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 2017

Revenue	US$89.1 million
EBITDA	US$37.5 million
Profit before tax	US$15.7 million

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 31 March 2017 $'000	Audited 31 March 2016 $'000
ASSETS		
Non-current assets	156 960	134 965
Property, plant and equipment	101 330	98 438
Other non-current financial assets	4 185	2 235
Intangibles	23 398	32 378
Deferred taxation	26 825	-
Long-term receivables	1 222	1 914
Current assets	33 042	21 583
Inventories	1 053	1 109
Other current financial assets	3 582	7 159
Trade and other receivables	8 785	3 305
Bank balances and deposits	19 622	10 010
Disposal group assets held for sale	770	-
Total assets	190 772	156 548
EQUITY AND LIABILITIES		
Equity	122 729	79 253
Equity attributable to equity holders of the parent	122 729	79 253
Non-current liabilities	42 052	59 219
Borrowings	35 837	52 332
Long-term provisions	6 215	6 871
Other non-current financial liabilities	-	16
Current liabilities	25 592	18 076
Trade and other payables	11 869	12 869
Other current financial liabilities	8	38
Current portion of borrowings	11 433	3 691
Taxation	450	1
Provisions	1 832	1 477
Non-current liabilities held for sale	399	-
Total equity and liabilities	190 772	156 548
Net asset carrying value per share (cents)	90	59

CONDENSED CONSOLIDATED INCOME STATEMENT

	% change	Reviewed 31 March 2017 $'000	Audited 31 March 2016 $'000
Revenue	75.6%	89 133	50 751
Expenses		(51 667)	(41 424)
EBITDA	301.7%	37 466	9 327
Other income		811	9 573
Depreciation and amortisation		(16 151)	(12 890)
Operating profit		22 126	6 010
Investment income		37	39
Finance costs		(4 177)	(449)
Gain on bargain purchase		-	265
Asset impairments		(2 237)	(3 545)
Profit before taxation	578.8%	15 749	2 320
Taxation		26 376	-
Profit for the year		42 125	2 320
Attributable to:			
Equity holders of the parent		42 125	2 320

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Reviewed 31 March 2017 $'000	Audited 31 March 2016 $'000
Profit for the year	42 125	2 320
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	52	(160)
Total comprehensive income	42 177	2 160
Attributable to:		
Equity holders of the company	42 177	2 160

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Reviewed 31 March 2017 $'000	Audited 31 March 2016 $'000
Balance at the beginning of the year	79 253	77 101
Current operations		
Total comprehensive profit	42 177	2 160
Equity-settled share-based payments	1 299	5
Effects of changes in holding	-	(13)
Balance at the end of the year	122 729	79 253

RECONCILIATION OF HEADLINE EARNINGS

	% change	Reviewed year ended 31 March 2017 $'000 Gross	Net	Audited year ended 31 March 2016 $'000 Gross	Net
Earnings attributable to equity holders of the parent	1 715.7%		42 125		2 320
Losses on disposal of plant and equipment		103	103	189	189
Impairment of plant and equipment		2 237	2 237	3 545	3 545
Third-party compensation received in respect of impaired plant and equipment		(834)	(834)	(1 140)	(1 140)
Gain on bargain purchase		-	-	(265)	(265)
Gain on disposal of intangible assets		(150)	(150)	(9 573)	(9 573)
Headline profit/(loss)	983.0%		43 481		(4 924)
Basic earnings per share (cents)					
Earnings	1 712.0%		31.08		1.72
Headline earnings	981.2%		32.08		(3.64)
Weighted average number of shares in issue ('000)			135 531		135 256
Actual number of shares in issue at end of of the year (net of treasury shares and shares issued in respect of restricted stock plan) ('000)			135 940		135 256
Diluted earnings per share (cents)					
Earnings	1 699.6%		30.87		1.72
Headline earnings	975.2%		31.86		(3.64)
Weighted average number of shares in issue ('000)			136 469		135 256

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 31 March 2017 $'000	Audited 31 March 2016 $'000
Cash flows from operating activities	25 374	12 280
Cash generated by operations	40 063	9 801
Net finance costs	(3 925)	(316)
Changes in working capital	(10 764)	2 795
Cash flows from investing activities	(6 788)	(56 562)
Business combinations and disposals	-	(4 482)
Investments disposed/(acquired)	1 602	(8 766)
Decrease in long-term receivables	727	754
Proceeds from insurance recovery	-	1 140
Intangible assets		
- Additions	-	(1 635)
- Disposals and refunds	5 693	9 869
Property, plant and equipment		
- Additions	(15 236)	(53 442)
- Disposals	426	-
Cash flows from financing activities	(9 024)	38 588
Class B shares repurchased	-	(13)
Debt issuance costs	(32)	(40)
Net funding (repaid)/raised	(8 992)	38 641
Increase/(decrease) in cash and cash equivalents	9 562	(5 694)
Cash and cash equivalents		
At the beginning of the year	10 010	15 891
Foreign exchange differences	50	(187)
At the end of the year	19 622	10 010
Bank balances and deposits	19 622	10 010

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2017 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 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 2016. 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).

DISPOSAL GROUPS HELD FOR SALE
During the year ended 31 March 2017 the Company identified specific operating assets in its renewable electric generation operating portfolio to be held for sale. Those assets and corresponding liabilities are included in disposal groups held for sale in the statement of financial position.

RESULTS

CONSOLIDATED INCOME STATEMENT
Revenue from the Company's renewable natural gas facilities increased by $28.4 million or 64.7% for the year ended 31 March 2017 from the prior year. The Company produced 3.9 million MMBtus in renewable natural gas volumes, an increase of 10.3% over the prior year. During the year ended 31 March 2017 the Company monetised 24.0 million RINs, a 10.0 million decrease in the number of RINs sold during the year ended 31 March 2016. The decrease in RINs sold were attributable to an increase in gas volumes monetised under fixed-price contracts. At 31 March 2017 the Company had 0.9 million RINs generated and unsold in inventory. Average commodity pricing for natural gas during the year ended 31 March 2017 was 13.4% higher than the prior year. Average pricing realised on RIN sales during the year ended 31 March 2017 was 90.1% higher than average pricing realised in the prior year. For the year ended 31 March 2017 the Company monetised 44.5% of renewable natural gas production under fixed-price contracts.

Revenue from the Company's electric generation facilities increased by $10.0 million or 138.0% for the year ended 31 March 2017 from the prior year. The Company produced 0.3 million MWh in renewable electric volumes, an increase of 33.4% over the prior year. The favourable volume variance is attributable to the Q1 commencement of commercial operations of Bowerman Power LFG, LLC ("Bowerman"), a 20 MW electric generation facility in Southern California. Average commodity pricing for electricity during the year ended 31 March 2017 was 7.3% higher than the prior year. For the year ended 31 March 2017 the Company monetised 60.9% of renewable electric production under fixed-price contracts, a substantial increase over the 19.2% fixed in the previous year. The increase is attributable to Bowerman, which is a party to a long-term fixed-price power sales agreement with the City of Anaheim.

Operating expenses for the year ended 31 March 2017 increased by $10.2 million or 24.7%. The unfavourable variance was primarily due to royalties on increased commodity and attribute revenue and the Q1 commencement of commercial operations of Bowerman. The change in gains recognised from the Company's hedging programmes for the year ended 31 March 2017, as compared to the prior year, was immaterial.

The Company realised $9.9 million in the prior year on the sale of retired emission reduction credits ("ERCs") for its Texas-based renewable natural gas facility, which was included in profit on disposal of intangible assets in the comparative results and did not recur in the current year.

In January 2017 the Company realised $0.9 million on the sale of nitrogen oxide ("NOx") emission allowances for its Texas-based renewable electric generation facilities.

The Company recorded deferred tax income in the amount of $26.8 million, recorded as a result of the recognition of a deferred tax asset of the same amount. The Company has recognised this deferred tax asset as it has become probable its accumulated net operating losses will be utilised for set-off against future taxable income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW
Fixed and intangible assets at 31 March 2017 include $53.9 million and $3.4 million in costs related to the construction of the Bowerman facility. Deferred tax assets of $26.8 million at 31 March 2017 relate to the Company's net operating losses that may be utilised for set-off against future taxable income. The Company's borrowings at 31 March 2017 were $47.3 million, net of debt issuance costs. $9.7 million was outstanding on the Company's commercial bank facilities, and $38.1 million was outstanding on the facility to construct Bowerman. At 31 March 2016 $5.5 million remained outstanding on borrowings acquired in conjunction with the Leaf acquisition completed in June 2015. As of 31 March 2017, those borrowings acquired with the Leaf acquisition have been fully satisfied. Of the total Company borrowings outstanding at 31 March 2017 $11.5 million is currently due within the next 12 months.

Cash flow from operating activities of $25.4 million for the year ended 31 March 2017 was $13.1 million higher from the prior year, driven by a corresponding increase in EBITDA. Included in cash flow from investing activities was a $4.8 million refund received for amounts not utilised under an agreement to construct an interconnection for the Bowerman facility. Included in cash flow from financing activities was the satisfaction of $5.5 million outstanding borrowings acquired in conjunction with the Leaf acquisition. As of 31 March 2017 the Company had cash on hand of $19.6 million. $2.4 million capacity remains under the Company's revolving credit facility.

CHIEF EXECUTIVE OFFICER'S REPORT
At Montauk we are very proud to be a leader in the renewable energy industry - an industry that is at the forefront of the sustainability movement through the capture and beneficial use of landfill methane. Methane, with a global warming potential 25 times greater than carbon dioxide, is a potent greenhouse gas that is a key contributor to global climate change.

Business overview
The business, with all its social and environmental qualities, can be difficult at times due to the inherent higher production costs as compared to fossil fuel-based energy producers. This is due primarily to the variability in the production of landfill methane due to factors such as climate, waste intake and waste composition as well as the capital-intensive process to recover and process landfill methane from raw landfill gas to enable it to be used as a fuel.

The pricing of the various types of renewable energy produced by the Group is an ever-changing balance between the underlying energy commodity price and any associated environmental attribute premiums that can be realised. With electricity and natural gas commodity pricing in the US having been depressed for several years while still maintaining a relatively high degree of short-term volatility, the premiums associated with the various environmental attributes produced have become, and will continue to be, a major factor in the profitability of the business.

In this market our focus will continue to be to position the Company and its facilities to capitalise on and leverage the opportunities that develop in the renewable energy markets. The evolving regulatory environment mandating the use of renewable fuels can lead to opportunities that allow existing projects to capture additional premiums as they become available. To that end the Company has made the decision to remain flexible in its offtake contract strategy with the goal of capturing and maximising value from these programmes.

Environmental attribute programmes
Renewable natural gas ("RNG") derived from landfill methane used as a vehicle fuel qualify as a cellulosic Renewable Identification Number ("RIN") under the United States Environmental Protection Agency's ("EPA") Renewable Fuel Standard ("RFS II") programme. As a result, the Company participates in the programme and looks for opportunities to increase its participation in the RFS II programme as production from RNG facilities becomes available. While the programme allows for RNG produced anywhere in the US to qualify and potentially offer premiums significantly in excess of commodity prices for natural gas, uncertainty as to how the RFS II programme will be administered and supported by the Trump Administration has impacted the stabilisation of the RIN market, resulting in price volatility and limited ability to sell RINs on a forward basis. Although the market remains relatively illiquid, the Company has been able to successfully monetise blocks of cellulosic RINs at pricing levels commensurate with general market conditions.

On 23 November 2016 the EPA released the final volume obligations for 2017 of 311 million gallons for cellulosic D3 RINs, representing a 35% increase over the 2016 volume obligations for cellulosic D3 RINs. The 2017 mandate represents another step in the right direction towards developing a more mature market for RINs. The proposed volume obligations for 2018 are expected to be issued by the EPA in May/June of 2017. Once issued, the EPA will solicit comments from industry participants (including Montauk) on the volumes which it intends to use in finalising the 2018 volume obligations by 30 November 2017 to accurately reflect actual production while promoting the growth of cellulosic biofuels. Montauk has taken an active role in the process by providing comments both individually and collectively through various renewable energy organisations to assist the EPA in setting obligations that meet the projected production for the industry. We anticipate that the EPA will continue to set timely annual volume obligations that are sufficient to accommodate market participants.

The environmental premiums associated with renewable energy produced by Montauk's electric facilities are centred on various state renewable portfolio standards requiring that a stated percentage of the electricity produced in that state comes from a renewable resource. The value and requirements for each state programme vary widely, which can limit the ability of similar facilities located in different states from having a similar pricing structure.

Development activities
In October 2016 the Company entered into an agreement with one of its existing landfill counterparties that provides the option to build, own and operate a renewable natural gas facility for a term of 20 years from commercial operation. Revenues from this facility are subject to a royalty owing to the landfill owner as well as certain EPA pathway compliance costs. Upon commercial operation this new facility will have the capacity to produce approximately 1.5 million MMBtus of renewable natural gas per year. Commercial operations of the RNG project is targeted to commence early in the 2019 financial year and will replace the existing electric facility that utilises a portion of these gas volumes to produce power sold at market-rate commodity prices.

Summary
In an industry that continues to experience depressed energy commodity pricing, management believes that Montauk is well positioned to capture both existing and emerging value from developing renewable energy markets in order to drive long-term entity value for its shareholders.

AUDITOR'S REVIEW
These condensed consolidated financial statements for the year ended 31 March 2017 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
Mr ML Ryan was appointed as executive director and chief executive officer on 27 May 2016. Mr DR Herrman resigned as executive director and chief executive officer with effect from 10 June 2016.

DIVIDEND TO SHAREHOLDERS
The directors of Montauk have resolved to declare a final ordinary dividend number 1 of 39.5 South African cents (gross) per Montauk share for the year ended 31 March 2017 from income reserves. The salient dates for the payment of the dividend are as follows:

Last day to trade cum dividend	Tuesday, 23 May 2017
Commence trading ex dividend	Wednesday, 24 May 2017
Record date	Friday, 26 May 2017
Payment date	Monday, 29 May 2017

No share certificates may be dematerialised or rematerialised between Wednesday, 24 May 2017 and Friday, 26 May 2017, both dates inclusive.

In terms of legislation applicable to dividends tax ("DT") the following additional information is disclosed:

- The local DT rate is 20%.
- The number of ordinary shares in issue at the date of this declaration is 137 879 234.
- The DT amounts to 7.9 South African cents per share.
- The net local dividend amount is 31.6 South African cents per share for all shareholders who are not exempt from the DT.
- Montauk Holdings Limited's income tax reference number is 9176/170/18/2.

In terms of the DT legislation any DT amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (collectively "regulated intermediary") on behalf of shareholders. All shareholders should declare their status to their regulated intermediary as they may qualify for a reduced DT rate or exemption.

For and on behalf of the board of directors

JA Copelyn	ML Ryan	SF McClain
Chairman	Chief executive officer	Chief financial officer

5 May 2017
Cape Town

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; ** Independent; # United States of America; ## Australia

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