

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 CONSOLIDATED INTERIM RESULTS  
 FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

Revenue +142.9%  
 EBITDA +603.2%  
 Headline earnings per share +273.3%

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2016 \$'000	Unaudited 30 September 2015* \$'000	Audited 31 March 2016 \$'000
<b>ASSETS</b>			
Non-current assets	122 833	121 637	134 965
Property, plant and equipment	92 767	86 119	98 438
Other non-current financial assets	3 357	-	2 235
Intangibles	25 663	32 760	32 378
Long-term receivables	1 046	2 758	1 914
Current assets	22 285	13 854	21 583
Inventories	1 187	1 581	1 109
Other current financial assets	3 808	450	7 159
Trade and other receivables	7 571	5 399	3 305
Bank balances and deposits	9 719	6 424	10 010
Disposal group assets held for sale	2 621	-	-
Total assets	147 739	135 491	156 548
<b>EQUITY AND LIABILITIES</b>			
Equity	85 738	83 019	79 253
Equity attributable to equity holders of the parent	85 738	83 019	79 253
Non-current liabilities	52 382	43 867	59 219
Borrowings	45 706	36 815	52 332
Long-term provisions	6 676	7 005	6 871
Other non-current financial liabilities	-	47	16
Current liabilities	9 619	8 605	18 076
Trade and other payables	5 773	4 954	12 869
Other current financial liabilities	148	123	38
Current portion of borrowings	2 937	2 393	3 691
Taxation	175	1	1
Provisions	586	1 134	1 477
Total equity and liabilities	147 739	135 491	156 548
Net asset carrying value per share (cents)	63	61	59

\* Restated

CONDENSED CONSOLIDATED INCOME STATEMENT

	% change	Unaudited 30 September 2016 \$'000	Unaudited 30 September 2015* \$'000
Revenue	142.9%	42 054	17 310
Expenses		(25 051)	(14 892)
EBITDA	603.2%	17 003	2 418
Other (losses)/income		(91)	9 763
Depreciation and amortisation		(8 232)	(6 214)
Operating profit		(8 680)	5 967
Investment income		19	24
Finance costs		(2 471)	(232)
Gain on bargain purchase		-	265
Profit before taxation	3.4%	6 228	6 024
Taxation		(174)	-
Profit for the period		6 054	6 024
Attributable to: Equity holders of the parent		6 054	6 024

\* Restated

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2016 \$'000	Unaudited 30 September 2015* \$'000
Profit for the period	6 054	6 024
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	33	(106)
Total comprehensive income	6 087	5 918
Attributable to: Equity holders of the parent	6 087	5 918

\* Restated

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 September 2016 \$'000	Unaudited 30 September 2015* \$'000
Balance at the beginning of the period	79 253	77 101
Current operations		
Total comprehensive profit/(loss)	6 087	5 918
Equity-settled share-based payments	398	-
Balance at the end of the period	85 738	83 019

\* Restated

RECONCILIATION OF HEADLINE EARNINGS

	%	Unaudited six months ended 30 September 2016 \$'000		Unaudited six months ended 30 September 2015* \$'000	
	change	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent	0.5%		6 054		6 024
Losses on disposal of plant and equipment		97	97	296	296
Gains on disposal of intangible assets		-	-	(9 869)	(9 869)
Headline profit/(loss)	273.3%		6 151		(3 549)
Basic earnings per share (cents)					
Earnings	0.5%		4.48		4.45
Headline earnings	273.3%		4.55		(2.62)
Weighted average number of shares in issue ('000)			135 256		135 256
Actual number of share in issue at the end of the period (net of treasury shares and shares issued in respect of restricted stock plan) ('000)			135 256		135 256
Diluted earnings per share (cents)					
Earnings	0.2%		4.46		4.45
Headline earnings	272.8%		4.53		(2.62)
Weighted average number of shares in issue ('000)			135 635		135 256

\* Restated

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 September 2016 \$'000	Unaudited 30 September 2015 \$'000
Cash flows from operating activities	5 521	1 466
Cash flows from investing activities	1 718	(31 965)
Cash flows from financing activities	(7 564)	21 145
Decrease in cash and cash equivalents	(325)	(9 354)
Cash and cash equivalents		
At the beginning of the period	10 010	15 891
Foreign exchange differences	34	(113)
At the end of the period	9 719	6 424
Bank balances and deposits	9 719	6 424
Cash and cash equivalents	9 719	6 424

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the South African Institute of Chartered Accountants ("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 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 SAICA.

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

RESTATEMENT OF PRIOR-PERIOD RESULTS

On 25 June 2015 the Company completed the acquisition of 100% of Leaf LFG US Investments, Inc. ("Leaf"). The acquisition qualified as a business combination in terms of IFRS 3: Business Combinations. The results as at 30 September 2015 were determined based on all information available at the acquisition date ("provisional accounting"). The provisional accounting was adjusted in the prior year, but subsequent to 30 September 2015, for new information obtained. This was within a time frame of 12 months after the acquisition date, as permitted by IFRS 3. These adjustments to the fair values determined in the provisional purchase price allocation are treated as adjustments to the comparative results as at 30 September 2015.

The Company restated its comparative results for the six months ended 30 September 2015

as follows:

	Change (\$'000)
Statement of financial position	
Property, plant and equipment	(177)
Intangibles	(576)
Borrowings	266
Long-term provisions	(1 165)
Trade and other payables	(190)
Current portion of borrowings	(266)
Equity attributable to equity holders of the parent	602
Income statement	
Expenses	(2)
Other income	190
Depreciation and amortisation	149
Gain on bargain purchase	265
Earnings attributable to equity holders of the parent	602
	Change (cents)
Earnings per share	
Basic earnings per share from continuing operations:	0.44
Headline earnings per share from continuing operations:	0.44

#### DISPOSAL GROUPS HELD FOR SALE

Disposal group assets held for sale consist of \$2.6 million in electric generation equipment.

#### RESULTS

##### GROUP INCOME STATEMENT

Revenue from the Company's renewable natural gas facilities increased by approximately \$21.5 million or 161% for the six months ended 30 September 2016 from the prior period. The Company produced approximately 1.9 million MMBtus in renewable natural gas volumes, an increase of 12% over the prior period. The majority of this favourable variance is due to full period operations of three facilities associated with the 2015 acquisition of Leaf. During the six months ended 30 September 2016, the Company monetised approximately 15.7 million RINS, a 5.5 million increase in the number of RINS sold during the six months ended 30 September 2015. At 30 September 2016 the Company had approximately 2.9 million RINS generated and unsold in inventory. Average commodity pricing for natural gas during the six months ended 30 September 2016 was \$2.38 vs \$2.70 during the prior period. Average pricing realised on RIN sales during the six months ended 30 September 2016, was approximately 91% higher than average pricing realised in the prior period. For the six months ended 30 September 2016, the Company monetised approximately 34% of renewable natural gas production under fixed-price contracts.

Revenue from the Company's electric generation facilities increased by approximately \$3.2 million or 83% for the six months ended 30 September 2016 from the prior period. The Company produced approximately 155 000 Mwh in renewable electric volumes, an increase of 37% over the prior period. The first quarter commencement of commercial operations of Bowerman Power LFG, LLC ("Bowerman"), a 20 MW electric generation facility in Southern California, is the leading contributor to this favourable variance. Average commodity pricing for electricity during the six months ended 30 September 2016 was approximately 7% lower than the prior period. For the six months ended 30 September 2016, the Company monetised approximately 57% of renewable electric production under fixed-price contracts.

Operating expenses for the six months ended 30 September 2016 increased by approximately \$10.2 million or 68%. The unfavourable variance was due to royalties on increased commodity and attribute revenue, full-period operations of three facilities associated with the 2015 acquisition of Leaf and the first-quarter commencement of commercial operations of Bowerman. The change in gains recognised from the Company's hedging programmes for the six months ended 30 September 2016, as compared to the prior period, was immaterial.

In May 2015 the Company realised once-off proceeds of approximately \$9.9 million on the sale of retired emission reduction credits ("ERCs") for its Texas-based renewable natural gas facility, as a result of the installation of pollution control equipment that permanently reduced the emissions profile of the facility.

##### GROUP STATEMENT OF FINANCIAL POSITION AND CASH FLOW

Fixed and intangible assets at 30 September 2016 include approximately \$54.3 million and \$3.3 million in costs related to the construction of the Bowerman facility, respectively. The Company's borrowings at 30 September 2016 were approximately \$49.3 million. Of this amount, approximately \$10.3 million was outstanding on the Company's commercial bank facilities, and approximately \$39.0 million was outstanding on the facility to construct Bowerman. At 30 September 2015 approximately \$6 million remained outstanding on borrowings acquired in conjunction with the Leaf acquisition completed in June 2015. As of 30 September 2016 those borrowings acquired with the Leaf acquisition have been fully satisfied. Of the approximately \$49.3 million in borrowings outstanding at 30 September 2016, approximately \$2.9 million is currently due within the next 12 months.

Cash flow from operating activities of \$5.5 million for the six months ended 30 September 2016 was approximately \$4.1 million higher from the prior period, 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 approximately \$5.5 million outstanding borrowings acquired in conjunction with the Leaf acquisition. As of 30 September 2016, the Company had cash on hand of approximately \$9.7 million. Approximately \$2.3 million capacity remains under the Company's revolving credit facility.

##### SUBSEQUENT EVENT

In October 2016, the Company entered into a 20-year agreement with one of its existing landfill counterparties that provides the option to build, own and operate a renewable natural gas facility. Upon commercial operation this new facility will process up to 7 000 scfm of methane currently being allocated to the Company's on-site electric facility that monetises power at market-rate commodity pricing. The project is in the

design and engineering phase, with commercial operations targeted early in the 2019 financial year.

CHANGES IN DIRECTORATE

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 an interim dividend.

For and on behalf of the board of directors

JA Copelyn  
Chairman

ML Ryan  
Chief Executive officer

SF McClain  
Chief Financial officer

Cape Town  
28 October 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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Transfer secretaries: Computershare Investor Services Proprietary Limited  
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