 requires compensation costs related to share-based payment transactions, measured based on the fair value of the instruments issued, be recognised in the financial statements.

Discontinued operations

The Company accounts for operating units that have been disposed of or discontinued by separately classifying the assets and the related results of operations as discontinued operations for all periods presented.

Recent accounting pronouncements

In May 2011, the Financial Accounting Standards Board issued ASU 2011-04, Fair *Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* ("ASU 2011-04"). ASU 2011-04 updates the existing fair value measurement guidance within ASC 820. The amendments clarify how companies should measure fair value, predominantly converge the U.S. and IFRS guidance, and expand the disclosures that are required. For non-public companies that apply US GAAP, the updated guidance is effective for annual periods beginning after 15 December 2011. The Company does not expect the updated guidance to have an impact on its consolidated financial statements.

Subsequent events

The Company evaluated its financial statements for subsequent events through 9 July 2012, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require disclosure in the financial statements.

2. ACQUISITIONS

On 1 February 2011, MEH acquired 100% of the membership interests in Viridis Energy LLC (VE, LLC) and Toyon Landfill Gas Conversion, LLC (Toyon) for $8.6 million. VE, LLC has six landfill gas fuelled electric generation facilities located in Texas, while Toyon has one landfill gas-fuelled electric generation facility located in Southern California. MEH incurred approximately $0.5 million of external closing costs that were included as transaction expenses in the consolidated statements of operations for the year ended 31 March 2011. The acquisition of the interests was accounted for as a purchase and accordingly, the purchase price was allocated to the respective assets and liabilities based upon their estimated fair values as of the acquisition date. The consolidated statement of operations reflects 100% of the results of operations from the facilities from 1 February 2011.

The following table summarises the estimated fair values of the assets acquired and the liabilities assumed at the acquisition date *(in thousands)*:

Current assets	$1 096
Property, plant and equipment	7 619
Intangible assets	5 005
Current liabilities	(3 916)
Asset retirement obligations	(1 159)
Fair value of net assets acquired	**$8 645**

3. **IMPAIRMENT LOSS**

Upon completion of its annual evaluation of asset impairment, in accordance with ASC 350, the Company calculated and recorded an impairment loss as of 31 March 2012 of approximately $6 million. The impairment loss was due to the continued deterioration in market pricing for natural gas and electricity, and calculated based upon the pre-tax cash flow projections through 31 March 2033. Discount rates used in the calculations were 10% and 12%, for current revenue-generating and development projects, respectively, and represent the estimated weighted average cost of capital for the Company. The impairment loss was recorded as a component of operating expenses and its impact on the 31 March 2012 balance sheet by asset category is as follows *(in thousands)*:

Goodwill	$2 633
Property, plant and equipment, net	2 316
Gas mineral rights	1 002
Other assets	19
Impairment loss	**$5,970**

4. **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consists of the following at 31 March 2012 and 2011 *(in thousands):*

	2012	**2011**
Buildings and improvements	$4 980	$4 987
Machinery and equipment	63 118	51 654
Construction work in progress	1 528	6 131
Gas mineral rights	35 398	36 380
	105 024	99 152
Less: Accumulated depreciation and depletion	(36 051)	(27 909)
	$68 973	**$71 243**

Depreciation expense was $5.8 million and $5.3 million and depletion expense for gas mineral rights was $2.6 million for each of the years ended 31 March 2012 and 2011.

5. **ASSET RETIREMENT OBLIGATIONS**

The following table summarises the activity associated with asset retirement obligations of the Company for the years ended 31 March 2012 and 2011 *(in thousands)*:

	Years ended 31 March	
	2012	**2011**
	$4 763	$3 352
Accretion expense	391	252
Acquisitions and new facilities	105	1 159
Asset retirement obligations end of year	$5 259	$4 763

The asset retirement obligations are recorded within the other liabilities in the consolidated balance sheets.

6. INTANGIBLE ASSETS

Intangible assets consist of the following at 31 March 2012 and 2011 *(in thousands):*

	Years ended 31 March 2012	2011
Goodwill	$–	$2 633
Emissions allowances	5 005	5 005
Intangible assets with finite lives:		
Customer contracts, net of accumulated amortisation of $6 620 and $5 230	10 621	12 006
	$15 626	**$9 644**

The following table details changes in goodwill during the year ended 31 March 2012:

Beginning balance	$2 633
Impairment changes	(2 633)
Ending balance	$–

The weighted average useful life of the customer contracts is 11 years. Amortisation expense was $1.4 million each for the years ended 31 March 2012 and 2011, respectively. Amortisation expense for the five succeeding fiscal years ending March 31 is expected to be $1.3 million per year.

7. LOANS GRANTED TO AFFILIATES

During the fiscal year ended 31 March 2012, the Company granted a total of $11 million in loans to affiliated Companies. The principal amounts, and accumulated interest receivables at year-end were as follows *(in thousands):*

Affiliate	Principal	Accrued interest	Maturity date
Longkloof Limited	6 000	$269	31 March 2013
HCI Investments Australia Pty Ltd	5 000	229	31 March 2013
	11 000	$498	

Interest accumulates on the outstanding affiliate loans at a simple rate of 5.5%, is payable upon maturity and is included as an offsetting component of other expenses in the consolidated statements of operations. Subsequent to year-end, in an effort to earn a return on the unutilised cash of the Company, management elected to ex tend the May 2012 maturity date of the affiliate loans to March 2013, under the same interest rates and terms of repayment. As of 9 July 2012, the date the financial statements were available to be issued, management was unaware of any risk associated with repayment of any component of interest or principal related to these loan agreements.

8. DERIVATIVE INSTRUMENTS

A majority of MEC's revenues are generated from the sale of processed landfill gas (high-Btu gas), who's sales price to the customer is based on the market price of natural gas per published indices. In order to mitigate the market risk associated with fluctuations in natural gas prices, the Company utilises various short-term hedges to secure favourable index prices for natural gas under a board approved programme. As a result of the hedging strategy employed, the Company realised approximately $1.0 million and $0.8 million in hedge proceeds during fiscal years ending 31 March 2012 and 31 March 2011, respectively. As of 31 March 2012, the Company held unexpired short-term hedging contracts with a market value of approximately $0.3 million. These contracts will expire within the next fiscal year. The contracts have been marked-to-market with the unrealised changes in market value being recognised in gas sales revenue, along with the realised proceeds discussed above, in the statement of operations. Given the short-term nature of these contracts, hedge accounting was not elected.

9. LONG-TERM DEBT

JNC's long-term debt consists of the following at 31 March 2012 and 2011 *(in thousands):*

	2012	2011
Bank term loan	$25 000	$25 000
Related party term loan		82 562
Less: Current maturities	25 000	107 562
	$25 000	**$107 562**

Bank term loan

On 7 March 2011, the Company secured a five-year, $25 million term loan facility with FirstRand Bank. The proceeds were used to satisfy then existing first and second lien term loans and to secure additional capacity for general working capital purposes. The unsecured facility consists of a single tranche, bearing interest at the adjusted London Interbank Offered (LIBO) rate, as defined, plus the applicable margin. The interest rate on the outstanding facility borrowings was 5.2% and 5.0% at 31 March 2012 and 2011, respectively. Interest payments are due semi-annually from the date of borrowing. Payments on principal borrowings under the facility are $3.7 million in 2014, $6.3 million in 2015, and $15 million in 2016. The facility is secured by the parent company of the sole shareholder of JNC, and matures on 6 March 2016.

Related party term loan

On 9 March 2011 (the "Restructuring Date"), the Company restructured its existing term loan facility with its sole shareholder. As a result of the restructuring, the maturity date was extended from 29 December 2012 to 8 March 2016. On the Restructuring Date, all outstanding advances and accrued interest were consolidated into the new facility. The facility allowed for additional advances that would provide additional capacity to meet future capital and operational needs of the Company. Any additional advances would require approval of the South African Reserve Bank. The unsecured facility consisted of three separate tranches, bearing interest at the adjusted LIBO rate, as defined, plus the applicable margin. The weighted average interest rate on the outstanding facility borrowings was 9.0% at 31 March 2011. Interest payments were due semi-annually from the date of borrowing and were capitalisable upon the lender's election. Principal borrowings, including any capitalised interest, under the facility were due at maturity.

Conversion of related party term loan

On 15 December 2011, the Company converted its loan facility with its sole shareholder. As a result of the conversion, the total outstanding principal, capitalised and accrued interest totalling $94.1 million ($93.8 million net of fees) were contributed to the Company and recorded as a component of members' equity.

10. INCOME TAXES

The following table illustrates the deferred tax asset and liabilities as of 31 March 2012 and 2011 *(in thousands):*

	2012	2011
Assets/(liabilities)		
Net operating loss carry forward	$29 630	$19 520
Federal tax credits	2 485	2 485
Intangible asset amortisation	1 425	1 417
Other	1 738	7 141
Property depreciation	(4 811)	(4 942)
Valuation allowance	($30 467)	(7 000)
Net deferred tax assets	–	**$18 621**

The Company's net operating loss carry forwards and federal tax credit carry forwards expire in 20 years from the date incurred. Current net operating loss carry forwards and tax credits are set to expire between 2027 and 2031. The Company has established a full valuation allowance of $30.5 million as of 31 March 2012 for uncertainties relating to the realisation of net operating losses, tax credit carry forwards and other temporary differences.

The following table details the components of the Company's income tax (expense) benefit from continuing operations for the years ended 31 March 2012 and 2011, respectively *(in thousands):*

	Years ended 31 March	
	2012	2011
(Expense) benefit for income taxes:		
Current (expense) benefit:		
Federal	–	–
State	–	–
Deferred (expense) benefit	($18 621)	$2 546
	($18 621)	**($2 546)**

The following table details the reconciliation of the Company's (expense) benefit from income taxes from continuing operations to the federal statutory rate for the years ended 31 March 2012 and 2011, respectively *(in thousands):*

	Years ended 31 March	
	2012	2011
Tax benefit at federal statutory rate 35%	$5 427	$4 294
State tax benefit	354	182
Non-controlling interests	(833)	(600)
Valuation allowance	23 467	(2 000)
Other	(102)	670
	($18 621)	**$2 546**

The Company is subject to income taxes in the US federal jurisdiction and various state and local jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company was incorporated on 20 November 2006 and is not subject to U.S. federal, state and local income tax examinations by tax authorities prior to that date.

The Company was audited by the Internal Revenue Service for the tax year ended 31 March 2009 and the audit was completed with no changes to taxable income or tax reported. As of 31 March 2012, the Company is not under examination by the Internal Revenue Service or any stator local taxing authority. The Company has not extended the statute of limitations for the Internal Revenue Service or any state or local taxing authority. Interest and penalties are recognised related to uncertain income tax positions in income tax expense. However, no such interest and penalties were recorded in 2012 or 2011.

11. RELATED PARTY TRANSACTIONS

Effective 23 February 2007, certain individuals formerly affiliated with MEH were issued Class C Units of MEC as permitted by the LLC Agreement. The Class C Units permit these individuals to share in distributions that may otherwise be allocated to MEH as governed by the LLC Agreement. No distributions have been made to the Class C Unit holders.

12. SHARE-BASED COMPENSATION

On 27 March 2007, MEC's board of directors approved the 2006 Long-Term Incentive Plan (the Plan), in which employees, non-employee directors and outside consultants and independent contractors are eligible to participate. The term of the Plan expires on 27 March 2017 and no awards can be granted after such date. The plan allows for the issuance of incentive unit options, non-qualified unit options and restricted unit awards for each class of membership units. The maximum number of units that may be issued under the Plan is 75. As of 31 March 2012, 22.09 units remain available for issuance. The exercise price of options granted under the plan cannot be less than 100% of the fair market value of a unit as of the date of grant. The vesting period for each grant will be determined at the time of grant. Generally, options expire ten years from the date of grant. The Company recognises compensation expense immediately for units that vest upon issuance and the remaining compensation expense is recognised ratably over the vesting period.

In May of 2007, MEC issued 50.7 restricted Class B units to certain executives of MEC. Twenty percent of the units vested immediately upon issuance. The remaining units vest in four equal annual instalments beginning in May 2008. The grant date fair value of the units issued was approximately $0.2 million. Six units issued in May 2007 were forfeited during the year ended 31 March 2011. The value of the units forfeited was immaterial. No Class B units were issued and no additional units were forfeited during the years ended 31 March 2012 or 31 March 2011.

In July of 2007, MEC issued options to purchase up to 5.52 Class B units to an executive of MEC, with an exercise price of $3 600 per unit. Twenty percent of the options vested immediately upon issuance. The remaining options vest in four equal annual instalments beginning in July 2008. No options were exercised or forfeited during the years ended 31 March 2012 or 31 March 2011.

Compensation expense related to the grants and options was less than $0.1 million for the years ended 31 March 2012 and 2011. Compensation expense related to the outstanding grants and options was fully recognised as of 31 March 2012.

As MEC's units are not publicly traded, the Company utilised the probability-weighted expected return method (PWERM) to value the Class B units issued. Under the PWERM, the value of the units is estimated based upon a probability-weighted present value of expected future investment returns for the enterprise assuming various future outcomes. The future outcomes considered were an initial public offering, a merger or sale, dissolution or continued operation as the existing private enterprise. The discount rate utilised was 15%, with an additional 33% discount on the estimated value for the lack of marketability of the units.

13. DEFINED BENEFIT CONTRIBUTION PLAN

Montauk Energy maintains a 401(k) defined contribution plan for eligible employees. The Company matches 50% of an employee's deferrals up to 4%. The Company also contributes 3% of eligible employee's compensation expense as a safe harbor contribution. The matching contributions vest ratably over four years of service, while the safe harbor contributions vest immediately. Incurred expense related to the 401(k) plan was approximately $0.3 million and $0.2 million for the years ended 31 March 2012 and 2011.

14. COMMITMENTS AND CONTINGENCIES

Operating leases

At 31 March 2012, the Company leases various office space and equipment with expiration dates varying through 2014. Rental expense for these leases for each of the years ended 31 March 2012 and 2011 was $0.2 million each year. Future minimum lease payments for each of the next five fiscal years are approximately $0.1 million within one year and approximately $0.1 million per year thereafter.

Customer concentration

A substantial portion of Montauk Energy's revenues are generated from three locations, each in separate areas of the country. Each location generally sells all of its output to one separate customer per location. For the years ended 31 March 2012 and 2011, excluding the impact of the put options, approximately 69% and 84% of revenues from continuing operations were derived from these customers/locations. The Company's financial position, results of operations and cash flows could be adversely impacted if production volumes related to these locations would significantly decrease.

Environmental

The Company is subject to a variety of environmental laws and regulations governing discharges to the air and water, as well as the handling, storage and disposing of hazardous or waste materials. The Company believes its operations currently comply in all material respects with all of the environmental laws and regulations applicable to its business. However, there can be no assurance that environmental requirements will not change in the future or that the Company will not incur significant costs to comply with such requirements.

Seller indemnification

The Company is indemnified for liabilities incurred prior to 29 December 2006, which is the date that the Company acquired MEC. The indemnification includes, but is not limited to operations, existing litigation, self-insurance liabilities, tax compliance and environmental liabilities up to an aggregate maximum of $20 million.

Contingencies

The Company, from time to time, may be involved in litigation that is incidental in nature. Currently, management does not believe there are any matters outstanding that would have a material adverse effect on the Company's financial position or results of operations.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE AUDITED CONSOLIDATED FINANCIAL INFORMATION OF JOHNNIC HOLDINGS

12 November 2014

The Directors
Montauk Holdings Limited
Suite 801
76 Regent Road
Seapoint
Cape Town
8005

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF JOHNNIC HOLDINGS USA LLC ("JOHNNIC") FOR THE YEARS ENDED 31 MARCH 2014, 31 MARCH 2013 AND 31 MARCH 2012

At your request and for the purposes of the Pre-Listing Statement to be dated on or about 19 November 2014 ("the Pre-Listing statement"), we present our report on the historical financial information of Johnnic for the years ended 31 March 2014, 31 March 2013 and 31 March 2012 in compliance with the JSE Listings Requirements.

Responsibilities

Directors responsibility for the financial statements

The directors are responsible for the preparation, contents and presentation of the Pre-Listing Statement and the fair presentation of the historical financial information in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the historical financial information of Johnnic for the period ended 31 March 2014, included in the Pre-Listing Statement, based on our audit of the financial information for the year ended 31 March 2014 and a review conclusion on the historical financial information for the years ended 31 March 2013 and 31 March 2012.

Scope of the audit

We conducted our audit of the historical financial information for the year ended 31 March 2014 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

In our opinion, the historical financial information of Johnnic for the year ended 31 March 2014 presents fairly, in all material respects, for the purposes of the Pre-Listing Statement, the financial position of Johnnic at that date and the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Scope of the review

We conducted our review of the historical financial information for the years ended 31 March 2013 and 31 March 2012 in accordance with the International Standards on Review Engagements 2400, "Engagements to review financial statements". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the historical financial information is free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit.

Review conclusion

Based on our review nothing has come to our attention that causes us to believe that the historical financial information of Johnnic for the years ended 31 March 2013 and 31 March 2012 is not fairly prepared, in all material respects, for the purposes of the Pre-Listing Statement, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report and the reference to our opinion in the Pre-Listing statement in the form and context in which it appears.

Yours faithfully

Grant Thornton Johannesburg

(Practice number 903485)
Per Ben Frey
Partner
Chartered Accountant (SA)

Grant Thornton Office Park
137 Daisy Street
Sandown, 2196

EXTRACTS FROM THE MOI

Set out below are extracts of the relevant provisions of the MOI relating to the qualification, remuneration, borrowing powers and appointment of the Directors

Words that are defined in the Companies Act but not defined in this Annexure will bear the same meaning in this Annexure as in the Companies Act read where necessary with definitions in the Listings Requirements. For ease of reading, such terms have been capitalised in this Annexure.

Qualification and appointment of directors

21. FIRST DIRECTORS, ELECTION OF DIRECTORS AND ALTERNATE DIRECTORS AND CASUAL VACANCIES

21.1 The minimum number of Directors shall be 5 (five) and the maximum 15 (fifteen). Any failure by the Company at any time to have the minimum number of Directors, does not limit or negate the authority of the Board, or invalidate anything done by the Board or the Company.

21.2 At the Annual General Meeting held in each year 1/3 (one third) of the Directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one third) shall retire from office, provided that in determining the number of Directors to retire no account shall be taken of any Director who has been appointed as the managing director or any other executive Director for a fixed period and her/his contract provides that she/he is not subject to retirement during that fixed period. The Directors so to retire at each Annual General Meeting shall be those who have been longest in office since their last election. As between Directors of equal seniority, the Directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that notwithstanding anything herein contained, if, at the date of any Annual General Meeting any Director will have held office for a period of 3 (three) years since her/his last election or appointment she/he shall retire at such Meeting, either as one of the Directors to retire in pursuance of the foregoing or additionally thereto. A retiring Director shall act as a Director throughout the Meeting at which she/he retires. The length of time a Director has been in office shall be computed from the date of her/his last election. Retiring Directors shall be eligible for re-election. No Person other than a Director retiring at the Meeting shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any Annual General Meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the Meeting, there shall have been given to the secretary notice in Writing by some Holder duly qualified to be present and vote at the Meeting for which such notice is given of the intention of such Holder to propose such Person for election and also notice in Writing signed by the Person to be proposed of her/his willingness to be elected. If at any Annual General Meeting, the place of any retiring Director is not filled, she/he shall if willing continue in office until the dissolution of the Annual General Meeting in the next year, and so on from year to year until her/his place is filled, unless it shall be determined at such Meeting not to fill such vacancy.

21.3 Each of the Directors and the Alternate Directors, other than a Director contemplated in clause 21.9, shall be elected (which in the case of a vacancy arising shall take place at the next Annual General Meeting), in accordance with clause 21.6, to serve for a term of 3 (three) years as a Director or Alternate Director. An Alternate Director shall serve in the place of 1 (one) or more Director(s) named in the resolution electing her/him during the Director(s') absence or inability to act as Director. If a Person is an Alternate Director to more than 1 (one) Director or if an Alternate Director is also a Director, she/he shall have a separate vote, on behalf of each Director she/he is representing in addition to her/his own vote, if any.

21.4 There are no general qualifications prescribed by the Company for a Person to serve as a Director or an Alternate Director in addition to the requirements of the Companies Act. The Board must make recommendations to the Holders regarding the eligibility of Persons nominated for election as Directors, taking into account their past performance and contribution, if applicable. A brief curriculum vita of each Person standing for election or re-election as a Director at a Meeting or the Annual General Meeting, must accompany the notice of the Meeting.

21.5 No Director shall be entitled to appoint any Person as an Alternate Director to himself/herself.

21.6 In any election of Directors and Alternate Directors, the election is to be conducted as follows:

21.6.1 a series of votes of those entitled to exercise votes regarding such election, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board at that time have been filled; and

21.6.2 in each vote to fill a vacancy:

21.6.2.1 each Voting Right entitled to be exercised may be exercised once; and

21.6.2.2 the vacancy is filled only if a majority of the Voting Rights exercised support the candidate.

21.7 No Person shall be elected as a Director or Alternate Director, if she/he is Ineligible or Disqualified and any such election shall be a nullity. A Person who is Ineligible or Disqualified must not consent to be elected as a Director or Alternate Director nor act as a Director or Alternate Director. A Person placed under probation by a court must not serve as a Director or an Alternate Director unless the order of court so permits.

21.8 No election of a Director shall take effect until he/she has delivered to the Company a Written consent to serve.

21.9 Any casual vacancy occurring on the Board may be filled by the Board, but so that the total number of the Directors shall not at any time exceed the maximum number fixed, if any, but the Individual so appointed shall cease to hold office at the termination of the first Shareholders Meeting to be held after the appointment of such Individual as a Director unless she/he is elected at such Shareholders Meeting.

21.10 The continuing Directors (or sole continuing Director) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to this MOI as the minimum, the continuing Directors or Director may act only for the purpose of summoning a Shareholders Meeting or filling vacancies not later than 3 (three) months from the date that the number falls below the minimum.

21.11 If there is no Director able and willing to act, then any Holder entitled to exercise Voting Rights in the election of a Director may convene a Shareholders Meeting for the purpose of appointing Directors.

22. CESSATION OF OFFICE AS DIRECTOR OR ALTERNATE DIRECTOR

A Director or Alternate Director shall cease to hold office as such:

22.1 immediately she/he becomes Ineligible or Disqualified or the Board resolves to remove her/him on such basis, and in the latter case the Director/Alternate Director has not within the permitted period filed an application for review or has filed such an application but the court has not yet confirmed the removal (during which period she/he shall be suspended);

22.2 when her/his term of office contemplated in clauses 22.2 and 22.3 expires;

22.3 when she/he dies;

22.4 when she/he resigns by written notice to the Company;

22.5 if there are more than 3 (three) Directors in office and if the Board determines that she/he has become incapacitated to the extent that the person is unable to perform the functions of a director, and is unlikely to regain that capacity within a reasonable time, and the Director/Alternate Director has not within the permitted period filed an application for review or has filed such an application but the court has not yet confirmed the removal (during which period she/he shall be suspended);

22.6 if she/he is declared delinquent by a court, or placed on probation under conditions that are inconsistent with continuing to be a director of the Company;

22.7 if she/he is removed by Ordinary Resolution;

22.8 if there are more than 3 (three) Directors in office and if she/he is removed by resolution of the Board for being negligent or derelict in performing the functions of a Director, and the Director/Alternate Director has not within the permitted period filed an application for review or has filed such an application but the court has not yet confirmed the removal (during which period she/he shall be suspended);

22.9 she/he/it files a petition for the surrender of her/his/its estate or an application for an administration order, or if she/he/it commits an act of insolvency as defined in the insolvency law for the time being in force, or if she/he/it makes any arrangement or composition with her/his/its creditors generally; or

22.10 she/he/it is otherwise removed in accordance with any provisions of this MOI.

Remuneration of directors

23. **REMUNERATION OF DIRECTORS AND ALTERNATE DIRECTORS AND MEMBERS OF BOARD COMMITTEES**

23.1 The Directors or Alternate Directors or members of Board committees shall be entitled to such remuneration for their services as Directors or Alternate Directors or members of Board Committees as may have been determined from time to time by Special Resolution within the previous 2 (two) years. In addition, the Directors and Alternate Directors shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the Directors and Holders, and the members of the Board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the Board committees as determined by a disinterested quorum of Directors.

23.2 A Director may be employed in any other capacity in the Company or as a director or employee of a company controlled by, or itself a subsidiary of, the Company and in that event, his/her appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

25. **GENERAL POWERS AND DUTIES OF DIRECTORS**

25.1 Subject to any provision of the Companies Act, the listings requirements of the JSE and this MOI to the contrary, the powers of management granted to the Directors in terms of section 66(1) of the Companies Act are not limited.

25.2 The Directors may:

25.2.1 establish and maintain any non-contributory or contributory pension, superannuation, provident and benefit funds for the benefit of; and

25.2.2 give pensions, gratuities and allowances to and make payments for or towards the insurance of,

any persons who are employees or ex-employees (including Directors or ex-Directors) of the Company, or of any company which is or was a subsidiary of the Company or is or was in any way allied to or associated with it or any such subsidiary, and the wives, widows, families and dependants of such persons.

25.3 The Board must appoint a chief executive officer and an executive financial Director. The Board may from time to time appoint one or more of the Directors to the office of managing Director or manager (provided always that the number of Directors so appointed as managing Director or joint managing Directors and/or the holders of any other executive office including a chairperson who holds an executive office but not a chairperson who is a non-executive Director shall at all times be less than ½, (one half) of the number of Directors in office) for such period and at such remuneration (whether by way of salary or commission, or participation in profits or partly in one way and partly in another) and generally on such terms they may think fit, and it may be made a term of her/his appointment that she/he be paid a pension, gratuity or other benefit on her/his retirement from office.

25.4 The Board may from time to time entrust to and confer upon a managing Director or manager for the time being such of the powers vested in the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and upon such terms and with such restrictions as they may think expedient; and they may confer such powers either collaterally or to the exclusion of, and in substitution for, all or any of the powers of the Directors, and may from time to time revoke or vary all or any of such powers. A managing Director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the Directors and after powers have been conferred upon her/him by the Board in terms hereof she/he shall be deemed to derive such powers directly from this clause.

26. **BOARD COMMITTEES**

26.1 The Directors may appoint any number of Board committees and delegate to such committees any authority of the Board. The Directors must appoint a remuneration committee and, if required, given the nature of the business and composition of the Board, a risk committee and a nominations committee. The members of such committees (other than the nominations committee which shall have as its members only non-executive Directors, the majority of whom must be independent (as defined in listings requirements 3.84(f) of the JSE), and which must be chaired by the chairperson of the Board), may include Persons who are not Directors as long as they are not Ineligible or Disqualified to be Directors, but such Persons shall not be able to vote.

26.2 No Person shall be appointed as a member of a Board committee, if she/he is Ineligible or Disqualified and any such appointment shall be a nullity. A Person who is Ineligible or Disqualified must not consent to be appointed as a member of a Board committee nor act as such a member. A Person placed under probation by a court must not serve as a member of a Board committee unless the order of court so permits.

26.3 There are no general qualifications prescribed by the Company for a Person to serve as a member of a Board committee in addition to the requirements of the Companies Act.

26.4 A member of a Board committee shall cease to hold office as such immediately she/he becomes Ineligible or Disqualified in terms of the Companies Act.

26.5 Committees of the Board may consult with or receive advice from any person.

26.6 Meetings and other proceedings of a committee of the Board consisting of more than 1 (one) member shall be governed by the provisions of this MOI regulating the meetings and proceedings of Directors.

26.7 The composition of such committees, a brief description of their mandates, the number of meetings held and other relevant information must be disclosed in the annual report of the Company and, to the extent legally required, in any pre-listing statement or circular.

10. PRE-EMPTION ON ISSUE OF EQUITY SECURITIES

Equity Securities of a particular class in the Company which are authorised but unissued and which are intended to be issued for cash, shall, unless the issue is an issue for an acquisition of assets (including another company) or for the purposes of an Amalgamation or Merger, be offered to the existing Holders of that class of equity Securities by way of a rights offer *pro rata* to the Voting Power of that Shareholder's Voting Rights of that class of equity Securities immediately before the offer was made with a reasonable time allowed to subscribe, unless:

10.1 the approvals contemplated in clause 9.1 have been obtained;

10.2 a capitalisation issue is to be undertaken;

10.3 the equity Securities are to be issued in terms of option or Conversion rights;

10.4 any fraction of an equity Security will have to be issued, in which event that fraction may be sold for the benefit of the Shareholder in question in such manner as the Directors may determine.

After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the Person to whom the offer is made that he/she/it declines to accept the equity Securities offered, the Directors may, subject to the aforegoing provisions, issue such equity Securities in such manner as they think most beneficial to the Company.

27. PERSONAL FINANCIAL INTERESTS OF DIRECTORS

27.1 For the purposes of this clause 27, "Director" includes an Alternate Director, a Prescribed Officer, and a person who is a member of a committee of the Board, irrespective of whether or not the Person is also a member of the Board.

27.2 If a Person is the only Director, but does not hold all of the Beneficial Interests of all of the issued Securities of the Company, that Person may not:

27.2.1 approve or enter into any agreement in which the Director or a Related Person has a Personal Financial Interest; or

27.2.2 as a Director, determine any other matter in which the Director or a Related Person has a Personal Financial Interest,

unless the agreement or determination is approved by an Ordinary Resolution after the Director has disclosed the nature and extent of that Personal Financial Interest to those entitled to vote on such Ordinary Resolution.

27.3 At any time, a Director may disclose any Personal Financial Interest in advance, by delivering to the Board, or Holders (if the circumstances contemplated in clause 27.2. are not applicable), a notice in Writing setting out the nature and extent of that Personal Financial Interest, to be used generally by the Company until changed or withdrawn by further Written notice from that Director.

27.4 If a Director (whilst the Company is not a company contemplated in clause), has a Personal Financial Interest in respect of a matter to be considered at a meeting of the Board, or Knows that a Related Person has a Personal Financial Interest in the matter, the Director:

27.4.1 must disclose the Personal Financial Interest and its general nature before the matter is considered at the meeting;

27.4.2 must disclose to the meeting any Material information relating to the matter, and Known to the Director;

27.4.3 may disclose any observations or pertinent insights relating to the matter if requested to do so by the other Directors;

27.4.4 if present at the meeting, must leave the meeting immediately after making any disclosure contemplated in clauses 27.4.2 or 27.4.3;

27.4.5 must not take part in the consideration of the matter, except to the extent contemplated in clauses 27.4.2 or 27.4.3;

27.4.6 while absent from the meeting in terms of this clause 27.4:

27.4.6.1 is to be regarded as being present at the meeting for the purpose of determining whether sufficient Directors are present to constitute a quorum; and

27.4.6.2 is not to be regarded as being present at the meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and

27.4.7 must not execute any document on behalf of the Company in relation to the matter unless specifically requested or directed to do so by the Board.

27.5 If a Director acquires a Personal Financial Interest in an agreement or other matter in which the Company has a Material interest, or Knows that a Related Person has acquired a Personal Financial Interest in the matter, after the agreement or other matter has been approved by the Company, the Director must promptly disclose to the Board, or to the Holders entitled to vote (if the Company is a company contemplated in clause 28.2), the nature and extent of that Personal Financial Interest, and the material circumstances relating to the Director or Related Person's acquisition of that Personal Financial Interest.

27.6 A decision by the Board, or a transaction or agreement approved by the Board, or by the Holders (if the Company is a company contemplated in clause 28.2), is valid despite any Personal Financial Interest of a Director or Person Related to the Director, only if:

27.6.1 it was approved following the disclosure of the Personal Financial Interest in the manner contemplated in this clauses 28; or

27.6.2 despite having been approved without disclosure of that Personal Financial Interest, it has been ratified by an Ordinary Resolution following disclosure of that Personal Financial Interest or so declared by a court.

Borrowing powers

25. GENERAL POWERS AND DUTIES OF DIRECTORS

25.1 Subject to any provision of the Companies Act, the listings requirements of the JSE and this MOI to the contrary, the powers of management granted to the Directors in terms of section 66(1) of the Companies Act are not limited.

25.2 The Directors may:

25.2.1 establish and maintain any non-contributory or contributory pension, superannuation, provident and benefit funds for the benefit of; and

25.2.2 give pensions, gratuities and allowances to and make payments for or towards the insurance of,

any persons who are employees or ex-employees (including Directors or ex-Directors) of the Company, or of any company which is or was a subsidiary of the Company or is or was in any way allied to or associated with it or any such subsidiary, and the wives, widows, families and dependants of such persons.

25.3 The Board must appoint a chief executive officer and an executive financial Director. The Board may from time to time appoint one or more of the Directors to the office of managing Director or manager (provided always that the number of Directors so appointed as managing Director or joint managing Directors and/or the holders of any other executive office including a chairperson who holds an executive office but not a chairperson who is a non-executive Director shall at all times be less than ½, (one half) of the number of Directors in office) for such period and at such remuneration (whether by way of salary or commission, or participation in profits or partly in one way and partly in another) and generally on such terms they may think fit, and it may be made a term of her/his appointment that she/he be paid a pension, gratuity or other benefit on her/his retirement from office.

25.4 The Board may from time to time entrust to and confer upon a managing Director or manager for the time being such of the powers vested in the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and upon such terms and with such restrictions as they may think expedient; and they may confer such powers either collaterally or to the exclusion of, and in substitution for, all or any of the powers of the Directors, and may from time to time revoke or vary all or any of such powers. A managing Director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the Directors and after powers have been conferred upon her/him by the Board in terms hereof she/he shall be deemed to derive such powers directly from this clause.

Dividends

31. **DISTRIBUTIONS**

31.1 The Company:

31.1.1 may make Distributions from time to time, provided that:

31.1.1.1 any such Distribution:

31.1.1.1.1 is payable to Shareholders registered as such at a date subsequent to the date of declaration or date of confirmation of the Distribution, whichever is the later;

31.1.1.1.2 is pursuant to an existing legal obligation of the Company, or a court order; or

31.1.1.1.3 has been authorised by the Board, by resolution, save in the case of a pro rata payment to all Shareholders (except one which result in Shareholders holding Shares in an unlisted entity) or cash dividends paid out of retained income or capitalisation issues; or scrip dividends incorporating an election to receive either capitalisation Shares or cash, it has been sanctioned by Ordinary Resolution

31.1.1.1.4 made by the Company in general meeting, is not larger than that declared by the Directors;

31.1.1.2 it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed Distribution; and

31.1.1.3 the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed Distribution;

31.1.1.4 no obligation is imposed, if it is a distribution of capital, that the Company is entitled to require it to be subscribed again;

31.1.2 must before incurring any debt or other obligation for the benefit of any Holders, comply with the requirements in clause 31.1.1,

and must complete any such Distribution fully within 120 (one hundred and twenty) Business Days after the acknowledgement referred to in clause 31.1.1.3, failing which it must again comply with the aforegoing.

31.2 No notice of change of address or instructions as to payment given after the determination of a dividend or other Distribution by the Company in terms of clause 31.1.1.1, shall become effective until after the dividend or other Distribution has been made, unless the Board so determines at the time the dividend or other Distribution is approved.

31.3 All unclaimed –

31.3.1 monies (including, but not limited to Distributions other than dividends) due to the Holders shall be held in trust indefinitely until lawfully claimed;

31.3.2 dividends may be invested or otherwise be made use of by the Directors for the benefit of the Company until claimed, provided that any dividend (but not any other Distribution which shall be held by the Company until lawfully claimed) remaining unclaimed for a period of not less than 3 (three) years from the date on which it became payable may be forfeited by resolution of the Directors for the benefit of the Company.

31.4 The Company shall be entitled at any time to delegate its obligations in respect of unclaimed dividends or other unclaimed Distributions, to any one of the Company's bankers from time to time.

31.5 Notwithstanding any other provision of the MOI, if –

31.5.1 the Directors or the Company in general meeting, as the case may be, declare a dividend or resolve to make any other Distribution to Shareholders in their capacity as such (whether or not Shareholders are offered Shares in terms of a capitalisation issue in lieu of such dividend or Distribution); and

31.5.2 any Shareholder ("Applicable Shareholder") would, but for this clause 31.5 be entitled to an aggregate dividend or aggregate Distribution ("Applicable Shareholder's dividend or distribution") of R30.00 or less in respect of all the Certificated Shares held by the Applicable Shareholder on the record date as stated in the dividend declaration,

the Directors shall have the power to direct that each Applicable Shareholder shall (unless she/he delivers a written request to the contrary to the transfer office prior to the payment date as stated in the dividend declaration) irrevocably and unconditionally forfeit the entitlement to the applicable Shareholder's dividend or Distribution on the basis that an amount equal to the aggregate of the Applicable Shareholder's dividend or Distribution of each Applicable Shareholder shall vest in a charity nominated from time to time by the Directors.

31.6 Subject to the provisions of this clause 31, all dividends or other entitlements payable to Shareholders who hold Shares in Certificated form or who have not complied with the requirements to effect payments electronically will not be paid by way of a cheque, unless otherwise requested in writing, and such dividends and/or entitlements will be suppressed and retained by the Company in the Company's unclaimed dividend or Distribution (entitlement) account, whereafter the dividends and/or entitlements may be claimed by the Shareholder by submitting a written claim to the Company in the form prescribed by the Directors from time to time.

OTHER DIRECTORSHIPS AND PARTNERSHIPS HELD BY THE DIRECTORS AND SENIOR MANAGEMENT OF MONTAUK HOLDINGS DURING THE PREVIOUS FIVE YEARS

Set out below is a summary of the directorships as well as the status of those directorships for each of the Directors during the previous five years:

Director
John Copelyn
Active directorships

2 Toman Close Hydepark Proprietary Limited
21 Impala Road Properties Proprietary Limited
Ahead Investments Limited
Anytime Power Proprietary Limited
Blue Beacon Investments 240 Proprietary Limited
Braylon Investments Proprietary Limited
Catwalk investments 167 Proprietary Limited
Catwalk Leisure Investments Proprietary Limited
Chearsley Investments Proprietary Limited
Circumference Investments Proprietary Limited
Curagen Investments Proprietary Limited
Deneb Investments
e.tv Proprietary Limited
Fabcos Investment Holdings Proprietary Limited
FI Developments Proprietary Limited
FI Equity Group Proprietary Limited
First Ready Development 213 Proprietary Limited
Flaghigh Investments Proprietary Limited
Foothills Trading and Investment 8 Proprietary Limited
Free-Flowing Property Holdings Proprietary Limited
Fulela Trade and Invest 81 Proprietary Limited
Gelprop Proprietary Limited
HCI Coal Proprietary Limited
HCI – Treasury Proprietary Limited
HCI Central Investments Proprietary Limited
HCI Food and Beverage Investments
Montauk Holdings Limited
HCI Invest1Holdco Proprietary Limited
HCI Invest5Holdco Proprietary Limited
HCI Invest6Holdco Proprietary Limited
HCI Invest7Holdco Proprietary Limited
HCI Invest10Holdco Proprietary Limited
HCI Invest11 Holdco Proprietary Limited
HCI Invest12 Holdco Proprietary Limited
HCI Invest13 Holdco Proprietary Limited
HCI Invest14 Holdco Proprietary Limited
HCI Invest15 Holdco Proprietary Limited
HCI Invest17 Holdco Proprietary Limited
HCI Invest18 Holdco Proprietary Limited
HCI Invest19 Holdco Proprietary Limited
HCI Invest20 Holdco Proprietary Limited
House 24 Ronald Avenue Proprietary Limited
IGI Investment Co Proprietary Limited

Industrial Development Corporation of South Africa Limited
International Payment PropertiesProprietary Limited
JC Nominees Proprietary Limited
Johnnic Casino Holdings Limited
Johnnic Holdings Limited
Johnnic Property Holdings Limited
Johnnic Strategic Investments Holdings
Karisso Investments Proprietary Limited
KWV Holdings Limited
Lennings Limited
Leopont 261 Proprietary Limited
Leopont 262 Proprietary Limited
Leopont 255 Proprietary Limited
Levyan Proprietary Limited
Limitless Angel Fund Proprietary Limited
Maclyn House Proprietary Limited
Magicover Proprietary Limited
Main Place Holdings Limited
Main Street 614 Proprietary Limited
Mercanto Investments Proprietary Limited
Merilyn Investments Proprietary Limited
Metshelf Investments 9 Proprietary Limited
Mirino Investments Proprietary Limited
Mironetix Proprietary Limited
Mironetix 2 Proprietary Limited
Move-On-Up 104 Proprietary Limited
Nexrealm Technologies Proprietary Limited
Niveus Investments Limited
Online Gaming Systems Limited
Pearl Beach Investments Proprietary Limited
Rivetprops 47 Proprietary Limited
SA Amalgamated Union Fishing Proprietary Limited
Sabido Investments Proprietary Limited
Sactwu Mining Investments (SPV) (P)Limited
Sactwu Mining Investments Proprietary Limited
Seardel Investment Corporation Limited
Tangney Investments Proprietary Limited
TIH Prefco Proprietary Limited
TIHC Investments (RF) Proprietary Limited
Tylon Holdings Proprietary Limited
Johnnic Holdings USA, LLC (USA)
Montauk Energy Holdings, LLC (USA)
Montauk Energy Capital, LLC (USA)

Resigned directorships

20 Sydney Street, Greenpoint Proprietary Limited
Africa on Air
Business Systems Group Proprietary Limited
Cape Town Film Studios
Carrillian Investments (Pty) Ltd
Cherry Moss Trade and Invest 188 Proprietary Limited
Clover Industries Limited
Clover SA (Pty) Ltd
Euphorbia Proprietary Limited
FI Operations
Fulela Trade and Invest 96 Proprietary Limited

Galaxy Bingo International South Africa
Gallagher Convention Centre Limited
Gallagher Estate Holdings Limited
GE Property and Marketing Proprietary Limited
Generation Y Proprietary Limited
VPOS Integrated Business Solutions Proprietary Limited
HCI Invest3 Holdco Proprietary Limited
HCI Invest4 Holdco Proprietary Limited
HCI Invest8 Holdco Proprietary Limited
HCI Invest9 Holdco Proprietary Limited
Hi-Reach Manlift
Johnnic Holdings Management Services
Johnnic Properties Limited
Ligitprops 109
Niveus Gaming and Entertainment Proprietary Limited
Niveus-KWV Holdings Proprietary Limited
Sabido Properties
Shibula Lodge and Spa
Silver Vanity Investments (RF)
The Millenium Casino Limited
Three Blind Mice Communications (P) Ltd
Tsogo Sun Hotels Gaming and Entertainment
Tsogo Sun KwaZulu-Natal (Pty) Limited
Vectofon Proprietary Limited
Vukani Gaming Corporation Proprietary Limited
Vukani Gaming Eastern Cape Proprietary Limited
Vukani Gaming Equipment Proprietary Limited
Vukani Gaming Free State Proprietary Limited
Vukani Gaming Gauteng Proprietary Limited
Vukani Gaming KZN Proprietary Limited
Vukani Gaming Limpopo Proprietary Limited
Vukani Gaming Mpumalanga Proprietary Limited
Vukani Gaming Northn West Proprietary Limited
Vukani Gaming Northern Cape Proprietary Limited
Vukani Gaming Western Cape Proprietary Limited
HCI Khusela Coal Plus (Pty) Ltd
Johnnic Management Services Proprietary Limited
LY Holdco
SA Amalgamated Union Invest Proprietary Limited
Almania Investments Proprietary Limited
Ancestral Investments Proprietary Limited
Aston Bay Holiday Resorts Proprietary Limited
Black Ginger 75 Proprietary Limited
C and A Associated Consultants Proprietary Limited
Descarte Investments No 8 Proprietary Limited
Glenny Buchner Investments Proprietary Limited
HCI Lifting Services
Johnnic Property Investments Limited
Lone Hill Estates Proprietary Limited
Rowan Tree 4 Proprietary Limited
S A M Sisonke Proprietary Limited
Tiradeprops 99 Proprietary Limited
Tylon Proprietary Limited
Winslet Investments Proprietary Limited

Cherry Moss Trade and Invest 188 Proprietary Limited
Clover Industries Limited
Clover SA
Tsogo Sun Hotels Gaming and Entertainment
Vukani Gaming Eastern Cape Proprietary Limited
Vukani Gaming Equipment Proprietary Limited
Vukani Gaming Free State Proprietary Limited
Vukani Gaming Gauteng Proprietary Limited
Vukani Gaming Limpopo Proprietary Limited
Vukani Gaming Mpumalange Proprietary Limited
Vukani Gaming North West Proprietary Limited
Vukani Gaming North West Proprietary Limited
Vukani Gaming Northern Cape Proprietary Limited
Vukani Gaming Western Cape Proprietary Limited
Vukani Gaming Corporation Proprietary Limited
Vukani Gaming Kwazulu Natal Proprietary Limited

Mohamed Ahmed
Active directorships

Brevity Trade 50
Deneb Investments
First Ready Development 213
Go 4 Tiles
Go 4 Tiles (Durban)
Greenwood Park Distributors
Montauk Holdings
Hollyberry Props 63
Kelston Investments
Ritzshelf 25
Ritz Tiles
Rose Tree Investments
Clicking Investments
Rivetprops 2
Seardel Investment Corporation Limited
Atterbell Investments

Deregistered directorships

Lasko Investments
Amarilla Investments
Cosatu Holdings
Dontello Investments
Helio Investments
Jardel Investments
Kentview Trading
Lorato Investments
Magicover
Marble Gold 434
Marine Nominees
Ritshelf 24
Sactwu Cellular Services
Union Telecommunications
Yolan Investments
Canelli Investments

Bruce Steven Raynor
Active directorships

Montauk Holdings Limited
Montauk Energy Holdings, LLC (USA)
Montauk Energy Capital, LLC (USA)
R&S Associates, LLC (USA)
The Sidney Hillman Foundation

Resigned directorships

Amalgamated Bank

Naziema Jappie
Active directorships

Deneb Investments
Golden Arrow Bus Services
Seardel Investment Corporation
Servipro 39

Resigned directorships

Frances Road Properties

Michael Jacobson
Active directorships

Australia
Oceania Capital Partners Limited
OCP Shelf 2 Pty Ltd
HCI Investments Australia Pty Ltd
HCI Australian Operations Pty Ltd
Baycorp Holdings Pty Limited
Baycorp Group Finance Pty Limited
Trans Tasman Collections Investments Pty Limited
Baycorp Finance (Aust) Pty Limited
New Zealand
Baycorp Holdings (NZ) Limited

David Richard Herrman
Active directorships

Montauk Holdings Limited

United States

Johnnic Holdings USA, LLC
Montauk Energy Holdings LLC
Montauk Energy Capital, LLC
MH Energy, LLC
MH Energy (GP), LLC
Toyon Landfill Gas Conversion, LLC
Tulsa LFG, LLC
Monmouth Energy, Inc.
Bowerman Power LFG, LLC
Bartow LFG, LLC
Valley LFG, LLC

Monroeville LFG, LLC
McKinney LFG, LLC
GSF Energy, LLC
MEDC, LLC

Andre van der Veen
Active directorships

Creative Flooring International
Fabcos Investments Holding Copany
FI Developments
FI Equity Group
Formex Pressings
Greenwich Techlab
HCI Central Investments
HCI Coal
HCI Coal Ventures
HCI Khusela Coal Plus
HCI Property Investments 2
Johnnic Holdings
K2013049718 (South Africa) (RF)
K2013113847 (South Africa)
K2013170379
KWV Holdings Limited
KWV South Africa
Mars Holdings
Mbali Coal Marketing
Metshelf Investments 9
Metway 19
Niveus Invest 1
Niveus Invest 3
Niveus Invest 5
Niveus Invest 6
Niveus Invest 8
Niveus Invest 9
Niveus Invest 10
Niveus Invest 11
Niveus Investments
Niveus Managerial Services
Niveus-KWV Holdings
Nokuhle Coal
Palesa Coal
Purple Moss 1174
Refiloe Lentose Gaming (RF)
Rienjen
Rowan Tree 4
Sage Wise 118
Syntell
Tiradeprops 99
Tsogo Investment Holding Company
Tweefontein Coal
Vectofon
Video Streaming Technology
Vlakfontein Coal

Resigned directorships

African Roots Restaurant
African Unity Insurance
AIC Holding Company
Baisch Engineeting
Business Systems Group (Africa)
Clare Developments
Clover Industries
Clover SA
Durban Add-Ventures
FI Funding Investment Holdco
FI Operations
Formex Industries
Fulloutput 264
Galaxy Bingo International South Africa
Greenwich Capital
HCI Property Investments
Hosken Consolidated Investments
Johnson Access
Johnson Crane Hire
Ligitprops 109
Mettle Administrative Services
Mettle Credit Services
Mettle Factors
Mettle Manco
Mettle Motor Loans
Mettle Trade Debtor Finance
Nivest Invest 4
Niveus Invest 7
Noah Capital Markets
O'Connor Brother Finance
Sage Wise 29
Skyprops 111
Skyprops 114
Solidfeel Access Flooring
Tsogo Sun Holdings
Tsogo Sun Hotels Gaming and Entertainment
Tsogo Sun KwaZulu-Natal
Tylon
Tylon Holdings

Sean Fitzgerald McClain
Active directorships

Montauk Holdings Limited

DETAILS OF PRINCIPAL IMMOVABLE PROPERTIES LEASED OR OWNED

Leased
Montauk Corporate Office, 680 Andersen Drive Pittsburgh, Pennsylvania 15220, USA
Houston Regional Office – 1412 N. Sam Houston Highway Parkway East, Houston, Texas 77032, USA

These premises are leased and are used as offices.

REGULATORY ENVIRONMENT

Montauk Holdings is subject to certain legislation and regulations in South Africa and the USA. Landfill operations and landfill gas to energy projects are highly regulated businesses subject to federal, state and local regulations which can restrict the ability to successfully construct and operate landfill gas to energy projects. These regulations also provide the possibility for landfill gas to energy projects to be able to qualify for various programs that can provide the owners of these projects an additional revenue stream over and above the value of the base commodity. Some of the principal legislation regulating the different industries in which Montauk Holdings operates is highlighted below.

It should be noted that all legislation is subject to amendment and it is not possible to predict the outcome or timing of amendments and/or modifications to the applicable legislation and regulations promulgated in terms thereof, or their impact. Further, the contents of this Annexure are by no means a comprehensive exposition of the importance of the relevant legislation, but are intended to be a brief overview thereof.

1. **USA.**

1.1 **Federal Regulations/Programmes**

New Source Performance Standards ("NSPS") – promulgated by the EPA for Landfills:

- require the installation of gas collection and control systems at landfills that are over a certain threshold size based on amount of trash waste in place at the landfill; and
- mandate the operation of the gas collection and control systems in such a manner as to optimise gas collection to mitigate environmental compliance issues.

Renewable Fuel Standard ("RFS II") – RFS II is a federal program administered by the EPA that requires transportation fuel sold in the US to contain a minimum volume of renewable fuels. Biogas derived from a landfill is considered a "Cellulosic Biofuel" under EPA regulations and as such it can generate a Cellulosic Biofuel Renewable Identification Number ("RIN"). RINs can be generated by using the production biogas for transportation. That means the biogas must be compressed or liquefied to produce compressed natural gas ("CNG") or liquefied natural gas ("LNG") which is then dispensed for transportation use. The RINs can be marketed to the obligated parties for a value that is generally slightly below the penalties associated with non-compliance.

The RFS II programmes potential impact on the Group's results is that:

- the value associated with output from a High Btu gas facility that can produce cellulosic biofuel RINs is significantly higher than the value provided through past and current environmental programmes,

  however

- the cellulosic biofuel RIN designation for High Btu gas was approved very recently and the market for selling these RINs is in the development stage and is somewhat illiquid. It is projected to take a period of time for the markets to fully develop to determine the true long term benefits to the Group's High Btu projects.

1.2 **State Regulations/Programmes:**

- The Federal NSPS rules are implemented at the state level. Montauk Holdings has projects at landfills subject to NSPS rules in each of the states of Pennsylvania, Ohio, New Jersey, Texas, Oklahoma, and California.
- A Renewable Portfolio Standard ("RPS") is a regulation that requires the increased production of energy from renewable energy sources, such as wind, solar, biomass, and geothermal. The RPS mechanism generally places an obligation on electricity supply companies to produce a specified fraction of their electricity from renewable energy sources. As a result of the state RPS qualified electric generation facilities generate renewable energy credits that are used by entities obligated under the state RPS programs to satisfy their renewable energy requirements. Renewable energy credits can be marketed separately from the electricity and are generally valued slightly below the penalties associated with non-compliance.
- There is currently no RPS programme in place at a national level, however, 30 States and the District of Columbia currently have enforceable RPS or other mandated renewable capacity policies in effect. Montauk Holdings has renewable energy projects in operation or development in three states with RPS programmes – New Jersey, Texas and California.

- RECs generated by the Groups are located in liquid markets where RECs trade regularly either in a bundled product with the energy produced or sold separately. Pricing is transparent but can vary widely from state to state. RECs provide a relatively stable price adder to traditional electric power generated to help offset the increased production costs
- Climate Action Reserve ("CAR") – CAR is a California carbon offset program that promotes the reduction of greenhouse gas emissions. Montauk Holdings is a member of CAR and has registered landfill gas carbon offset projects at the McKinney (TX) and Bartow (GA) landfills and currently monetises carbon credits at the McKinney (TX) site.
- In addition, Montauk Holdings is subject to certain air quality, water quality and solid and hazardous waste regulations in connection with its permits to operate renewable energy facilities in seven states, Pennsylvania, New Jersey, Ohio, Georgia, Oklahoma, Texas and California.

2. SOUTH AFRICA

2.1 SARS

2.1.1 *Certain South African tax considerations*

- The discussion in this section summarises the material South African tax consequences of the purchase, ownership and disposition of Montauk Holdings' shares under current South African tax law. Changes in the law may change the tax treatment of Montauk Holdings' shares, possibly on a retroactive basis.
- The following summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of Montauk Holdings' ordinary shares and does not cover tax consequences that depend upon particular tax circumstances. In particular, the following summary addresses tax consequences for holders of ordinary shares who are not residents of, or who do not have a permanent establishment in, South Africa and who hold ordinary shares as capital assets (that is, for investment purposes).

2.1.2 *Withholding tax on dividends*

- South African law, with effect from 1 April 2012, requires all dividends declared by South African resident companies to non-resident shareholders to be subject to a 15% withholding tax.

2.1.3 *Income tax and Capital Gains Tax*

- Non-resident holders of ordinary shares should generally not be subject to income or Capital Gains Tax in South Africa, with respect to the disposal of those ordinary shares, unless the non-resident carried on business through a permanent establishment in South Africa, and the profits are realised in the ordinary course of that business.

2.1.4 *Securities Transfer Tax*

- No Securities Transfer Tax, or STT, is payable in South Africa with respect to the issue of a security.
- STT is charged at a rate of 0.25% on the taxable amount of the transfer of every security issued by a company incorporated in South Africa, or a company incorporated outside South Africa but listed on an exchange in South Africa, subject to certain exemptions.

Montauk Holdings Shareholders are referred to paragraph 30 which sets out a high level summary of the tax implications associated with owning or selling Montauk Holdings Shares.

2.2 SARB

- South African law provides for Exchange Control Regulations which, among other things, restrict the outward flow of capital from the Common Monetary Area. The Exchange Control Regulations, which are administered by the Financial Surveillance Department of the SARB, are applied throughout South Africa and regulate international transactions involving South African residents, including South African companies.
- SARB approval is required for Montauk Holdings and its subsidiaries to receive and/or repay loans to non-residents of the Common Monetary Area. Montauk Holdings and its subsidiaries will require SARB approval in order to provide guarantees for the obligations of any of Montauk Holdings' subsidiaries with regard to funds obtained from non-residents of the Common Monetary Area. Without SARB approval, income earned in South Africa by Montauk Holdings cannot be used to repay or service foreign debts. Transfers of funds from South Africa for the purchase of shares in offshore entities or for the creation or expansion of business ventures offshore require exchange control approval. However, if the investment is

a new outward foreign direct investment where the total cost does not exceed R500 million per company per calendar year, the investment application may, without specific SARB approval, be processed by an authorised dealer, subject to all existing criteria and reporting obligations.

2.3 JSE LIMITED

- The JSE is a self-regulating organisation operating under the ultimate supervision of the Ministry of Finance, through the Financial Services Board and its representative, the Registrar of Stock Exchanges. The Financial Markets Act, No. 19 of 2012 governs the regulation and control of exchanges and securities trading, the regulation and control of central securities depositories and the custody and administration of securities and the prohibition of insider trading. As a JSE listed entity, Montauk Holdings will need to comply with the Listings Requirements.

CORPORATE GOVERNANCE AND KING CODE

Montauk Holdings subscribes to the Code of Corporate Practices and Conduct as set out in the King Report (King III) on corporate governance. The Board advocates sound governance practices by all entities in which the Company is invested and concurrently all the Subsidiaries endorse the Code of Corporate Practices and Conduct where applicable. Montauk Holdings subscribes to a set of values which seek to foster integrity, innovation, individual empowerment and personal accountability.

Montauk Holdings' Board is responsible for the maintenance of sound corporate governance but its implementation is best managed at the investee level. Consequently Johnnic Holdings and its subsidiaries have their own governance structures that monitor operations and deal with governance and transformation related issues.

KING III

King III became effective on 1 March 2010. The Listings Requirements require all JSE-listed companies to provide a narrative of how it has applied the new recommendations contained in King III, in respect of financial years commencing on or after the effective date. Montauk Holdings believes that in all material respects it complies with the major recommendations of King III to ensure sound corporate governance and structures are applied within the Group.
The following is an overview of the principles of King III and how they apply to Montauk Holdings:

KEY

√	**Compliant**
#	**Partially compliant**
?	**Under review**
x	**Not compliant**

PRINCIPLE	LEVEL OF COMPLIANCE	RESPONSE
1. Ethical leadership and corporate citizenship		
1.1 The Board should provide effective leadership based on an ethical foundation	√	Applied. The Board is committed to promoting the highest standard of ethical behaviour. A formal Board Charter, as recommended by the Code of Corporate Practices and Conduct, has been adopted. The Charter includes a Code of Ethics to which all Directors subscribe.
1.2 The Board should ensure that the company is, and is seen to be, a responsible corporate citizen	√	Applied. The Board is the guardian of the values and ethics of the Company and its investees and should ensure that the Company is and is seen to be a responsible corporate citizen.
1.3 The Board should ensure that the company's ethics are managed effectively	√	Applied. Ethical principles are applied by the Board during decision-making.

PRINCIPLE		LEVEL OF COMPLIANCE	RESPONSE
2.	**Board and Directors**		
2.1	The Board should act as the focal point for and custodian of corporate governance	√	Applied. The Board serves as the custodian of good governance and always ensures that its endeavours are directed at achieving sustainable value for the Company in a transparent and responsible manner.
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	√	Applied. Strategy, risk, performance and sustainability are considered collectively by the Board in the decision-making process and the monitoring of the Group's performance. In terms of its formal charter, the Board's responsibilities include the appointment of the executive officers, approval of corporate strategy, risk management and corporate governance.
2.3	The Board should provide effective leadership based on an ethical foundation	√	Applied. Ethics form part of the values of the Company and the Board.
2.4	The Board should ensure that the Company is and is seen to be a responsible corporate citizen	√	Applied. The Board ensures that the Company is a responsible corporate citizen.
2.5	The Board should ensure that the Company's ethics are managed effectively	√	Applied. Ethics are the responsibility of the Board as a whole.
2.6	The Board should ensure that the Company has an effective and independent audit committee	√	Applied. The audit committee consists of three independent non-executive directors. The audit committee members all have the necessary experience and skills to serve on an audit committee.
2.7	The Board should be responsible for the governance of risk	√	Applied. The Board's responsibilities include the appointment of the executive officers, approval of corporate strategy, risk management and corporate governance.
2.8	The Board should be responsible for information technology (IT) governance	√	Applied. The Board as a whole is responsible for information technology (IT) governance.
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	√	The Board has a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its businesses which enables the Board to ensure that the Company complies with all applicable laws, codes and standards.
2.10	The Board should ensure that there is an effective risk-based internal audit	x	Not applied. As a result of the fact that Montauk was a subsidiary of HCI and it did not have to perform its own internal audit it does not have an established internal audit function. The Board and audit committee are assessing the need for establishing such a function.
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation	√	Applied. The Board monitors stakeholders' perceptions, in light of the importance of the Company's reputation.

PRINCIPLE		LEVEL OF COMPLIANCE	RESPONSE
2.12	The Board should ensure the integrity of the Company's integrated report	#	Partially applied. The Company has not issued an integrated report yet. The Company will take the necessary measures to ensure the integrity of the integrated report when it is issued.
2.13	The Board should report on the effectiveness of the Company's system of internal controls	√	Applied. The Board acknowledges that it is accountable for the process of risk management and the system of internal control of Montauk.
2.14	The Board and its directors should act in the best interests of the Company	√	Applied. The Board acts in the best interests of the Company.
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act	√	Applied. This will be considered, if applicable.
2.16	The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of chairman of the Board	x	Not applied. The Company has appointed a separate chairman and this role is not fulfilled by the CEO. The Board has appointed a lead independent director as the chairman is not independent.
2.17	The Board should appoint the chief executive officer and establish a framework for the delegation of authority	√	Applied. The Board has appointed a CEO and a framework for the delegation of authority has been established.
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	√	The Board comprises eight members of whom six are non-executive Directors. The composition of the Board ensures a balance of authority precluding any one Director from exercising unfettered powers of decision-making. The Directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgment and broad deliberations in the decision-making process. The Board each year evaluates its composition to ensure an appropriate mix of skills and experience.
2.19	Directors should be appointed through a formal process	√	Applied. New Directors are subject to a 'fit and proper' test. An informal orientation programme is available to incoming Directors. No Director has an automatic right to a position on the Board. All Directors are required to be elected by Shareholders at an Annual General Meeting. The Company in general meeting may appoint any person to be a Director subject to the provisions of the MOI.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	√	Applied. New Directors are subject to a 'fit and proper' test. An informal orientation programme is available to incoming Directors.

PRINCIPLE	LEVEL OF COMPLIANCE	RESPONSE
2.21 The Board should be assisted by a competent, suitably qualified and experienced Company secretary	√	Applied. The Board has considered and satisfied itself of the competence, qualifications and experience of the Company Secretary. The specific steps the Directors took included evaluating the experience of the Company Secretary, including the relevant experience exhibited by the executives and employees of the Company Secretary.
2.22 The evaluation of the Board, its committees and the individual directors should be performed every year	?	As a result of the fact that Montauk was a subsidiary of HCI until recently, the Board and its committees have only recently been appointed and constituted and at the Last Practicable Date no evaluation of the Board, Directors or committees have been performed yet. The Board, its committees and individual Directors will be evaluated annually.
2.23 The Board should delegate certain functions to well-structured committees without abdicating its own responsibilities	√	Applied. Committees make recommendations which are approved at Board level.
2.24 A governance framework should be agreed between the group and its subsidiary Boards	?	As a result of the fact that Montauk was a subsidiary of HCI until recently, the Board and its committees have only recently been appointed and constituted and at the Last Practicable Date no governance framework has been agreed yet. The Board will however agree a governance framework for the Company and its subsidiaries within the first financial year of the Company following the Listing.
2.25 Companies should remunerate directors and executives fairly and responsibly	√	Applied. The Remuneration Committee takes cognisance of local best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company.
2.26 Companies should disclose the remuneration of each individual director and certain senior executives	√	The directors' fees and remuneration has been disclosed in this Pre-Listing Statement. As a result of the fact that the business of Montauk was a subsidiary of HCI until recently, the Board and the senior executives have only recently been appointed. The Company will evaluate which disclosures will be required and will make such disclosures in accordance with the King III Code principle in its first integrated report following the Listing.
2.27 Shareholders should approve the Company's remuneration policy	#	Remuneration paid to non-executive Directors of the company is subject to approval by Shareholders at the annual general meeting of the Company. The future remuneration of executive management will be determined in accordance with Group remuneration policies as determined by the Remuneration Committee from time to time.

PRINCIPLE		LEVEL OF COMPLIANCE	RESPONSE
3.	**Audit committees**		
3.1	The Board should ensure that the Company has an effective and independent audit committee	√	Applied. The audit committee consists of three independent directors.
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exemption)	√	Applied. The Audit committee members have extensive business experience and specialist skills across a range of sectors. This enables them to provide balanced and independent advice and judgement in the decision-making process. All members are independent non-executives.
3.3	The audit committee should be chaired by an independent non-executive director	√	Applied. The audit committee is chaired by an independent non-executive director.
3.4	The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information)	√	Applied. The Company has not yet issued an integrated report. The audit committee will oversee same as set out in the objectives of the Audit Committee.
3.5	The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report	√	The audit committee will be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report when the Company issues same in future.
3.6	The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price sensitive financial information, trading statements, circulars and similar documents	√	The Company has not issued any financial reports other than those included in this Pre-listing Statement. The audit committee will review annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents released by the Company in future.
3.7	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	√	The audit committee of the Company has been mandated to ensure that a combined assurance model is applied.
3.8	The audit committee should satisfy itself of the expertise, resources and experience of the Company's finance function	√	Applied. The audit committee has satisfied itself in this regard.
3.9	The audit committee should be responsible for overseeing of internal audit	√	Applied. The audit and risk committee fulfils an oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control. To the extent that an internal audit function is established, the audit committee is mandated with its oversight.
3.10	The audit committee should be an integral component of the risk management process	√	Applied. Forms part of the role and responsibility of the audit and risk committee.

PRINCIPLE		LEVEL OF COMPLIANCE	RESPONSE
3.11	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	√	Applied. Forms part of the role of the audit and risk committee.
3.12	The audit committee should report to the Board and shareholders on how it has discharged its duties	√	Applied. The newly formed audit and risk committee will report annually on the discharge of their duties to the newly appointed Board.
4.	**The governance of risk**		
4.1	The Board should be responsible for the governance of risk	√	Applied. The Board acknowledges that it is accountable for the process of risk management.
4.2	The Board should determine the levels of risk tolerance	√	Applied. Risk levels are discussed at Board level.
4.3	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities	√	Applied. The audit and risk committee will assist the Board in carrying out its risk responsibility.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	√	Applied. Where necessary, compliance officers have been appointed at each of the Group's subsidiaries to ensure adherence to the various Acts and Codes that govern the day-to-day operations.
4.5	The Board should ensure that risk assessments are performed on a continual basis	√	Applied. The Board performs risk assessment on a continual basis.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	√	Applied. All risk factors within the current business model are continually monitored.
4.7	The Board should ensure that management considers and implements appropriate risk responses	√	Applied. Responses are monitored and preventative measures implemented to the extent possible.
4.8	The Board should ensure continual risk monitoring by management	√	Applied. Risk-monitoring forms part of planning and decision-making.
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	√	Applied. This occurs at Board level.
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	√	Applied. Risk will be disclosed in the integrated report and further disclosures will be assessed when needed.

PRINCIPLE		LEVEL OF COMPLIANCE	RESPONSE
5.	**The governance of Information Technology**		
5.1	The Board should be responsible for information technology ("IT") governance	√	Applied. The Board is responsible for IT governance.
5.2	IT should be aligned with the performance and sustainability objectives of the Company	√	Applied. Objectives are aligned.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	√	Applied. The Board is assisted by management in the implementation of an IT policy. A governance framework will be considered for approval by the Board.
5.4	The Board should monitor and evaluate significant IT investments and expenditure	√	Applied. The Board receives the budget and progress reports for all material IT-related investments.
5.5	IT should form an integral part of the Company's risk management	√	Applied. IT is considered as part of risk management.
5.6	The Board should ensure that information assets are managed effectively	√	Applied. The Board has appointed an audit and risk committee which will assist it to carry out its responsibilities.
5.7	A risk committee and audit committee should assist the Board in carrying out its IT responsibilities	√	Applied. The Board has appointed the audit and risk committee which will assist it to carry out its IT responsibilities.
6.	**Compliance with laws, codes, rules and standards**		
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	√	Applied. The Board considers applicable laws, codes, rules and standards and changes thereto. Compliance with laws is embedded within the internal controls and processes of the operations of the business. Any material non-compliance is reported to the Board as and when the executive Directors become aware of such.
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business	√	Applied. The Board and each individual director have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.
6.3	Compliance risk should form an integral part of the Company's risk management process	√	Applied. Compliance forms part of the process.
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	√	Applied. Where necessary, compliance officers have been appointed at each of the Group's subsidiaries to ensure adherence to the various Acts and Codes that govern the day-to-day operation.

PRINCIPLE		LEVEL OF COMPLIANCE	RESPONSE
7.	**Internal audit**		
7.1	The Board should ensure that there is an effective risk-based internal audit	x	Montauk has no internal audit function although the Board and audit committee are assessing the need for establishing such a function.
7.2	Internal audit should follow a risk-based approach to its plan	x	Montauk has no internal audit function although the Board and audit committee are assessing the need or establish such a function.
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management	x	Montauk has no internal audit function although the Board and audit committee are assessing the need or establish such a function.
7.4	The audit committee should be responsible for overseeing internal audit	x	Montauk has no internal audit function although the Board and audit committee are assessing the need or establish such a function.
7.5	Internal audit should be strategically positioned to achieve its objectives	x	Montauk has no internal audit function although the Board and audit committee are assessing the need or establish such a function.
8.	**Governing stakeholder relationships**		
8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation	√	Applied. The Board monitors stakeholders' perceptions in light of the importance of the Company's reputation.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships	√	Applied. Stakeholder relationships are critical for the Company and the executive team manages these proactively.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company	√	Applied. All stakeholders are considered during decision-making.
8.4	Companies should ensure the equitable treatment of shareholders	√	Applied. Equitable treatment of Shareholders is important and considered during decision-making.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	√	Applied. Communication with stakeholders is the responsibility of the Board.
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	√	Applied. The Board remains informed of any disputes and strive to ensure that they are resolved efficiently.

PRINCIPLE	LEVEL OF COMPLIANCE	RESPONSE
9. Integrated reporting and disclosure		
9.1 The Board should ensure the integrity of the Company's integrated report	?	The Company has not yet issued an integrated report but will apply due care in the compilation of the report.
9.2 Sustainability reporting and disclosure should be integrated with the Company's financial reporting	?	The Company has not yet issued an integrated report but will evaluate the need for sustainability reporting and include sustainability matters (if necessary) in the integrated report when same is issued.
9.3 Sustainability reporting and disclosure should be independently assured	?	The Company will evaluate the need for sustainability reporting and if included in its integrated report will have such disclosures independently assured (to the extent necessary).

Notes:

1. The chairman of the Board is not an independent non-executive director because of his position as CEO of HCI. A lead independent director has been appointed.
2. Montauk has no internal audit function although the Board and audit committee are assessing the need to establish such a function.

Application of the King III Principles

Principle 2.16 recommends that the Board should elect a Chairperson who is an independent non-executive Director. The Board has appointed a non-executive Chairperson and in terms of the definition provided, he is not regarded as independent. The Board is of the opinion that the experience and specialist knowledge of the industry makes it appropriate for him to hold this position. The Board has appointed Mr M H Ahmed as lead independent non-executive Director.

The Companies Act places certain duties on Directors and determines that they should apply the necessary care and skill in fulfilling their duties. To ensure that this is achieved, best practice principles, as contained in King III, are applied where applicable.

The following are the notable aspects of the Company's corporate governance:

The Board

Role and Responsibilities

The Board's paramount responsibility is the positive performance of Montauk Holdings in creating value for its Shareholders.

In so doing it should take account of the legitimate interests and expectations of other stakeholders. Montauk Holdings' stakeholders include the present and potential beneficiaries of Montauk Holdings products and services, clients, suppliers, employees, communities and the natural environment.

In terms of its formal charter, the Board's responsibilities include the appointment of the executive officers, approval of corporate strategy, risk management and corporate governance. The Board reviews and approves the business plans and monitors financial performance of the Group and implementation of the strategies. The Board is the guardian of the values and ethics of the Company and should ensure that the Company is and is seen to be a responsible corporate citizen. The Board is also responsible for formulating the Company's communication policy and ensuring that spokespersons of the Company adhere to it. This responsibility includes clear, transparent, balanced and truthful communication to Shareholders and relevant stakeholders.

The Board has a fiduciary duty to act in good faith, with due care and diligence, and in the best interests of the Group and its stakeholders. It is the primary body responsible for the corporate governance values of the Group. While control is delegated to the management committee in the day-to-day management of the Group, the Board retains full and effective control over the Company. A formal Board Charter, as recommended by the Code of Corporate Practices and Conduct, has been adopted. The Charter includes a Code of Ethics to which all Directors subscribe. The code deals with duties of care and skill, as well as those of good faith, including honesty and integrity and the need to always act in the best interests of the Company. Procedures exist in terms of which unethical business practices can be brought to the attention of the Board by Directors or employees.

Board members have full and unrestricted access to management and all Group information and property. They are entitled, at the cost of the Company, to seek independent professional advice in the fulfilment of their duties. Directors may meet separately with management without the attendance of executive Directors.

After evaluating their performance in terms of their respective charters, the Directors are of the opinion that the Board and the sub-committees have discharged all their responsibilities.

Composition of the Board

The roles of Chairman and Chief Executive Officer are separate and the composition of the Board ensures a balance of authority precluding any one Director from exercising unfettered powers of decision-making. The Directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgement and broad deliberations in the decision-making process. The Board each year evaluates its composition to ensure an appropriate mix of skills and experience.

The Board comprises eight members of whom six are non-executive Directors. Three of the non-executive Directors are also independent Directors in terms of the definition stated below. Mohamed Ahmed was appointed as lead independent non-executive Director effective on the Listing Date. The independence of the Directors classified as "independent" was evaluated by weighing all relevant factors, including length of services on the Board, which may impair independence.

New Directors are subject to a 'fit and proper' test. An informal orientation programme is available to incoming Directors.

No Director has an automatic right to a position on the Board. All Directors are required to be elected by Shareholders at an Annual General Meeting. The Company in general meeting may appoint any person to be a Director subject to the provisions of the MOI.

The names of the Directors, their age, qualifications and other details appear in Part B of the Pre-listing Statement.

The boards of the Company's major subsidiaries and operating divisions are similarly constituted with the necessary mix of skills, experience and diversity. There is also an appropriate mix between executive and non-executive appointments.

Term of office

In terms of the MOI, one-third of Directors must retire at every annual general meeting and are eligible for re-election. There is no mandatory retirement age for non-executive Directors.

Definition of independence

An independent non-executive Director is a non-executive Director who:

- is not a representative of a shareholder who has the ability to control or significantly influence management of the Board;
- does not have a direct or indirect interest in the Company which exceeds 5% of the shares in issue;
- does not have a direct or indirect interest which is material to his/her personal wealth;
- has not been employed by the Company or the Group of which it currently forms part in any executive capacity during the preceding three financial years; and
- free from any business or other relationship which could be seen by an objective outsider as interfering materially with the individual's capacity to act in an independent manner.

Directors' interests

It is not a requirement of the MOI or the Board Charter that Directors own shares in the Company. Directors' interests in Montauk Holdings Shares are disclosed in paragraph 12 of the Pre-listing Statement.

Board proceedings

The Board meets once every quarter. Should an important matter arise between scheduled meetings, additional meetings may be convened.

Before each Board meeting, an information pack, which provides background information on the performance of the Group for the year to date and any other matters for discussion at the meeting, is distributed to each Board member. At its meetings, the Board considers both financial and non-financial qualitative information that might have an impact on the stakeholders of the Company.

Subsidiary Boards and Board committees

Montauk Holdings' subsidiary companies each have suitably constituted board of directors with the necessary mix of skills, experience and diversity.

The Board has established four sub-committees to assist the Directors in their duties and responsibilities.

The membership of these sub-committees is detailed below:

- Executive committee;
- Remuneration committee;
- Social and ethics committee; and
- Audit and risk committee.

Each committee, except for the Executive Committee, comprises of only members of the Board. All the committees are free to seek independent outside professional advice, as and when required, at the expense of the Company. Montauk Holdings' subsidiaries have established Board and committee structures which submit regular reports to the Company. This ensures the maintenance of high standards and best practice for corporate governance and internal control throughout the Group.

Company secretary

The Company Secretary of Montauk Holdings is HCI Managerial Services Proprietary Limited. The Company Secretary was appointed on 20 June 2011. All Directors have unlimited access to the services of the Company Secretary, who is responsible to the Board for ensuring that proper corporate governance principles are adhered to. Where required, the Company Secretary facilitates induction and training for Directors and co-ordinates the annual Board evaluation process.

To this end, several members of management of the Company Secretary have an extensive history of providing such services to HCI Managerial Services Proprietary Limited, being the Company Secretary to HCI and Montauk Holdings.

The Independent Directors are responsible for ensuring the independence of the Company Secretary in accordance with the JSE. To this end, the services provided by the Company Secretary, and the remuneration due to the Company Secretary, is evaluated annually by the independent Directors to ensure the Company Secretary maintains an arms-length relationship and is suitably independent to perform the role as the gatekeeper of good governance and to adequately perform and carry out the roles and duties of a Company Secretary. Non-independent Directors are required to excuse themselves from participating in such deliberations and will not be permitted to participate in any vote related to the Company Secretary. The Company Secretary is not a Director of Montauk Holdings.

Executive committee

The committee's primary objectives are to assist the Board in the daily management of the Group, including the allocation and investing of the Group's resources.

The Montauk Holdings Executive Committee comprises D R Herrman (Director), S F McClain (Director) and M Ryan.

Remuneration committee

This committee is primarily responsible for overseeing the remuneration and incentives of the executive Directors. It takes cognisance of local best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company. The committee utilises the services of independent remuneration consultants to assist in providing guidance on the remuneration for executive management.

Functions and mandates of the remuneration committee include:

- make recommendations to the Board regarding Directors' fees and the remuneration and service conditions of executive Directors, including the Chief Executive;
- provide a channel of communication between the Board and management on remuneration matters;
- review the Group's remuneration policies and practices and proposals to change these and to make recommendations in this regard to the Board;
- review and approve the terms and conditions of executive Directors' employment contracts, taking into account information from comparable companies;
- determine and approve any grants to executive Directors and other senior employees; and
- review and approve any disclosures in the annual report or elsewhere on remuneration policies or Directors' remuneration.

The remuneration committee comprises J A Copelyn , M H Ahmed (Chairman) and N B Jappie. All the members of the committee are non-executive Directors. In line with the recommendations of King III, the Chief Executive attends the meetings of the committee at the request of the committee, but recuses himself from the meeting before any decisions are made in which he is affected.

The committee meets twice during the year.

Social and ethics committee

The committee's functions will be in line with the requirements of the Companies Act.

A report by the Montauk Holdings Social and Ethics Committee will be provided in the 2015 integrated report.

The Social and Ethics Committee comprises J A Copelyn (Chairman), N B Jappie and D R Herrman.

The committee meets twice during the year.

Audit and risk committee

The audit and risk committee fulfils an oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control. The committee also assists the Board in discharging its responsibilities by considering reports and information generated by the subsidiary companies audit or finance committees to their respective boards.

The committee's objectives are to assist the Board in fulfilling its fiduciary duties with regard to:

- Reviewing the interim, provisional and year-end financial statements, culminating in a recommendation to the Board to adopt them;
- Reviewing legal matters that could have a significant impact on the group's financial statements;
- Reviewing the external audit reports on the annual financial statements;
- Verifying the independence of the external auditor, namely Grant Thornton;
- Approving the audit fees and engagement terms of the external auditor;
- Oversight of the integrated reporting as well as the evaluation of the significant judgments and reporting decisions affecting the integrated report;
- Reviewing the expertise, resources and experience of the company's finance function; and
- Determining the nature and extent of allowable non-audit services and approving the contract terms for the provision of non-audit services by the external auditor.

The audit and risk committee comprises M H Ahmed (Chairman), N B Jappie and B S Raynor. All the members of the committee are independent non-executive Directors. All members act independently as described in section 94 of the Companies Act.

The committee meets three times during the year.

Finance function

The committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function.

Effectiveness of Company's internal financial controls

The committee report to the Board that they are of the opinion that based on enquiries made and the reports from the internal and external auditors, the risk management processes and systems of internal control of the Company and its subsidiaries were effective as at the Listing Date. No material weakness in financial control of the Company and its subsidiaries was reported for the period under review.

Auditor independence

HCI Shareholders previously appointed Grant Thornton (current company auditors) as the auditors of the Company until the first Annual General Meeting of Montauk Holdings Shareholders. Grant Thornton was appointed as the individual registered auditor undertaking the Company's audit for the period under review.

Montauk Holdings believes that the auditors have observed the highest level of business and professional ethics. The committee is satisfied that the auditors have at all times acted with unimpaired independence. The independent auditor will attend all Audit Committee meetings and the Annual General Meeting of Montauk Holdings Shareholders. The partner responsible for the audit is required to rotate every (five) years. The committee meets with the auditors independently of senior management.

Expertise of the Financial Director

The Listings Requirements were amended with effect from 1 September 2008, requiring all listed companies to have a financial director, with which requirement the Company has complied. The committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the Financial Director.

Companies Act

As required in terms of the Companies Act, the committee is satisfied that it complied with and performed its functions and that the Company's external auditors are independent of the Company.

The committee comprises a minimum of three members and consists only of non-executive Directors who must act independently. The Chairman is an independent non-executive Director and attends the Annual General Meeting.

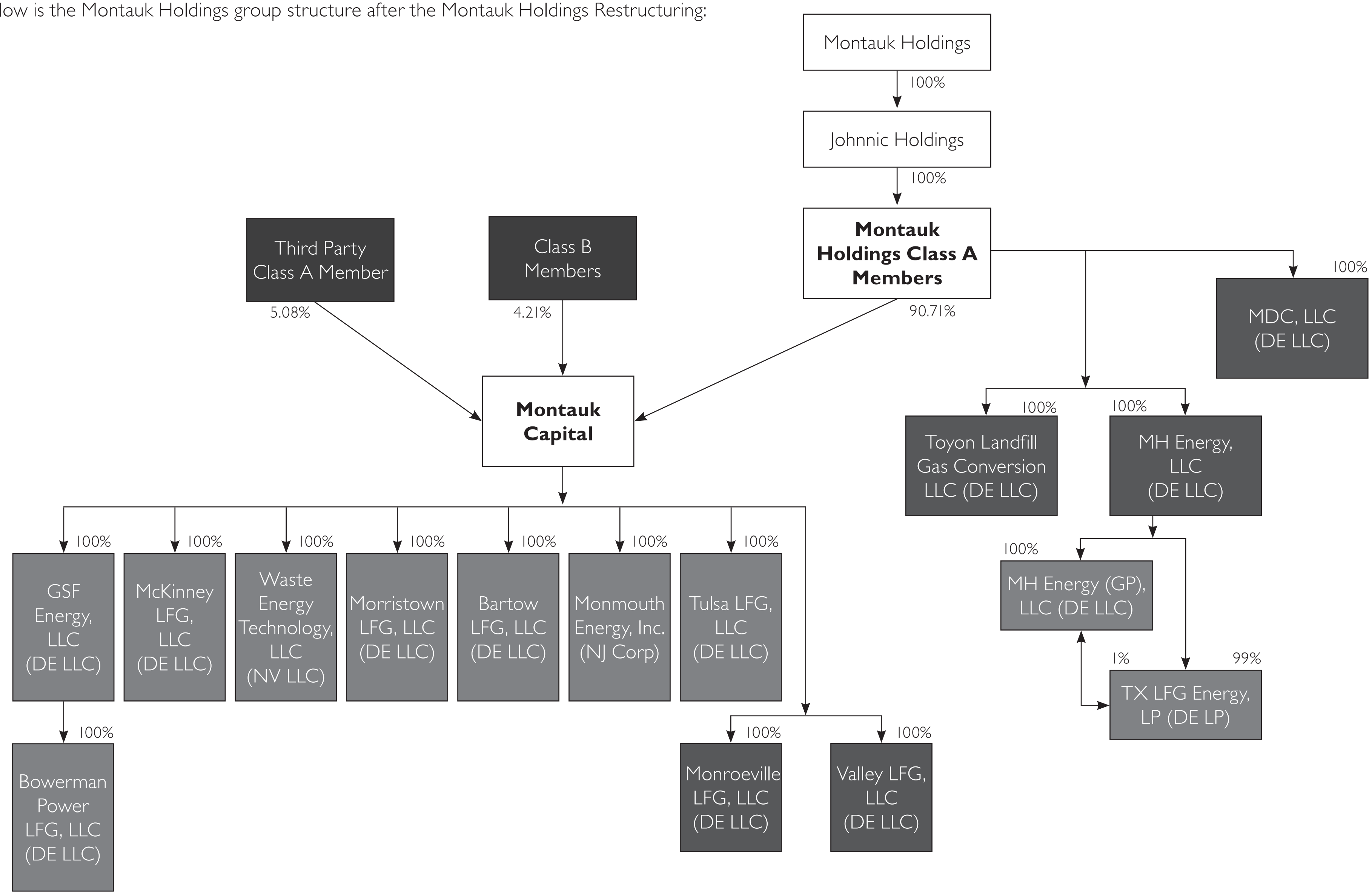
Risk management and internal control

The Board acknowledges that it is accountable for the process of risk management and the system of internal control of Montauk Holdings. The Group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the Group's subsidiaries to ensure adherence to the various legislations and regulations that govern the day-to-day operations.

Each Subsidiary has its own board of directors responsible for the management, including risk management and internal control, of that company and its business. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed.

MONTAUK HOLDINGS GROUP STRUCTURE

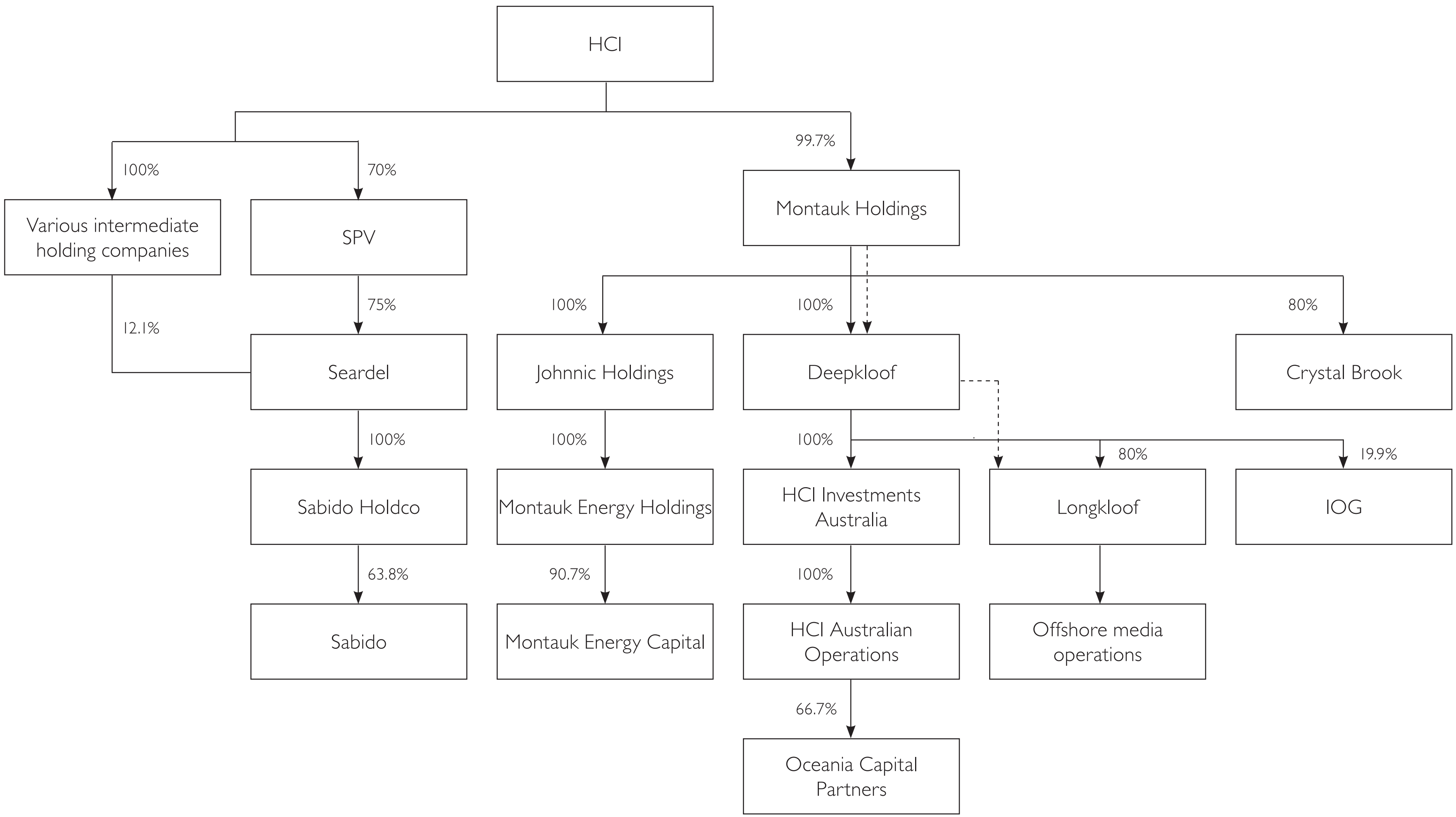
Below is the Montauk Holdings group structure after the Montauk Holdings Restructuring:



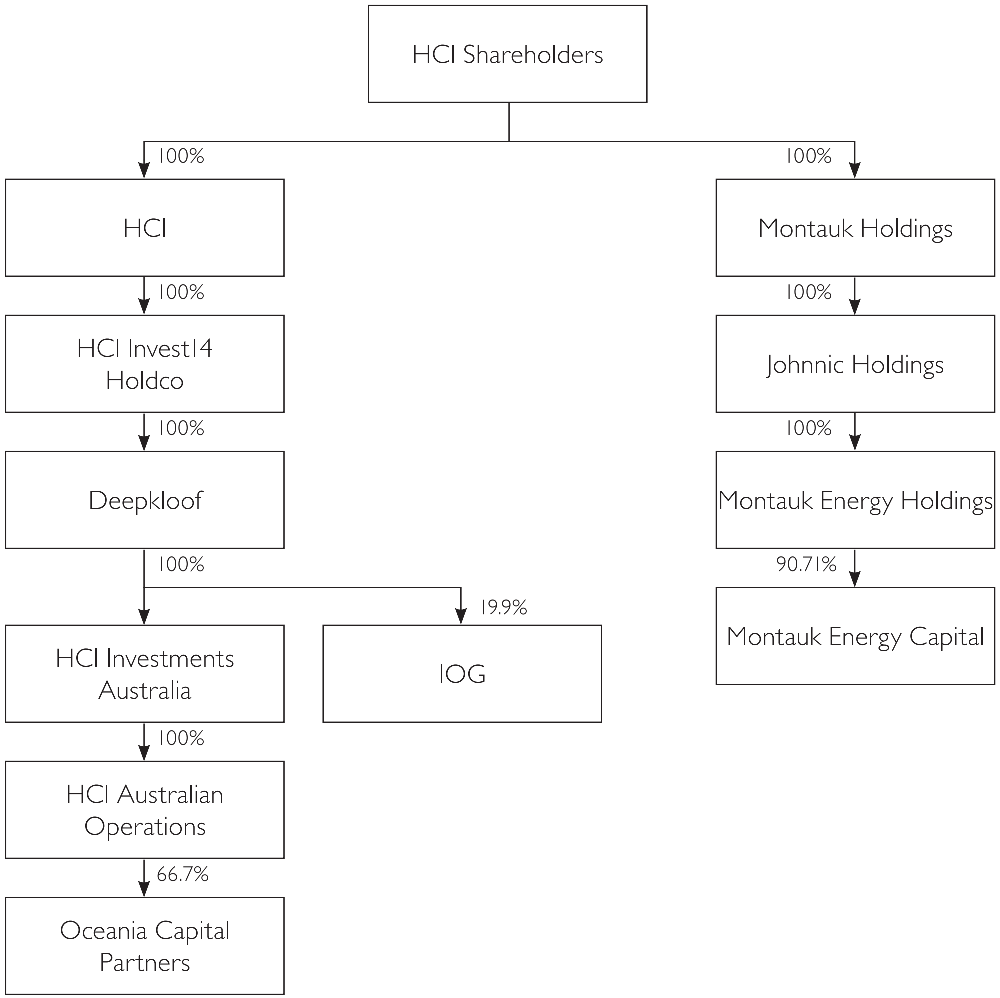
LIST OF SUBSIDARY COMPANIES

Company	Issued share capital	Effective Interest	Reg. no.	Date of incorporation	Place of incorporation	Listed	Date became a subsidiary	Main business
Johnnic Holdings USA LLC	1	100%		20/11/2006	Delaware	No	29/12/2006	Holding company
Montauk Energy Holdings LLC	1	100%	32-0325360	20/11/2010	Delaware	No	20/11/2010	Holding company
Montauk Energy Capital	982.3013	90.71%	34-2062852	06/10/1996	Delaware	No	29/12/2006	Holding company
MDC, LLC	1	100%	32-2432754	30/11/2011	Delaware	No	30/11/2011	Development Services
MH Energy, LLC	1	100%	47-0891628	26/02/2002	Delaware	No	01/02/2011	Holding company
Toyon Landfill Gas Conversion LLC	1	100%	02-0732585	20/10/2004	Delaware	No	01/02/2011	Electric generation
MH Energy (GP), LLC	1	100%	76-0643760	247/04/2000	Delaware	No	01/02/2011	Holding company
TX LFG Energy, Lp	1	100%	90-0410752	28/04/2000	Delaware	No	01/02/2011	Electric generation
Monroeville LFG, LLC	1	90.71%	04-3771152	30/07/2003	Delaware	No	01/02/2010	High Btu gas
Valley LFG, LLC	1	90.71%	04-3771157	30/07/2003	Delaware	No	01/02/2010	High Btu gas
GSF Energy, LLC	1	90.71%	74-2799953	01/11/1996	Delaware	No	29/12/2006	High Btu gas
McKinney LFG, LLC	1	90.71%	56-2658930	21/11/2006	Delaware	No	29/12/2006	Electric generation
Waste Energy								
Technology, LLC	1	90.71%	59-3571954	28/04/1999	Nevada	No	29/12/2006	N/A – entity dissolved
Morristown LFG, LLC	1	90.71%	25-1856616	04/02/2000	Delaware	No	29/12/2006	N/A – entity dissolved
Bartow LFG, LLC	1	90.71%	32-0292129	08/09/2009	Delaware	No	08/09/2009	Development
Monmouth Energy, Inc	10	90.71%	23-2936955	12/12/1997	New Jersey	No	29/12/2006	Electric generation
Tulsa LFG, LLC	1	90.71%	35-2320560	12/28/2007	Delaware	No	28/12/2007	Electric generation
Bowerman Power LFG, LLC	1	90.71%	26-3254785	22/08/2008	Delaware	No	22/08/2008	Electric generation

GROUP STRUCTURE BEFORE MONTAUK HOLDINGS RESTRUCTURING



GROUP STRUCTURE AFTER MONTAUK HOLDINGS RESTRUCTURING



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