

MONTAUK HOLDINGS LIMITED
 Incorporated in the Republic of South Africa
 Registration number: 2010/017811/06
 Share code: MNK
 ISIN: ZAE000197455
 ("Montauk" or "the Company" or "the Group")

UNAUDITED CONDENSED INTERIM RESULTS
 for the six months ended 30 September 2014

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000	Audited 31 March 2014 \$'000
ASSETS			
Non-current assets	75 940	155 997	75 403
Property plant and equipment	46 129	48 031	44 654
Goodwill	-	9 819	-
Interest in associates and joint ventures	-	39 179	-
Other financial assets	-	5 378	-
Intangibles	27 144	51 649	29 063
Deferred taxation	-	110	-
Long-term receivables	2 667	1 831	1 686
Current assets	16 762	54 217	13 728
Other	6 701	13 722	4 987
Bank balances and deposits	10 061	40 495	8 741
Non-current assets held for sale	125 677	-	123 080
Total assets	218 379	210 214	212 211
EQUITY AND LIABILITIES			
Equity	151 243	150 115	145 522
Equity attributable to equity holders of the parent	124 347	124 273	120 070
Non-controlling interest	26 896	25 842	25 452
Non-current liabilities	6 374	27 260	6 150
Long-term borrowings	-	21 250	-
Other	6 374	6 010	6 150
Current liabilities	55 197	32 839	39 154
Non-current liabilities held for sale	5 565	-	21 385
Total equity and liabilities	218 379	210 214	212 211
Net asset carrying value per share (cents)	92	92	89

UNAUDITED CONSOLIDATED INCOME STATEMENT

	% change	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000	Audited 31 March 2014 \$'000
Revenue	-5.2%	15 478	16 325	31 956
Expenses		(13 643)	(12 108)	(25 515)
EBITDA	-56.5%	1 835	4 217	6 441
Depreciation and amortisation		(5 602)	(5 349)	(10 882)
Operating profit		(3 767)	(1 132)	(4 441)
Investment income		-	1	4
Finance costs		(22)	(658)	(916)
Profit before taxation	111.8%	(3 789)	(1 789)	(5 353)
Taxation		-	-	-
Profit for the year from continuing operations		(3 789)	(1 789)	(5 353)
discontinued operations		6 662	(8 148)	(10 829)
Profit for the year		2 873	(9 937)	(16 182)
Attributable to:				
Equity holders of the parent		3 376	(7 347)	(12 933)
Non-controlling interest		(503)	(2 590)	(3 249)
		2 873	(9 937)	(16 182)

UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000	Audited 31 March 2014 \$'000
Profit for the year	2 873	(9 937)	(16 182)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences	(1 685)	(7 124)	(2 050)
Total comprehensive income	1 188	(17 061)	(18 232)
Attributable to:			
Equity holders of the company	1 786	(14 527)	(18 572)
Non-controlling interest	(597)	(2 534)	340
	1 188	(17 061)	(18 232)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000	Audited 31 March 2014 \$'000
Balance at beginning of year	145 522	166 312	166 312
Current operations			
Total comprehensive income	1 188	(17 061)	(18 232)
Acquisition of subsidiary	-	864	864
Disposal of subsidiaries	4 533	-	-
Effects of changes in holding	-	-	(3 242)
Dividends	-	-	(180)
Balance at end of year	151 243	150 115	145 522

RECONCILIATION OF HEADLINE EARNINGS

	Unaudited six months ended 30 September 14	Unaudited six months ended 30 September 13	Audited year ended 31 March 2014

	% change	\$'000		\$'000		\$'000	
		Gross	Net	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent	-145.9%		3 376		(7 347)		(12 933)
IAS 16 losses (gains) on disposal of plant and equipment		-	-	-	-	3	3
IAS 36 impairment of assets		-	-	-	-	2 520	2 016
IAS 27 profit from disposal/part disposal of subsidiary		(7 434)	(7 434)	-	-	-	-
Remeasurements included in equity-accounted earnings of associates and joint ventures		-	-	-	-	4 911	3 325
Headline profit	-44.8%		(4 058)		(7 347)		(7 589)
Basic earnings per share (cents)							
Earnings	-145.9%		2.50		(5.43)		(9.56)
Continuing operations			(2.43)		0.59		(3.96)
Discontinued operations			4.93		(6.02)		(5.60)
Headline earnings	-44.8%		(3.00)		(5.43)		(5.62)
Continuing operations			(2.43)		0.59		(3.97)
Discontinued operations			(0.57)		(6.02)		(1.66)
Weighted average number of shares in issue ('000)			135 256		135 256		135 256
Actual number of shares in issue at end of year (net of treasury shares) ('000)			135 256		135 256		135 256
Diluted earnings per share (cents)							
Earnings	-145.9%		2.50		(5.43)		(9.56)
Continuing operations			(2.43)		0.59		(3.96)
Discontinued operations			4.93		(6.02)		(5.60)
Headline earnings	-44.8%		(3.00)		(5.43)		(5.62)
Continuing operations			(2.43)		0.59		(3.97)
Discontinued operations			(0.57)		(6.02)		(1.66)
Diluted weighted average number of shares in issue ('000)			135 256		135 256		135 256

* Restated

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000	Audited 31 March 2014 \$'000
Cash flows from operating activities	(2 524)	7 598	10 717
Cash flows from investing activities	(11 288)	328	334
Cash flows from financing activities	18 647	1 829	7 290
(Decrease)/increase in cash and cash equivalents	4 835	9 755	18 341
Cash and cash equivalents			
At beginning of year	48 845	32 996	32 996
Foreign exchange differences	(1 443)	(2 256)	(2 492)
At end of year	52 237	40 495	48 845
Cash in disposal groups held for sale	42 175	-	40 104
Bank balances and deposits	10 062	40 495	8 741
Cash and cash equivalents	52 237	40 495	48 845

SEGMENTAL ANALYSIS

	Unaudited 30 September 2014 \$'000	Unaudited 30 September 2013 \$'000	Audited 31 March 2014 \$'000
Revenue			
Natural gas	15 478	16 325	31 956
EBITDA			
Natural gas	1 835	4 217	6 441
Profit before tax			
Natural gas	(3 789)	(1 789)	(5 353)
Headline earnings			
Media and broadcasting	30	151	(653)
Natural gas	(3 789)	(1 789)	(5 350)
Other	(299)	(5 709)	(1 586)
Total	(4 058)	(7 347)	(7 589)

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited. The accounting policies applied by the group in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the group in its consolidated financial statements as at and for the year ended 31 March 2014. As required by the JSE Limited Listings Requirements, the group reports headline earnings in accordance with Circular 2/2013: Headline Earnings as issued by the South African Institute of Chartered Accountants.

These financial statements were prepared under the supervision of the financial director, Mr SF McClain (CPA).

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

During the period under review, the group disposed of its 80% interest in Longkloof Limited, which consisted of various offshore media investments, to Sabido Investments Proprietary Limited. The results of these operations have been included in discontinued operations in the current and prior periods.

Following the announcement by the Company's parent company, Hosken Consolidated

Investments Limited ("HCI"), during March 2014 that it will unbundle and list its natural gas interests, the Company entered into an agreement with a wholly owned subsidiary of HCI for the sale of its diversified investments in Australia and its 19.9% in Impact Oil and Gas. The results of these operations have consequently been reclassified to discontinued operations in the income statement and its assets and liabilities reclassified to disposal groups held for sale in the statement of financial position.

The disposal groups held for sale, as disclosed in the statement of financial position, relate to the assets and liabilities of the Group's remaining media and other operations, which were disposed of during October 2014 in terms of the above agreement.

RESULTS

GROUP INCOME STATEMENT

Revenues for the six months ended 30 September 2014 contain \$10.0 million related to high-btu gas and associated environmental attribute sales and \$5.2 million related to sales of electricity and associated environmental attributes.

Expenses contain net gains of \$1.3 million related to short-term gains resulting from the Company's natural gas and electric commodity hedging programme.

Profit from discontinued operations includes \$7.4 million investment surplus on the sale of the Group's interest in Longkloof Limited.

GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

The assets and liabilities disclosed in statement of financial position, excluding disposal group assets and liabilities, consist mainly of items associated with the group's natural gas operations.

Current liabilities contain \$50 million of short-term borrowings owing to HCI group companies that were settled prior to the Company's unbundling by HCI.

Cash flow from operating activities contain changes in working capital of \$3.9 million. Included in cash flow from investing activities is \$36.7 million received on the sale of Longkloof, cash of \$34.1 million invested in associate entities of which \$33.3 million in Impact Oil and Gas and \$6 million invested in property, plant and equipment. Net borrowings of \$18.6 million were raised inter alia for the purchase of the Group's interest in Impact Oil and Gas.

COMMENTARY

The Company's results from its natural gas operations are heavily influenced by the current market price for natural gas and electricity in the markets served, the price associated with the accompanying environmental attribute and the volumes produced.

Overall revenue from the Company's high-btu facilities increased 3.9% for the six months ended 30 September 2014 over the same period in the prior year. The average market price for natural gas in the US increased approximately 13% for the six months ended 30 September 2014 over the comparable six-month period in 2013. In addition, overall volumes produced increased 5.4% for the six months ended 30 September 2014 compared to 2013. The lower than expected overall growth in revenue from the Company's high-btu facilities for the six months ended 30 September 2014 as compared to the prior year is a result of the Company's not realising revenue for the cellulosic RINs generated from the two high-btu facilities that have entered into contracts beginning in the quarter ended 30 September 2014 to produce RINs resulting from the high-btu gas being used as a vehicle fuel under the US EPA's RFS II program. The delay in realising the environmental attribute revenue from these facilities is a result of the US EPA's delay in issuing the 2014 volume obligations under the RFS II programme. The volume obligations were required to be published in November of 2013, but given the developing market for producing cellulosic RINs the EPA has delayed issuance of the obligations until the available supply can be quantified. The EPA has indicated that the expectation is to publish the 2014 volume requirements in early 2015, along with the corresponding 2015 volume requirements. The establishment of the volume obligations is expected to compel obligated parties to begin actively purchasing cellulosic RINs that should result in the establishment of a market price for the cellulosic RINs and will allow the realisation of the RINs that have been and will continue to be produced. Market price indications of cellulosic RIN value remain strong, however, until the volume obligations are released and the parties required to purchase the RINs begin transacting the realisable value of the RINs in inventory and to be produced cannot be determined.

Revenue from the Company's electric generation facilities decreased 20% for the six months ended 30 September 2014 over the comparable period for the prior year despite a 1.7% increase in electric production over the same period in the prior year. The decrease is a result of a 13% decrease in the average price realised on the Company's electric production primarily due to the expiration of an above market fixed price contract one of the Company's electric generation facilities on 31 May 2014 as well as a \$0.5 million reduction in revenues incurred as a result of the inability to meet required minimum production levels under the expired contract.

Expenses increased 12.7% for the six months ended 30 September 2014 as compared to the same period in the prior year primarily as a result of the timing of scheduled major maintenance events. Gains recognised from the Company's hedging programmes also decreased by \$0.5 million for the six months ended 30 September 2014 as compared to the same period in 2013 due to the timing of changes experienced in natural gas pricing in the US.

In November 2014, the Company executed a purchase agreement to acquire three additional high-btu facilities. The purchase is contingent upon the seller satisfying certain conditions precedent to closing which is expected to occur in February of 2015. The purchase price for the facilities is expected to be \$4.6 million in cash, including closing costs and working capital and the assumption of existing debt of approximately \$6.5 million. The acquisition is expected to contribute positively to the after tax profit of the Company.

CHANGES IN DIRECTORATE

During the period under review the following changes in directorate occurred:

DR Herrman	Appointed 31 August 2014
SF McClain	Appointed 31 August 2014
MH Ahmed	Resigned 1 May 2014; Appointed 31 August 2014
MA Jacobson	Appointed 31 August 2014
NB Jappie	Appointed 31 August 2014
BS Raynor	Appointed 31 August 2014
A van der Veen	Appointed 31 August 2014
TG Govender	Appointed 1 May 2014; Resigned 31 August 2014
MJA Golding	Resigned 1 May 2014
JG Ncgobo	Resigned 1 May 2014
VE Mphande	Resigned 1 May 2014

Y Shaik

Resigned 1 May 2014

DIVIDEND TO SHAREHOLDERS

The directors have resolved not to declare an interim dividend.

For and on behalf of the board of directors

JA Copelyn
Chairman

DR Herrman
Chief Executive Officer

SF McClain
Chief Financial Officer

Cape Town
19 December 2014

Directors: JA Copelyn (Chairman)*; DR Herrman (Chief Executive Officer)#; SF McClain
(Chief Financial Officer)#; MH Ahmed*; MA Jacobson*##; NB Jappie*; BS Raynor*#;
A van der Veen* *Non-Executive #United States of America ##Australia
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Transfer secretaries: Computershare Investor Services Proprietary Limited
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