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")

REVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2016

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2016 $'000	Audited 31 March 2015 $'000
ASSETS		
Non-current assets	134 965	81 360
Property, plant and equipment	98 027	45 332
Other financial assets	2 235	-
Intangibles	32 789	32 427
Long-term receivables	1 914	3 601
Current assets	21 583	20 044
Other	11 573	4 153
Bank balances and deposits	10 010	15 891
Total assets	156 548	101 404
EQUITY AND LIABILITIES		
Equity	79 253	77 101
Equity attributable to equity holders of the parent	79 253	77 101
Non-current liabilities	59 219	17 235
Long-term borrowings	52 332	10 603
Other	6 887	6 632
Current liabilities	18 076	7 068
Total equity and liabilities	156 548	101 404
Net asset carrying value per share (cents)	59	57

REVIEWED CONDENSED CONSOLIDATED INCOME STATEMENT

	% change	Reviewed 31 March 2016 $'000	Audited 31 March 2015 $'000
Revenue	72.5%	50 751	29 428
Expenses		(41 424)	(26 966)
EBITDA	278.9%	9 327	2 462
Other income		9 573	-
Depreciation and amortisation		(12 890)	(11 268)
Operating profit/(loss)		6 010	(8 806)
Investment income		39	41
Finance costs		(449)	(301)
Gain on bargain purchase		265	-
Asset impairments		(3 545)	-
Profit/(loss) before taxation	125.6%	2 320	(9 066)
Taxation		-	(251)
Profit/(loss) for the year from continuing operations		2 320	(9 317)
Discontinued operations		-	(11 618)
Profit/(loss) for the year		2 320	(20 935)
Attributable to:			
Equity holders of the parent		2 320	(20 432)
Non-controlling interest		-	(503)
		2 320	(20 935)

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Reviewed 31 March 2016 $'000	Audited 31 March 2015 $'000
Profit/(loss) for the year	2 320	(20 935)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	(160)	(1 044)
Total comprehensive income	2 160	(21 979)
Attributable to:		
Equity holders of the parent	2 160	(21 382)
Non-controlling interest	-	(597)
	2 160	(21 979)

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed 31 March 2016 $'000	Audited 31 March 2015 $'000
Balance at beginning of year	77 101	145 522
Current operations		
Total comprehensive profit/(loss)	2 160	(21 979)
Equity-settled share-based payments	5	-
Disposal of subsidiaries	-	(16 556)

Effects of changes in holding	(13)	(25)
Dividends	-	(29 861)
Balance at end of year	79 253	77 101

RECONCILIATION OF HEADLINE EARNINGS

	% change	Reviewed year ended 31 March 2016 $'000 Gross	Net	Audited year ended 31 March 2015* $'000 Gross	Net
Earnings attributable to equity holders of the parent	111.4%		2 320		(20 432)
Losses on disposal of plant and equipment		189	189	-	-
Impairment of plant and equipment		3 545	3 545	-	-
Third-party compensation received in respect of impaired plant and equipment		(1 140)	(1 140)	-	-
Gain on bargain purchase		(265)	(265)	-	-
Gains on disposal of intangible assets		(9 573)	(9 573)	-	-
Loss from disposal of subsidiary		-	-	11 717	11 717
Headline loss	43.6%		(4 924)		(8 715)
Basic earnings per share (cents)					
Earnings/(loss)	111.4%		1.72		(15.11)
Continuing operations			1.72		(6.52)
Discontinued operations			-		(8.59)
Headline loss	43.6%		(3.64)		(6.45)
Continuing operations			(3.64)		(6.52)
Discontinued operations			-		0.07
Weighted average number of shares in issue ('000)			135 256		135 256
Actual number of share in issue at end of year (net of treasury shares and shares issued in respect of restricted stock plan) ('000)			135 256		135 256
Diluted earnings per share (cents)					
Earnings/(loss)	111.4%		1.72		(15.11)
Continuing operations			1.72		(6.52)
Discontinued operations			-		(8.59)
Headline loss	43.6%		(3.64)		(6.45)
Continuing operations			(3.64)		(6.52)
Discontinued operations			-		0.07
Weighted average number of shares in issue ('000)			135 256		135 256

* Restated

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 31 March 2016 $'000	Audited 31 March 2015 $'000
Cash flows from operating activities	12 279	950
Cash flows from investing activities	(56 562)	(47 314)
Cash flows from financing activities	38 588	14 918
Decrease in cash and cash equivalents	(5 695)	(31 446)
Cash and cash equivalents		
At beginning of year	15 892	48 845
Foreign exchange differences	(187)	(1 507)
At end of year	10 010	15 892
Bank balances and deposits	10 010	15 892
Cash and cash equivalents	10 010	15 892

SEGMENTAL ANALYSIS

	Reviewed 31 March 2016 $'000	Audited 31 March 2015 $'000
Revenue		
Renewable energy	50 751	29 428
Total	50 751	29 428
EBITDA		
Renewable energy	9 327	2 462
Total	9 327	2 462
Profit/(loss) before tax		
Renewable energy	2 320	(9 066)
Total	2 320	(9 066)
Headline loss*		
Media and broadcasting	-	683
Renewable energy	(4 924)	(8 964)
Other	-	(434)
Total	(4 924)	(8 715)

* Restated

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed provisional results for the year ended 31 March 2016 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, the financial reporting pronouncements as issued by FRSC, and the Listings Requirements of the JSE Limited. The accounting policies applied by the Company in the preparation of these condensed consolidated financial statements are consistent with those applied by the Company in its consolidated financial statements as at and for the year ended 31 March 2015. As required by the JSE Limited Listings Requirements, the Company reports headline earnings in accordance with Circular 2/2015: Headline Earnings as issued by the South African Institute of Chartered Accountants.

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

RESTATEMENT OF PRIOR-YEAR EARNINGS

Shareholders are advised that it was noted by the JSE Limited's proactive monitoring process that depreciation and amortisation continued to be recognised during the year ended 31 March 2015 on certain assets subsequent to their classification as disposal group assets held for sale and that this was not in accordance with IFRS. The disposal group assets and liabilities held for sale comprised those of subsidiaries of the Company which were sold in anticipation of and prior to the unbundling and listing of the Company by its previous parent company. The sold subsidiaries' business operations are unrelated to the Company's renewable energy operations, had no impact on the results for the year under review and should have no impact on the future results of the Company. The Company agreed to restate its comparative results for the year ended 31 March 2015, the effects of which are as follows:

Statement of financial position: No impact
Income statement:
Earnings attributable to equity holders of the parent: No impact
Headline loss: Loss decreased by $0.87 million
Basic loss per share from continuing operations: No impact
Basic loss per share from discontinued operations: No impact
Headline loss per share from continuing operations: No impact
Headline loss per share from discontinued operations: Loss of 0.57 cents improved to profit of 0.07 cents
Opening equity attributable to equity holders of the parent in the current year was not affected.

BUSINESS COMBINATIONS

Acquisition of Leaf LFG US Investments, Inc.

On 25 June 2015 the Company completed the acquisition of 100% of Leaf LFG US Investments, Inc. ("Leaf"), which comprises three additional renewable natural gas facilities located in Southwestern Pennsylvania, for $4.5 million in cash. The acquisition increases the Company's annual renewable natural gas production by approximately 700 000 MMBtus.

The assets and liabilities acquired are as follows:

	$'000
Non-current assets	12 468
Current assets	968
Non-current liabilities	(7 862)
Current liabilities	(827)
Net assets acquired	4 747
Gain on bargain purchase	(265)
Net cash outflow on acquisition	4 482

As of 31 March 2016 the purchase price allocation for this acquisition is final.

The results of operations of the acquired facilities are included in the Company's consolidated results from the date of acquisition. Revenues of $4.4 million and operating income of $0.1 million related to the acquisition are included in the consolidated income statement for the year ended 31 March 2016. Had the acquisition occurred on the first day of the financial reporting period, $6.1 million in revenues and $0.2 million in operating losses would have been included in the consolidated income statement.

RESULTS

CONSOLIDATED INCOME STATEMENT

Total Company revenue increased approximately 73% for the year ended 31 March 2016 over the prior fiscal year.

Revenue from the Company's renewable natural gas facilities increased approximately 128% for the year ended 31 March 2016. The increase is a result of $30.0 million in sales of cellulosic RINs generated from the Company's renewable natural gas facilities participating in the US EPA's RFS II programme, as compared to $3.9 million in sales for the prior year. At 31 March 2016 the Company had 5.9 million RINs generated and unsold.

Revenue from the Company's electric generation facilities decreased approximately 30% for the year ended 31 March 2016 from the prior year. While production remained consistent, the unfavourable variance is attributable to the decrease in the average price realised on the Company's electric production.

Expenses increased approximately 54% for the year ended 31 March 2016 as compared to the prior year, primarily as a result of additional royalties paid, largely driven by the increased sales of cellulosic RINs. Non-recurring items included in expenses for the year ended 31 March 2016 are $2.1 million in taxes on stock-based compensation, $1.5 million in severance-related costs and transaction costs related to the acquisition of Leaf.

Gains recognised from the Company's hedging programmes decreased by $1.9 million for the year ended 31 March 2016 as compared to the prior year, due to the timing of changes experienced in natural gas pricing in the US.

The Company recorded $9.6 million in other income for the year ended 31 March 2016, primarily due to the sale of emission reduction credits ("ERCs") generated as a result of the construction and operation of specialised pollution control equipment that created permanent emission reductions in excess of governing regulations to operate the facility.

The Company recorded asset impairments of $3.5 million for the year ended 31 March 2016, driven by electric generation facilities that monetise production in depressed merchant market conditions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW
Property, plant and equipment assets and intangible assets for the year ended 31 March 2016 include $56.3 million and $9.0 million of construction and interconnection costs, respectively, related to the construction of the 20 MW electric generation facility in Southern California.

Other current assets for the year ended 31 March 2016 include $7.2 million of loan proceeds, reserved for costs related to the construction of the 20 MW electric generation facility in Southern California.

The Company's long-term borrowings at 31 March 2016 were $52.3 million. The increase from the prior year relates to the fully drawn $41.0 million facility for the construction of the 20 MW electric generation facility in Southern California.

Cash flows used in investing activities for the year ended 31 March 2016 include $47.9 million in construction and interconnection costs of the 20 MW electric generation facility in Southern California, $4.5 million for the acquisition of Leaf and $9.6 million in cash receipts for the sale of ERCs. Cash flows from financing activities for the year ended 31 March 2016 include the proceeds from the $41.0 million facility for the construction of the 20 MW electric generation facility in Southern California.

COMMENTARY

CELLULOSIC RINs
The EPA released the final volume obligations for 2014, 2015 and 2016 in November 2015. The EPA is expected to finalise the volume obligations for 2017 by November 2016 in accordance with the mandates of the RFS II programme. Although the market remains relatively illiquid, since the establishment of the current volume obligations the Company has been able to monetise blocks of cellulosic RINs at pricing levels commensurate with general market conditions. Current pricing for the cellulosic RINs is referenced as the price for an advanced RIN plus up to 100% of the published cellulosic waiver credit price for that vintage of RIN as the cellulosic RIN satisfies the compliance obligations for both advanced and cellulosic categories. The ultimate percentage of the cellulosic waiver credit price realised and the overall market liquidity will be dependent on the ongoing volume obligations set by EPA being both timely and sufficient to accommodate the actual production levels on an annual basis.

ENERGY COMMODITY PRICING
As discussed above, energy commodity prices continued to be pressured in fiscal 2016 by record storage levels of natural gas resulting from a warmer than normal winter withdrawal season, which generally lasts from mid-November through March, which significantly decreased heating demand from the residential sector during the winter months. The pricing declines continue to have an impact on the Company's results and any short-term price recovery that may occur would depend on the supply balance throughout the upcoming injection season, driven by higher demand for LNG exports and natural gas-fuelled electric generation. Longer-term price recovery would depend on increased demand from coal to gas switching for electric generation and the continued development of the LNG export market to off-set continued shale gas production. The Company continues to evaluate the impact of current and future natural gas pricing as well as available environmental attributes on our portfolio in determining a strategy for the overall Company and individual locations.

EVENTS SUBSEQUENT TO REPORTING DATE
In May 2016 the Company was both informed of and refunded approximately $4.8 million in respect of amounts not utilised under its interconnection agreement with Southern California Edison, to construct the interconnection for the 20 MW electric generation facility in Southern California.

AUDITOR'S REVIEW
These condensed consolidated financial statements for the year ended 31 March 2016 have been reviewed by Grant Thornton Johannesburg, who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the Company's registered office together with the financial statements identified in the auditor's report.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

CHANGES IN DIRECTORATE
As communicated to shareholders on 27 May 2016, Mr DR Herrman resigned as executive director and chief executive officer with effect from 10 June 2016. Mr ML Ryan was appointed as executive director and chief executive officer on 27 May 2016.

DIVIDEND TO SHAREHOLDERS
The directors have resolved not to declare a final dividend.

For and on behalf of the board of directors

JA Copelyn	ML Ryan	SF McClain
Chairman	Chief Executive Officer	Chief Financial Officer

Cape Town
28 June 2016

Directors: JA Copelyn (Chairman)*, ML Ryan (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

Company secretary: HCI Managerial Services Proprietary Limited

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