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## Directors

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J.M. ROBOTHAM, OBE, FCA, MSI, *Non-executive Chairman*, age 75 † \*

Michael Robotham has been a Director of the Company since 1982. He was appointed Non-executive Chairman in 1996 and resides in the United Kingdom. He is a Chartered Accountant and a member of the Securities Institute. He is a non-executive director of Halogen Holdings S.A., London Finance & Investment Group P.L.C. and Western Selection P.L.C.



D.C. MARSHALL, *Chief executive*, age 64

David Marshall has been a Director of the Company since 1982 and was appointed Chief Executive in 1996. He resides in South Africa, where he has extensive interests in listed trading, financial and property companies. In recent years, he has taken a leading role in the re-organisation and development of medium sized listed companies in the U.K. and overseas. He is the chairman of the board of Halogen Holdings S.A and executive chairman of Merchant & Industrial Properties Limited. He is also chairman of a number of listed English companies, including Creston plc, London Finance & Investment Group P.L.C. and Western Selection P.L.C. and is non-executive chairman of Finsbury Food Group plc and a non-executive director of Marylebone Warwick Balfour Group Plc and Northbridge Industrial Services PLC.



A.R.C. BARCLAY, FCA, *Non-executive*, age 69 \*

Alastair Barclay joined the board in 2000. He is a Chartered Accountant and between 1980 and 1999 he was chief executive of City Group P.L.C., Monteagle's administrative and corporate secretary.



R.C. KERR, *Non-executive*, age 59 †

Rory Kerr has been a Director of the Company since 1982. He resides in Dublin and is qualified as a South African attorney, notary and conveyancer, as well as an English solicitor. He is a Group Director of Maitland, an international group of professional advisers and service providers. He also serves on the boards of a number of publicly listed companies and investment funds. In addition, he acts as trustee of Employee Share Incentive Plans of a number of publicly listed companies (including the Monteagle Employee Benefit Trust) and as a protector or member of advisory boards in relation to a number of selected family trusts.



† Member of the Audit Committee

\* Member of the Remuneration Committee

## Shareholder Information

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### FINANCIAL CALENDAR

Financial year-end	30th September 2008
Preliminary announcement of results	19th December 2008
Annual General Meeting	27th March 2009
Interim dividend for 2008	Paid on 8th August 2008 to holders registered on 20th June 2008.
Final dividend for 2008	Payable on 17th April 2009 to holders registered on 20th March 2009.
Half-year	31st March 2009
Half-year results announced	June 2009

### SHARE INFORMATION

The Company has 16,536,717 shares in issue which are listed on the following stock exchanges and the respective share prices at 27th February 2009, the latest practical date, were:

Luxembourg	US\$1.17
Johannesburg	R11.85
London	£0.83

### GROUP OFFICES

#### LUXEMBOURG (REGISTERED OFFICE)

58 rue Charles Martel,  
L-2134 Luxembourg  
(P.O. Box 1361, L-1013 Luxembourg)  
Tel.: + 352 40 25 05 1

#### UNITED KINGDOM

30 City Road,  
London, EC1Y 2AG  
Tel: + 44 20 7448 8950  
E-mail: [Monteagle@City-Group.com](mailto:Monteagle@City-Group.com)

### SOUTH AFRICA

11 Sunbury Park, La Lucia Ridge Office Estate,  
La Lucia, 4051,  
(PO Box 4126, The Square 4021)  
Tel.: + 27 31 566 7600

### REGISTRARS

Maitland Luxembourg S.A.  
58 rue Charles Martel,  
L-2134 Luxembourg  
(P.O. Box 1361, L-1013 Luxembourg)

### LISTING AND PAYING AGENTS

Dexia-Banque Internationale à Luxembourg  
69 route d'Esch,  
L-1470 Luxembourg

### TRANSFER AGENTS

#### EUROPE

Capita Registrars  
The Registry, 34 Beckenham Road,  
Beckenham, Kent,  
BR3 4TU, U.K.  
Tel: From within the UK: 0871 664 0300  
(Calls cost 10p per minute plus network extras)  
From outside the UK +44 20 8639 3399

#### SOUTH AFRICA

Computershare Investor Services (Pty.) Limited  
70 Marshall Street,  
Johannesburg 2001  
(P.O. Box 61051, Marshalltown 2107)  
Tel: +27 11 370 5000

### BANKERS

Credit Suisse (Luxembourg) S.A.  
56 Grand Rue  
L-1660 Luxembourg

HSBC Investments (International) Limited  
HSBC House, Esplanade  
St Helier, Jersey JE4 8WP

First National Bank Limited  
Smith/Field Street,  
Durban, South Africa

### INDEPENDENT AUDITORS AND STATUTORY AUDITORS

International Audit Services S.à r.l.  
Réviseurs d'Entreprises  
15-17 avenue Gaston Diderich  
L-1420 Luxembourg

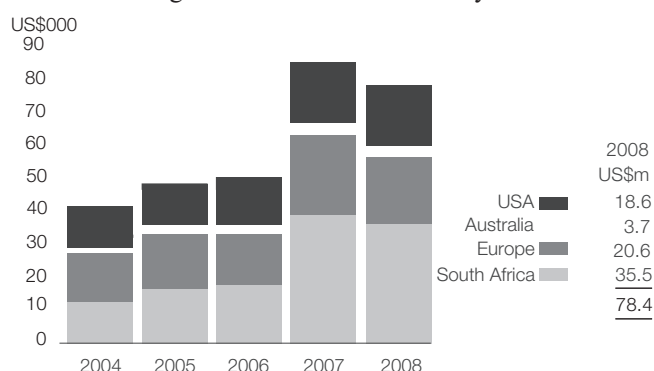
## Results in Brief, Analysis of Net Assets and Analysis of Shareholders

### RESULTS IN BRIEF

	2008 US\$000	Group 2007 US\$000
Revenue	<b>109,559</b>	90,449
Operating profit	<b>6,823</b>	6,032
Profit before tax and minority interests	<b>6,465</b>	15,135
Profit after exceptional items, tax and minority interests	<b>3,182</b>	10,226
	<b>US cents</b>	US cents
Earnings per share	<b>19.2</b>	69.4
Headline earnings per share	<b>14.0</b>	10.8
Interim dividend declared	<b>2.00</b>	1.85
Recommended dividend	<b>3.00</b>	2.65
	<b>5.00</b>	4.50
Net assets per share attributable to shareholders	<b>US\$3.27</b>	US\$3.76

### ANALYSIS OF ASSETS, NET OF CURRENT LIABILITIES

before long term finance and minority interests



	2004 US\$m	2005 US\$m	2006 US\$m	2007 US\$m	<b>2008 US\$m</b>
Financed by:					
Shareholders' equity	32.2	37.3	40.6	62.1	<b>54.1</b>
Minorities	4.8	6.3	5.3	13.9	<b>13.2</b>
Long-term finance	5.1	5.3	5.4	11.2	<b>11.1</b>
	<b>42.1</b>	<b>48.9</b>	<b>51.3</b>	<b>87.2</b>	<b>78.4</b>

### Analysis of Shareholders

	Number	%	Total Shareholding	%
1 – 999	548	69.5	173,170	1.0
1,000 – 9,999	144	18.2	428,081	2.6
10,000 – 49,999	68	8.6	1,506,730	9.1
50,000 – 99,999	11	1.4	748,929	4.5
100,000 – 249,999	10	1.3	1,643,344	10.0
250,000 – 499,999	3	0.4	1,215,202	7.4
500,000 – 999,999	2	0.2	1,443,968	8.7
Over 1,000,000	3	0.4	9,377,293	56.7
	<b>789</b>	<b>100.0</b>	<b>16,536,717</b>	<b>100.0</b>

### **Introduction**

The directors are pleased to report another successful year for the group's operating activities and a satisfactory performance by the group's investments, despite the recent unprecedented global financial crisis that has affected assets of all classes.

Marshall Monteagle's objective is to achieve capital growth and pay a steadily progressive dividend over the long term from a diversified range of investments. The company holds portfolios of leading investments in the U.K., Europe, U.S.A. and the Far East as well as commercial properties in the U.S.A. and South Africa. The group's shipping and distribution businesses operate internationally, and in South Africa it has interests in food production and processing.

### **Results**

- Group revenue is up 21% to US\$109,559,000 for the twelve months to 30th September 2008, compared to US\$90,449,000.
- Profit before tax and exceptional items is up 12% to US\$5,251,000 from US\$4,683,000.
- The directors are proposing a final dividend of 3.00 US cents payable in April 2009, making a total of 5.00 US cents (2007 – 4.50 US cents) for the year, an increase of 11%.
- Net assets attributable to shareholders declined by 13% to US\$3.27 per share from US\$3.76 at 30th September 2007, reflecting a weaker South African rand and lower investment valuations. Of these assets, US\$2.07 per share (63%; 2007 – 64%) are held in Europe and U.S.A. The remaining assets, equivalent to US\$1.20 per share (37%; 2007 – 36%) are held predominantly in South Africa.

### **Import, Export and Distribution**

Our shipping and distribution business achieved solid growth during the twelve month period to 30th September 2008. This division continues to provide procurement, supply chain and risk management services to multiple retailers, wholesalers and manufacturers in Southern Africa and Australia and is complemented by dedicated producers of quality raw materials, skilled technologists and first world production facilities.

During the first six months of trading we continued to experience significant raw material price increases and inconsistent availability which resulted in further upward pressure on delivered pricing. The third quarter (April-June) saw raw material prices stabilize with improved availability and throughout the fourth quarter (July-September) they started dropping significantly and continue to do so as a result of reduced consumer demand.

We are currently operating in an extremely challenging environment with significant raw material price changes, reduced consumer demand and volatile currency movements and it would appear that these conditions will remain over the next six months and probably throughout the 2009 financial year. We are well positioned to operate in these market conditions and continually strive to anticipate our client's needs and exceed their expectations.

Our 50.1% owned tool and machinery import and distribution business has posted lower profits than last year. This reflects the worsening economic situation in South Africa and the cost of establishing the new subsidiaries. We have continued to improve on our product by introducing product specialists to range and increase our offering. An improvement in our efficiencies and systems has positioned us as a preferred supplier with much of the retail industry.

Indications are that we are in for a tougher trading environment in 2009; management of margins and expenses will be key to our future success.

### **Property Portfolio**

Our large multi-tenanted industrial property in San Diego continues to produce satisfactory returns; however there has been a noticeable decline in demand for space in the region and yields are most certainly on the rise. The Board still feels that in the long term Southern California will remain an attractive real estate market and we intend to increase investment in the region when appropriate.

The group's commercial properties in South Africa, including those in Durban and Cape Town held by Merchant Group, produced good returns during the year. The results include a full year of income from Merchant Group (2007 – 5 months).

## **Chairman's Review (continued)**

for the year ended 30th September 2008

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### **Investment Portfolio**

Stock market volatility greatly increased during the year and all the major indices depreciated substantially as nervous investors fled to safe-haven assets such as Treasury bills. Our international listed portfolios have naturally decreased in value. The group remains invested in quality companies in first world markets and has substantial liquidity to take advantage of any future buying opportunities.

### **Merchant & Industrial Properties Limited ("Merchant") (70% subsidiary)**

On 31st October 2008 the company announced that it would be making an offer to acquire all of the issued shares of Merchant that it does not already own. Details of the offer were circulated to all minority shareholders of Merchant in March 2009. The boards of both companies hope that all Merchant shareholders will take advantage of the opportunity to swap their shares for shares in the parent company where there is a broader spread of investments.

### **Conafex Holdings S.A. (listed associate)**

Conafex Holdings Société Anonyme is an African focussed agri-resource group listed in Luxembourg and South Africa. Conafex takes strategic stakes in businesses focused on horticulture, niche and value-added agriculture. Current holdings include stakes in a fruit trading business, an exporter of plant extracts and natural health products and a coffee roasting business. The company is currently looking to delist from both the Luxembourg Stock Exchange and the Johannesburg Stock Exchange in order to conserve its limited funds to help grow the business.

### **Halogen Holdings S.A. (listed associate)**

On 30th May 2008 we exercised 246,396 warrants and subscribed US\$483,751 for 246,396 additional Halogen shares, increasing our shareholding from 46.1% to 46.9%. On exercise we also received 2 new warrants for each warrant exercised, each new warrant being exercisable at €1.25 on 31st May 2011. In total Halogen raised US\$895,000 (£502,000) on exercise of warrants and it has invested US\$891,000 (£500,000) in additional shares in Heartstone Inns, a developing UK group of country pubs. Heartstone owns the freehold of the 4 pubs which it manages, and is looking to acquire additional pubs. This acquisition programme has stalled due to a lack of suitable properties at realistic prices, but there are now indications that vendors are beginning to set more appropriate valuations.

Halogen has reported a loss of US\$756,000 (£385,000) for the year. Last year's loss of US\$190,000 (£96,000) (excluding exceptional items) is not directly comparable as it only included two months trading from Heartstone, and included interest income on the cash subsequently invested in Heartstone.

### **Group Personnel**

These results could not have been achieved without the hard work of all our employees and, on behalf of all shareholders, the directors thank them most sincerely for their efforts and contribution during the year.

### **Prospects**

Currency fluctuations abound and we must maintain a strong and liquid balance sheet to support our international operations. Our operating companies have experienced a satisfactory first quarter. With unemployment in all markets on the increase accompanied by recessionary economies, we expect a challenging time ahead.

Our conservative policies with respect to listed investments have, with minor exceptions, resulted in smaller losses than might otherwise have been the case. Our rental incomes over a broad tenant base also give us some support for the year ahead.

**J.M. Robotham,**  
*Chairman*

**D.C. Marshall,**  
*Chief Executive*

2nd March 2009

**Consolidated Income Statement**  
for the year ended 30th September

	Notes	2008 US\$000	2007 US\$000
Group revenue	3	109,559	90,449
Operating costs		<u>(102,736)</u>	<u>(84,417)</u>
Operating profit	4	6,823	6,032
Share of associated companies' results		(461)	24
Income from other investments – dividends		525	496
– interest		527	313
Interest paid and similar charges		(1,845)	(1,889)
Realised exchange losses		<u>(318)</u>	<u>(293)</u>
Profit on ordinary activities before exceptional items and tax		5,251	4,683
Exceptional items	5	<u>1,214</u>	<u>10,452</u>
Profit before tax and minority interests		6,465	15,135
Taxation	6	<u>(1,660)</u>	<u>(2,343)</u>
Profit after tax before minority interests		4,805	12,792
Minority interests		<u>(1,623)</u>	<u>(2,566)</u>
Profit attributable to shareholders of the Group		<u>3,182</u>	<u>10,226</u>
		<b>US cents</b>	<b>US cents</b>
<b>Reconciliation of headline earnings per share</b>			
Basic and fully diluted earnings per share	7	19.2	69.4
Less exceptional items, net of tax and minority interests		<u>(5.2)</u>	<u>(58.6)</u>
Headline earnings per share	7	<u>14.0</u>	<u>10.8</u>
Interim dividend paid	8	2.00	1.85
Recommended final dividend	8	<u>3.00</u>	<u>2.65</u>
Total dividends in respect of the year		<u>5.00</u>	<u>4.50</u>

The notes on pages 11 to 28 form part of these financial statements.

## Consolidated Statement of Changes in Equity

	Ordinary share capital# US\$000	Share premium US\$000	Other Reserves US\$000	Retained earnings US\$000	Total US\$000
<b>FOR THE YEAR ENDED</b>					
<b>30th SEPTEMBER 2007</b>					
Balances at start of year	20,160	–	11,141	9,351	40,652
Exchange differences on translation of the Financial Statements and net losses not recognised in the Income Statement	–	–	351	102	453
Shares issued	4,645	3,407	–	–	8,052
Legal reserve appropriation	–	–	25	(25)	–
Fair value adjustments	–	–	3,319	–	3,319
Final dividend for prior year	–	–	–	(336)	(336)
Group share of revaluations transferred	–	–	3,154	(3,154)	–
Net profit for the year	–	–	–	10,226	10,226
Interim dividend for current year	–	–	–	(305)	(305)
Balances at end of year	<u>24,805</u>	<u>3,407</u>	<u>17,990</u>	<u>15,859</u>	<u>62,061</u>
<b>FOR THE YEAR ENDED</b>					
<b>30th SEPTEMBER 2008</b>					
Balances at start of year	<b>24,805</b>	<b>3,407</b>	<b>17,990</b>	<b>15,859</b>	<b>62,061</b>
Exchange differences on translation of the Financial Statements and net losses not recognised in the Income Statement	–	–	(3,461)	(1,372)	(4,833)
Legal reserve appropriation	–	–	64	(64)	–
Fair value adjustments – investments	–	–	(5,510)	–	(5,510)
Revaluations of commercial property	–	–	(43)	–	(43)
Final dividend for prior year	–	–	–	(438)	(438)
Transfer	–	–	515	(515)	–
Net profit for the year	–	–	–	3,182	3,182
Interim dividend for current year	–	–	–	(331)	(331)
Balances at end of year	<u>24,805</u>	<u>3,407</u>	<u>9,555</u>	<u>16,321</u>	<u>54,088</u>

# see also note (d) page 31

The notes on pages 11 to 28 form part of these Financial Statements.

**Consolidated Balance Sheet**  
at 30th September

	Notes	2008 US\$000	2007 US\$000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	37,914	40,549
Investments	10	21,863	29,074
		<u>59,777</u>	<u>69,623</u>
<b>Current assets</b>			
Inventories	11	20,705	18,246
Investments held for resale		182	610
Accounts receivable	12	18,957	18,613
Cash and bank balances		9,523	7,502
		<u>49,367</u>	<u>44,971</u>
<b>Current liabilities</b>			
Accounts payable (falling due within one year)	13(a)	(28,426)	(24,398)
Net current assets		<u>20,941</u>	<u>20,573</u>
<b>Total assets less current liabilities</b>			
		<b>80,718</b>	90,196
<b>Non-current liabilities</b>			
Accounts payable (falling due after more than one year)	13(b)	(11,077)	(11,216)
Deferred taxation	14	(2,324)	(3,031)
		<u>67,317</u>	<u>75,949</u>
<b>Capital and reserves</b>			
Called up share capital (page 31 note (d))		24,805	24,805
Share premium account (page 32 note (e))		3,407	3,407
Other reserves	15	9,555	17,990
Retained earnings		16,321	15,859
<b>Shareholders' funds</b>			
		<b>54,088</b>	62,061
<b>Minority interests</b>			
		<b>13,229</b>	13,888
		<u>67,317</u>	<u>75,949</u>

Approved by the Board on 2nd March 2009

**J.M. Robotham**  
Chairman

**D.C. Marshall**  
Chief Executive

The notes on pages 11 to 28 form part of these financial statements.

**Consolidated Cash Flow Statement**  
for the year ended 30th September

	Notes	2008 US\$000	2007 US\$000
<b>Operating activities</b>			
Cash generated/(absorbed) by operations	16(a)	8,032	(161)
Interest paid		(1,845)	(1,889)
Taxation paid		(2,014)	(1,520)
Net cash inflow/(outflow) from operating activities		<u>4,173</u>	<u>(3,570)</u>
<b>Investment activities</b>			
Purchase of tangible non-current assets		(1,614)	(647)
Acquisition of investments		(4,367)	(5,369)
Cash acquired with subsidiary, net of costs		–	689
Disposal of tangible non-current assets		842	–
Disposal of investments		5,126	9,395
Interest received and other investment income		1,052	809
Net cash inflow from investment activities		<u>1,039</u>	<u>4,877</u>
Net cash inflow before financing		<u>5,212</u>	<u>1,307</u>
<b>Financing activities</b>			
Net (decrease)/increase in long term debt		(139)	3,435
Dividend paid – group		(1,018)	(571)
Dividends paid – outside shareholders		(102)	–
Net cash (outflow)/inflow from financing activities		<u>(1,259)</u>	<u>2,864</u>
<b>Net increase in funds</b>	16(c)	<b>3,953</b>	<b>4,171</b>
Net funds/(debt) at 1st October		3,209	(1,045)
Effect of foreign exchange rate changes		(68)	83
<b>Net funds at 30th September</b>	16(c)	<b><u>7,094</u></b>	<b><u>3,209</u></b>

The notes on pages 11 to 28 form part of these financial statements.

## Notes to the Consolidated Financial Statements

for the year ended 30th September 2008

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### 1. General

The Company is incorporated as a société anonyme with financial holding company status under the Law of 31st July 1929, as amended, in the Grand Duchy of Luxembourg. In view of the international nature of the Group's operations, and as permitted by Luxembourg law, the amounts shown in these Consolidated Financial Statements are presented in United States dollars (US\$).

### 2. Accounting Policies

#### General

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations), issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant estimates relate to unquoted investments, which, due to uncertainty, are valued at cost.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision in future periods if applicable. The most significant techniques for estimation are described in the accounting policies below.

At the date of authorisation of these Consolidated Financial Statements the IASB and the IFRIC have issued new standards and interpretations and amended or revised standards, to be applied to Financial Statements with periods commencing either on or after 1st July 2008 or on or after 1st January 2009. The majority of these have not been adopted by the EU and the Company has not opted for early adoption for those which have been endorsed. The Directors do not expect that the adoption of these, where applicable, would have a material impact on the Consolidated Financial Statements in the period of initial application.

The principal accounting policies of the Group, which are set out below, comply with IFRS in all respects and with Luxembourg legal requirements. These policies, with the exception noted below, have been consistently applied.

#### (a) Basis of preparation

The Consolidated Financial Statements are prepared under the historical cost convention, with the exception of investments and certain fixed assets which have been included at revalued amounts in accordance with IAS 39 and IAS 40, and on the going concern basis.

#### (b) Basis of Consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiary undertakings (all of which are companies), being those companies in which the Group, directly or indirectly, has an interest of more than one-half of the voting rights and is able to exercise control over the operations. Separate disclosure is made of minority interests.

The results of subsidiaries acquired during the year are included from the date of acquisition and for those subsidiaries disposed of during the year up to the date of disposal. On acquisition, the purchase consideration is allocated over the fair values of net tangible assets. All inter-group transactions and balances are eliminated on consolidation.

Dividends are accounted for when received. Dividends declared but not yet received have not been accrued.

The carrying amounts of the Group's and Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

Trade and other receivables originated by the Group are stated at cost less provision for doubtful debts.

**2. Accounting Policies (continued)**

**(c) Associated Companies**

An associated company is one in which the Group's interest is considered to be long-term, is substantial and which the Group does not control but over which it is able to exercise a significant influence, having due regard to the disposition of the other shareholdings.

The Consolidated Income statement includes the Group's share of the results of associates (equity accounting). The results of associates acquired during the year are included from the date of acquisition. The results of associates disposed of during the year are included up to the date of disposal. The carrying value of associates in the Consolidated Balance Sheet is fair value, which, in the case of listed associates, is market value.

**(d) Revenue and Operating Costs**

Revenue comprises the value receivable for the sale of goods, services and property income. Revenue is stated after eliminating sales within the Group. Rental income is recognised on a straight line basis. Operating costs include cost of sales, administration and delivery expenses.

**(e) Depreciation and Revaluation**

Depreciation has been calculated on a straight line basis to write off the cost, less any expected residual value, of fixed assets over their useful lives. The rates of depreciation are shown in note 9. Depreciation is not provided on freehold land and buildings held as investment properties which are stated at valuation. All investment property maintenance and running costs are charged against revenue in the year that they occur. These properties are revalued on a regular basis. Any surplus on revaluation in excess of any deficit previously written off in respect of that property is taken to the Income Statement. Any excess of deficits arising over existing related revaluation reserves are taken to the Income Statement. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

**(f) Investments**

Listed investments are stated at market value. Unlisted investments are stated at cost less amounts written off where, in the opinion of the Directors, a permanent decline in value has arisen.

Gains and losses on disposal of investments are included as exceptional items in the Consolidated Income statement. Unrealised gains and losses are taken directly to equity and shown in the Consolidated Statement of Changes in Equity.

Negative goodwill arising on consolidation is written off on acquisition.

**(g) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method or the average cost for raw materials. Net realisable value is the estimated selling price in the ordinary course of business, less completion and selling costs. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated realisable values.

**(h) Taxation**

Tax payable on distributions to the Company from the retained earnings of subsidiaries or associates is provided for where there is a current intention to remit such earnings.

Deferred taxation is provided at current rates using the balance sheet liability method. Full provision is made for all temporary differences between the taxation base of assets and the liabilities and their balance sheet carrying values. Assets are not raised in respect of deferred taxation on assessed losses unless it is probable that future taxable income will be available against which the deferred tax asset can be realised in the foreseeable future.

**(i) Leases**

Where the substance of a lease is a financing arrangement, the asset and related obligation are respectively accounted for as a fixed asset and as a current or long-term liability. The asset is depreciated in accordance with the group policy and finance costs are charged to income in relation to the outstanding liability throughout the lease period.

The costs of leasing other assets are charged to income as they occur.

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## 2. Accounting Policies (continued)

### (j) Pension Obligations

The policy of the Group is to provide retirement benefits for all its employees through defined contribution schemes. Current contributions to pension funds are charged against income as incurred.

### (k) Foreign Currencies

All exchange gains and losses on settlement of foreign currency transactions or the translation of monetary assets and liabilities at year-end exchange rates are included in the income statement of the relevant Group company.

On consolidation, income statements of companies expressed in a currency other than US\$ are translated at average rates of exchange for the year. Balance sheets are translated at the rates of exchange at the end of the year.

Differences on translation arising in changes in the US\$ value of overseas net assets held at the beginning of the accounting period to that at the end of the period are shown as a movement in equity. The exchange loss or profit arising from the difference in rates used for Income Statement and Balance Sheet purposes is also taken directly to equity.

The rates used are:

		Income Statement		Balance Sheet	
		2008	2007	2008	2007
		US\$	US\$	US\$	US\$
Australia –	Aus\$1 =	<b>0.904</b>	0.814	<b>0.789</b>	0.885
South Africa –	ZAR1 =	<b>0.134</b>	0.140	<b>0.121</b>	0.145
Europe –	€1 =	<b>1.505</b>	1.339	<b>1.405</b>	1.422
United Kingdom –	£1 =	<b>1.965</b>	1.981	<b>1.783</b>	2.037

### (l) Funds

For the purposes of the Cash Flow Statement, funds comprise cash in hand, deposits held at call with banks, and investments in money market instruments net of bank overdrafts. In the Balance Sheet, bank overdrafts are included in accounts payable.

### (m) Financial instruments

#### *Financial Assets*

The principal financial assets are the portfolio investments and the investments in associates, cash and bank balances and the accounts receivable. The portfolio investments are stated at market values and the latter two are stated at their nominal values. Investments in associates are stated in accordance with accounting policy note 2(c).

#### *Financial Liabilities*

Financial liabilities are classified according to the substance of the contractual agreements entered into. The principal financial liabilities are bank loans and accounts payable.

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 30th September 2008

**3. Segmental Reporting**

Primary reporting format – business segments

The Group is organised on a worldwide basis into the following main business segments:

Import and distribution	Tool imports and non-perishable food imports to, and exports from, South Africa. Non-perishable food exports to Japan and Australia.
Food production and processing	Horticulture, niche and value-added agriculture in South Africa through an associated company, Conafex.
Property	Investment properties in U.S.A. and South Africa.
Other operations	Mainly transactions relating to the share portfolios, profits on disposals of tangible and intangible fixed assets and local head office costs.

There are no sales between business segments. Segment assets consist of property, plant and equipment, inventories and receivables and exclude cash balances. Segment liabilities are operating liabilities and exclude items such as taxation and borrowings. Unallocated assets and liabilities are cash balances, taxation and borrowings. Capital expenditure comprises additions to property, plant and equipment.

Segmental analysis of results	2008 US\$000		2007 US\$000	
	Revenue	Result	Revenue	Result
Import and distribution	105,503	6,510	88,141	6,492
Property	3,955	1,291	2,308	635
Other activities	101	(244)	–	(579)
	<u>109,559</u>	<u>7,557</u>	<u>90,449</u>	<u>6,548</u>
Share of associates		(461)		24
Interest paid and similar charges		(1,845)		(1,889)
		<u>5,251</u>		<u>4,683</u>
Exceptional items		1,214		10,452
Profit before tax		<u>6,465</u>		<u>15,135</u>

\* Revenue of “Other activities” excludes dividend income and the proceeds of sales of investments and tangible assets, the profits of which are included in exceptional items.

**Segmental analysis of net assets 30th September 2008**

	Assets US\$000	Liabilities US\$000	Net assets/ (liabilities) US\$000	Capital expenditure US\$000	Depreciation charge US\$000
Import and distribution	42,654	(24,399)	18,255	694	321
Property	32,955	(600)	32,355	842	57
Listed associate – Food production	1,860	–	1,860	–	–
Listed associate – Other	1,994	–	1,994	–	–
Other activities (including investments)	19,948	(412)	19,536	78	6
Unallocated (including cash, tax and debt)	9,733	(16,416)	(6,683)	–	–
Consolidated total	<u>109,144</u>	<u>(41,827)</u>	<u>67,317</u>	<u>1,614</u>	<u>384</u>

Unallocated assets and liabilities are cash balances, taxation and borrowings.

### 3. Segmental Reporting (continued)

Segmental analysis of net assets 30th September 2007

	Assets US\$000	Liabilities US\$000	Net assets/ (liabilities) US\$000	Capital expenditure US\$000	Depreciation charge US\$000
Import and distribution	40,534	(19,649)	20,885	212	188
Property	36,498	(873)	35,625	435	50
Listed associate – Food production	1,530	–	1,530	–	–
Listed associate – Other	1,388	–	1,388	–	–
Other activities (including investments)	22,202	(1,093)	21,109	–	9
Unallocated (including cash, tax and debt)	12,442	(17,030)	(4,588)	–	–
Consolidated total	<u>114,594</u>	<u>(38,645)</u>	<u>75,949</u>	<u>647</u>	<u>247</u>

#### Secondary reporting format – geographical segments

The Group operates in the following countries or states.

Luxembourg	The non-trading location of the parent company, including part of the Group's investment portfolio.
South Africa	Location of the bulk of the Group's import and distribution business and part of the Group's property portfolio.
Australia	Location for part of the Group's import and distribution business.
United States	Part of the Group's property portfolio is located here.
Jersey	Location of part of the Group's import and distribution business and part of the Group's investment portfolio.

	2008			2007		
	Group revenue US\$000	Total net assets US\$000	Capital expenditure US\$000	Group revenue US\$000	Total net assets US\$000	Capital expenditure US\$000
Australia	3,158	3,606	8	3,006	3,933	117
United States	1,068	12,565	17	1,060	13,107	36
Jersey	28,089	8,664	–	19,810	10,365	–
Other countries	–	11,362	78	458	14,654	–
Total outside Africa	<u>32,315</u>	<u>36,197</u>	<u>103</u>	<u>24,334</u>	<u>42,059</u>	<u>153</u>
South Africa	<u>77,244</u>	<u>31,120</u>	<u>1,511</u>	<u>66,115</u>	<u>33,890</u>	<u>494</u>
Total	<u>109,559</u>	<u>67,317</u>	<u>1,614</u>	<u>90,449</u>	<u>75,949</u>	<u>647</u>

Total assets (before minorities) and capital expenditure are shown by the geographical area in which the assets are located.

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 30th September 2008

<b>4. Operating Profit and Employees</b>	<b>2008</b>	2007
	<b>US\$000</b>	US\$000
Operating profit of US\$6,823,000 (2007 – US\$6,032,000) is stated after deducting:		
Depreciation	<b>384</b>	247
Operating lease costs		
Premises	<b>497</b>	290
Plant, equipment and vehicles	<b>68</b>	56
Staff costs:		
Salaries and wages	<b>6,651</b>	6,891
Social security costs	<b>353</b>	297
Pension costs	<b>531</b>	477
Auditors' fees of the Company and its subsidiaries		
Audit related	<b>343</b>	291
Other	<b>9</b>	8
Related party fees	<b>262</b>	237

The key management team of 15 (2007 – 15), excluding non-executive directors, of D.C. Marshall, W.H. Marshall, L.H. Marshall, O.H. Marshall, I. Ahmed, A.A. Dumas, B.K. Hughes, C.P. Jousse, T.R. Maarshalk, A.V. Naidoo, E. Prange, R.I. Sawkins, A.P. Smith, G.K. Vacy-Lyle and A.C. Vacy-Lyle received total remuneration for the year of US\$2,056,000 (2007 – US\$2,204,000) in the year.

Related party fees arise from the provision of consultancy and administration services to Group companies by European companies, which, through board representation and/or shareholdings, are classified as related parties.

The average number of employees of the Group was:

	<b>2008</b>	2007
Production, warehousing and manual	<b>240</b>	176
Administration	<b>114</b>	83
Management, including Directors	<b>26</b>	26
	<b>380</b>	285

<b>5. Exceptional Items</b>	<b>2008</b>	2007
	<b>US\$000</b>	US\$000
Income		
Surplus on disposal of investments	<b>325</b>	4,237
Surplus on disposal of non-current tangible assets	<b>555</b>	–
Release of investment provision	<b>295</b>	508
Negative goodwill written off	–	1,471
Property revaluations	<b>39</b>	4,541
Total income	<b>1,214</b>	10,757
Charges		
Mortgage redemption fee	–	(286)
Loss on disposal of tangible fixed assets	–	(19)
Exceptional items – net income	<b>1,214</b>	10,452

<b>6. Taxation</b>	<b>2008</b>	2007
	<b>US\$000</b>	US\$000
Capital tax	<b>103</b>	52
Corporate tax – current year	<b>1,277</b>	1,502
Withholding tax	<b>84</b>	119
Deferred taxation	<b>196</b>	618
	<u><b>1,660</b></u>	<u>2,291</u>
Share of associated companies	–	52
	<u><b>1,660</b></u>	<u>2,343</u>

Reconciliation of the expected tax charge of Group companies to the actual tax charge is as follows:

Expected tax charge at statutory rates	<b>1,411</b>	2,000
Withholding taxes	<b>117</b>	78
Capital taxes	<b>103</b>	52
Change on rate of tax	<b>(132)</b>	–
Losses unrelieved	<b>129</b>	126
Other differences	<b>32</b>	35
	<u><b>1,660</b></u>	<u>2,291</u>
Share of associated companies	–	52
	<u><b>1,660</b></u>	<u>2,343</u>

#### **7. Earnings per Share**

Based on the result attributable to shareholders of the Company and on the average number of shares in issue 16,536,717 (2007 – 14,727,000)	<b>19.2c</b>	69.4c
Headline earnings per share, based on the result attributable to shareholders, excluding exceptional items, net of minority interest and tax, and the average number of shares in issue	<b>14.0c</b>	10.8c

#### **8. Dividends**

	<b>US\$000</b>	US\$000
<b>Interim dividend</b>		
2.00 US cents per share (2007 – 1.85 US cents)	<b>331</b>	305
<b>Recommended dividend</b>		
3.0 US cents per share (2007 – 2.65 US cents)	<u><b>496</b></u>	<u>438</u>
Total dividends 5.0 US cents (2007 – 4.50 US cents)	<u><b>827</b></u>	<u>743</u>

The recommended dividend is subject to approval at the Annual General Meeting on 27th March 2009.

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 30th September 2008

**9. Property, Plant and Equipment**

	Investment properties US\$000	Plant and equipment vehicles, furniture US\$000	Freehold land and buildings US\$000	<b>2008 Total US\$000</b>	2007 Total US\$000
<b>At cost or valuation</b>					
Brought forward 1st October:					
At cost	–	2,787	81	<b>2,868</b>	1,610
At valuation	29,915	–	8,849	<b>38,764</b>	17,325
Translation adjustment (note 2(k))	(2,732)	(252)	(735)	<b>(3,719)</b>	1,303
	27,183	2,535	8,195	<b>37,913</b>	20,238
Revaluations	39	–	119	<b>158</b>	6,008
Acquisition	–	–	–	–	14,965
Additions	819	795	–	<b>1,614</b>	647
Disposals/reclassified	(434)	(77)	–	<b>(511)</b>	(226)
Balances carried forward 30th September					
At cost	–	3,253	81	<b>3,334</b>	2,868
At valuation	27,607	–	8,233	<b>35,840</b>	38,764
	27,607	3,253	8,314	<b>39,174</b>	41,632
<b>Depreciation</b>					
Brought forward 1st October					
Translation adjustment	–	1,072	11	<b>1,083</b>	621
	–	(102)	(2)	<b>(104)</b>	(7)
	–	970	9	<b>979</b>	614
Charge for the year	–	377	7	<b>384</b>	247
Translation adjustment	–	(34)	–	<b>(34)</b>	11
Written back on revaluation	–	–	(16)	<b>(16)</b>	–
Acquisitions	–	–	–	–	387
Disposals	–	(53)	–	<b>(53)</b>	(176)
Balances carried forward 30th September					
	–	1,260	–	<b>1,260</b>	1,083
Net book value 30th September 2008	27,607	1,993	8,314	<b>37,914</b>	
Net book value 30th September 2007	29,915	1,715	8,919		40,549
<b>Analysis of net book value:</b>					
United States				<b>11,880</b>	11,880
South Africa				<b>23,814</b>	26,218
Australia & other				<b>2,220</b>	2,451
				<b>37,914</b>	40,549

The investment properties, which are located in the United States and South Africa, are valued at current market values, on an open market basis. The US property was valued at US\$11,880,000 (2007 – US\$11,880,000) and the South African properties at US\$15,727,000 (2007 – US\$18,035,000).

## 9. Property, Plant and Equipment (continued)

Investment and other freehold properties in South Africa, with a total value of US\$15,290,000 (US\$15,558,000), and the property in the USA with a value of US\$11,880,000 (2007 – the same) were mortgaged at 30th September 2008 to secure long term finance. (see note 13 (b)).

Plant and equipment, vehicles and furniture are carried at cost less depreciation calculated at the following annual rates:

### Rates of depreciation

Straight-line method:

Plant and equipment and furniture	2%	–	50%
Vehicles	20%	–	30%
Freehold buildings	2%	–	5%

## 10. Investments

	General portfolio		Associated Companies	2008	2007
	Listed US\$000	Unlisted US\$000	Listed US\$000	Total US\$000	Total US\$000
<b>Cost</b>					
Balance brought forward 1st October	15,568	525	6,964	<b>23,057</b>	19,126
Translation adjustment	(407)	–	–	<b>(407)</b>	91
	<u>15,161</u>	<u>525</u>	<u>6,964</u>	<b>22,650</b>	19,217
Additions	3,210	–	1,157	<b>4,367</b>	5,369
Acquisitions	–	–	–	–	2,856
Disposals	(4,595)	(206)	–	<b>(4,801)</b>	(5,411)
Share of (loss)/profit for the year	–	–	(461)	<b>(461)</b>	1,026
	<u>–</u>	<u>–</u>	<u>(461)</u>	<b>(461)</b>	
Balance carried forward 30th September	<u>13,776</u>	<u>319</u>	<u>7,660</u>	<b>21,755</b>	23,057
<b>Fair value adjustments</b>					
Balance brought forward 1st October	9,389	–	(3,372)	<b>6,017</b>	3,345
Fair value adjustment	(5,475)	–	–	<b>(5,475)</b>	3,319
Provisions increased during year	–	–	(434)	<b>(434)</b>	(647)
	<u>–</u>	<u>–</u>	<u>(434)</u>	<b>(434)</b>	
Balance carried forward 30th September	<u>3,914</u>	<u>–</u>	<u>(3,806)</u>	<b>108</b>	6,017
Net book value 30th September 2008	<u>17,690</u>	<u>319</u>	<u>3,854</u>	<b>21,863</b>	
Net book value 30th September 2007	<u>24,957</u>	<u>525</u>	<u>3,592</u>		29,074

Listed portfolio investments are carried at market value.

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 30th September 2008

**10. Investments (continued)**

<b>Geographical analysis:</b>	<b>2008</b>	2007
	<b>US\$000</b>	US\$000
(a) Associated listed companies		
Southern Africa – Conafex	<b>1,860</b>	2,276
Europe – Halogen	<b>1,994</b>	1,316
	<u><b>3,854</b></u>	<u>3,592</u>
(b) General portfolio		
Listed		
UK	<b>5,767</b>	7,928
USA	<b>3,923</b>	5,245
Euro	<b>3,707</b>	5,419
Swiss	<b>3,367</b>	5,172
Japanese	<b>926</b>	1,193
	<u><b>17,690</b></u>	<u>24,957</u>
(c) Unlisted – Europe and other	<b>319</b>	525
	<u><b>21,863</b></u>	<u>29,074</u>

The listed portfolio investments are pledged to secure long term finance and/or overdrafts.

The following investments, which represent more than twenty per cent of the issued equity capital of the company concerned, are included in the above Group figures.

<b>Equity accounted:</b>	Percentage of equity held	
<b>Listed</b>	<b>2008</b>	2007
<b>Held by Monteagle</b>		
Halogen Holdings S.A.	<b>49.9%</b>	49.9%
Incorporated in Luxembourg and operating internationally		
Activity – Holding company		
Consolidated loss for year ended 30th September 2008 – £385,000		
(2007 – profit £1,221,000)		
Consolidated reserves: 30th September 2008 – £1,713,000 (2007 – £2,098,000)		
Conafex Holdings S.A.	<b>46.5%</b>	43.7%
Incorporated in Luxembourg and operating internationally		
Activity – Holding company		
Consolidated loss for year ended 30th September 2008 – ZAR1,656,000		
(2007 – ZAR2,979,000)		
Consolidated reserves: 30th September 2008 – Negative ZAR737,000		
(2007 – ZAR1,300,000)		

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**11. Inventories**

	<b>2008</b>	2007
	<b>US\$000</b>	US\$000
Raw materials	<b>948</b>	1,156
Finished goods	<b>19,757</b>	17,090
	<b><u>20,705</u></b>	<u>18,246</u>

**12. Accounts Receivable**

Trade debtors	<b>17,576</b>	16,966
Amounts due from associated companies	<b>211</b>	201
Taxation recoverable	<b>265</b>	230
Investments for resale	–	88
Other debtors	<b>725</b>	988
	<b><u>18,777</u></b>	<u>18,473</u>
Prepayments	<b>180</b>	140
	<b><u>18,957</u></b>	<u>18,613</u>

**13. Accounts Payable****(a) Amounts falling due within one year:**

Bank loans and overdrafts	<b>2,429</b>	4,293
Creditors – Trade creditors, including bills payable and acceptance credits	<b>19,411</b>	15,057
– Other creditors and short term portions of secured loans	<b>4,338</b>	3,183
Amounts due to associated companies	<b>116</b>	37
Taxation	<b>466</b>	425
Interim dividend 2007 (2008 paid August)	–	249
Accruals	<b>1,666</b>	1,154
	<b><u>28,426</u></b>	<u>24,398</u>

The holding company has drawn US\$1,601,000 (2007 – US\$1,683,000) under a facility secured on the general investment portfolio.

A Rand bank overdraft equivalent to US\$498,000 (2007 – US\$1,439,000) is secured by charges over the accounts receivable and inventories of a South African subsidiary.

Trade creditors equivalent to US\$293,000 (2007 – US\$434,000) are secured over the trade debtors and inventory of an Australian subsidiary of US\$1,761,000 (2007 – US\$2,246,000) and overdraft facilities, which are unutilised, over property and deposits.

The Directors have recommended an ordinary dividend of 3.00 US cents per share, which is subject to approval by shareholders at the Annual General Meeting. In accordance with IAS 10, this liability is not recognised at the Balance Sheet date.

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 30th September 2008

**13. Accounts Payable (continued)**

	<b>2008</b>	2007
	<b>US\$000</b>	US\$000
<b>(b) Amounts falling due after more than one year:</b>		
Secured loans – South Africa – banks (South African Rand)	<b>4,336</b>	4,514
– United States – mortgage corporations (US Dollar)	<b>6,078</b>	6,163
– Capitalised lease obligations – (Australian Dollar)	–	48
– (South African Rand)	<b>218</b>	22
	<u><b>10,632</b></u>	<u>10,747</u>
Finance from financial institutions		
Unsecured, local currency, trade creditor loans – South Africa	<b>350</b>	363
– Australia	<b>95</b>	106
	<u><b>445</b></u>	<u>469</u>
	<u><b>11,077</b></u>	<u>11,216</u>

Long-term finance in the United States and South Africa is secured by mortgages on certain local investment properties and investments (see notes 9 and 10).

The principal rates of interest on loans are commercial rates – United States 6.07%, South Africa between prime less 1% and 16.35% (average prime rate for the year was 14.82%).

Loans are repayable over the following periods:

	Secured		Unsecured	
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>US\$000</b>	US\$000	<b>US\$000</b>	US\$000
Between one and five years	<b>4,105</b>	2,441	–	–
Over five years – by instalments	<b>6,527</b>	8,306	–	–
No fixed repayment date	–	–	<b>445</b>	469
	<u><b>10,632</b></u>	<u>10,747</u>	<u><b>445</b></u>	<u>469</u>

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#### 14. Deferred Taxation

The provision for deferred tax comprises the following effects of temporary timing differences:

	2008 US\$000	2007 US\$000
<b>Deferred tax liabilities</b>		
Tangible fixed assets	(2,484)	(2,824)
Other	(236)	(493)
	<u>(2,720)</u>	<u>(3,317)</u>
<b>Deferred tax assets</b>		
Tangible fixed assets	103	26
Other	293	260
	<u>396</u>	<u>286</u>
<b>Total net deferred tax liabilities</b>	<u>(2,324)</u>	<u>(3,031)</u>

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year:

##### Accelerated tax depreciation

###### Liabilities

Balance brought forward 1st October	(3,317)	(247)
Exchange differences	523	(21)
Acquired	–	(2,307)
Other reserve	186	(37)
Charge to income during year	(112)	(705)
	<u>(2,720)</u>	<u>(3,317)</u>

Balance carried forward 30th September

###### Losses

###### Assets

Balance brought forward 1st October	286	118
Exchange	(41)	11
Acquired	–	31
Other reserve	235	37
Credit to income during year	(84)	89
	<u>396</u>	<u>286</u>

Balance carried forward 30th September

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 30th September 2008

**15. Other Reserves**

**(a) Legal reserve**

	<b>2008</b>	2007
	<b>US\$000</b>	US\$000
Balance brought forward	<b>970</b>	945
Transfer from retained earnings	<b>64</b>	25
Balance carried forward	<b>1,034</b>	970

Luxembourg law requires that an appropriation of at least 5% of the Company's own annual distributable profit be made to legal reserve until such time as the reserve attains 10% of the issued share capital. Consequently the directors propose to transfer US\$14,500 from retained earnings to legal reserve. A resolution to approve the transfer will be proposed at the Annual General Meeting. Distribution of this reserve is restricted.

**(b) Revaluation reserve**

Balance brought forward 1st October	<b>10,835</b>	7,468
Exchange	<b>(3,113)</b>	213
Transfer from retained earnings	<b>515</b>	–
Group share of revaluations in year	<b>(43)</b>	3,154
Balance carried forward 30th September	<b>8,194</b>	10,835

**(c) Exchange reserve**

Brought forward 1st October	<b>(396)</b>	(534)
Arising during the year	<b>(348)</b>	138
Balance carried forward 30th September	<b>(744)</b>	(396)

**(d) Other reserves**

Balance brought forward 1st October	<b>6,581</b>	3,262
Fair value adjustments	<b>(5,510)</b>	3,319
Balance carried forward 30th September	<b>1,071</b>	6,581
<b>Total Other Reserves</b>	<b>9,555</b>	17,990

## 16. Notes to Cash Flow Statement

### (a) Reconciliation of profit before taxation to net inflow from operating activities

	2008 US\$000	2007 US\$000
Profit before taxation	6,465	15,135
Adjustments		
Exceptional items	(1,214)	(10,452)
Share of associated companies' results	461	(24)
Income from investments and loans	(1,052)	(809)
Interest paid and similar charges	1,845	1,889
Depreciation	384	247
Cash generated before working capital changes	6,889	5,986
Net decrease/(increase) in working capital (note 16(b))	1,143	(6,147)
Cash generated(absorbed) by operations	<u>8,032</u>	<u>(161)</u>
<b>(b) Net increase in working capital</b>		
Increase in inventories	(2,459)	(5,135)
Decrease/(increase) in investments held for resale	428	(610)
Decrease/(increase) in debtors	976	(3,553)
Increase in creditors	2,198	3,151
	<u>1,143</u>	<u>(6,147)</u>

### (c) Analysis of net funds

	2007 US\$000	Exchange Movements US\$000	Cash flow Movement US\$000	2008 US\$000
Cash at bank and in hand	7,502	(83)	2,104	9,523
Bank overdrafts (note 13(a))	(4,293)	15	1,849	(2,429)
	<u>3,209</u>	<u>(68)</u>	<u>3,953</u>	<u>7,094</u>

### (d) Analysis of funds by currency

United States Dollars	2,495	–	1,436	3,931
Australian Dollars	61	7	399	467
South African Rands	501	(94)	2,266	2,673
Pounds Sterling	152	19	(148)	23
	<u>3,209</u>	<u>(68)</u>	<u>3,953</u>	<u>7,094</u>

### (e) Credit risk

Cash and cash equivalents include all cash balances and highly liquid deposits with a maturity of three months or less and are maintained with recognised financial institutions. Surplus cash balances are placed on deposit at market rates. An analysis by currency is set out in note 16(d).

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 30th September 2008

**17. Group Commitments and Contingent Liabilities**

At 30th September 2008 the Group had commitments as lessee of US\$597,000 (2007 – US\$371,000) within one year and US\$607,000 (2007 – S\$324,000) in two to five years. As lessor the Group had projected future rental income within one year of US\$2,255,000 (2007 – US\$2,087,000) and within two to five years of US\$2,329,000 (2007 – US\$2,219,000), under non-cancellable operating leases.

The Group had no material commitments for authorised capital expenditure contracted (2007 – nil).

Full provision has been made for potential liabilities at the balance sheet date under forward exchange contracts.

The Company has given a guarantee in favour of its associated company, Conafex Holdings SA, to a maximum of US\$600,000. No drawdown had been made under the facility at 30th September 2008.

**18. Pensions**

All contributions are charged to the Income Statement in the year to which they relate.

	2008	2007
	US\$000	US\$000
Net expense of benefits		
Current service costs – defined contribution scheme	<u>531</u>	<u>477</u>

The defined benefit scheme to which Group companies contributed has been categorised as fully paid up and contributions are now made to defined contribution schemes only and the Group has no responsibility for any unfunded liabilities of these schemes. Once local approval is received from the authorities for the conversion of the defined benefit scheme, any surplus arising will be distributed to members.

**19. Reserves**

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	Description and purpose.
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Cumulative net gains and losses recognised direct to equity, property revaluations and exchange differences arising on translation of foreign entities.
Retained earnings	Cumulative net gains and losses recognised in the Income Statement.

The Company considers its capital to comprise its ordinary share capital and reserves as detailed above. The Company's primary objective in managing its capital is to provide, over the long term, real growth in value for shareholders through a combination of capital growth and, when appropriate, distributions. The Company maintains a gearing ratio of approximately 20:1 (2007 – 18:1).



**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 30th September 2008

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**20. Financial Instruments and Risk Management (continued)**

**Currency risk**

The group currency risk arising on the portion of purchases transacted in foreign currencies is monitored on an ongoing basis with forward cover being arranged for significant transactions.

The values of the Group interests in South Africa and Australia, detailed in note 3, are exposed to fluctuations in exchange rates. A 10% movement in the exchange rates used at the balance sheet date, set out in note 2(k), would reduce or increase asset values and shareholders funds by US\$3,473,000.

**Fair value of financial instruments**

The carrying amounts of the accounts receivable reported in the Balance Sheet approximate their fair values at the year-end. All financial liabilities are classified as financial liabilities at amortised cost.

**Market risk**

The fair values of the investments within the portfolios are determined by the prices available from the markets on which the investments involved are traded. Unlisted investments are stated at cost net of impairment provisions because fair value can not be readily determined.

The Company maintains a spread of investments over various sectors and monitors performance continuously as described above. The majority of the financial assets (investments) are in companies with good market liquidity. The future values of these investments will fluctuate because of changes in dividend rates and other market factors.

Reviews for indications of permanent impairment are carried out at least annually. The directors believe that the exposure to market price risk from these activities is acceptable in the Company's circumstances.

The sensitivity to each 1% decrease in the value of investments would result in the fair values of investments decreasing by US\$177,000 and a corresponding decrease in other reserves. A 1% increase, would, on the same basis, increase fair values and increase other reserves.

## Financial Statements of the Parent Company

### INCOME STATEMENT for the year ended 30th September

	2008 US\$000	2007 US\$000
<b>INCOME</b>		
Income from fixed assets	1,748	2,138
Income from current assets	9	10
	<u>1,757</u>	<u>2,148</u>
<b>EXPENSES</b>		
Interest and similar charges	105	137
Administration and other charges	448	512
Group charges	700	596
Exceptional provision/(recovery) against investments in associates	221	(379)
<b>Profit for the year</b>	<u>283</u>	<u>1,282</u>
	<u>1,757</u>	<u>2,148</u>

### BALANCE SHEET At 30th September

	Notes		
<b>Non-current assets</b>			
Investments	(c)	31,281	31,559
<b>Current assets</b>			
Amount due from group companies		1,845	1,973
Investments held for resale		–	88
Accounts receivable		71	215
Cash and bank balances		29	154
		<u>33,226</u>	<u>33,989</u>
<b>Liabilities</b>			
<b>Capital and reserves</b>			
Called-up share capital	(d)	24,805	24,805
Other reserves	(e)	4,441	4,377
Retained earnings	(f)	404	(45)
<b>Accounts payable</b> (falling due within one year)	(g)	3,293	3,570
<b>Profit for the year</b>		<u>283</u>	<u>1,282</u>
		<u>33,226</u>	<u>33,989</u>

The notes on pages 30 to 34 form part of these financial statements.

## Notes to the Financial Statements of the Parent Company

for the year ended 30th September 2008

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**(a) GENERAL**

The Company is incorporated as a société anonyme, with financial holding company status under the Law of 31st July 1929, as amended, in the Grand Duchy of Luxembourg. As permitted by Luxembourg law, the amounts shown in these Financial Statements are presented in United States dollars.

**(b) ACCOUNTING POLICIES**

The principal accounting policies of the Company, which are set out below, comply with Luxembourg law, regulations and generally accepted accounting practices and have been consistently followed.

**(i) Investments**

Listed and unlisted investments are stated at cost less amounts written off where, in the opinion of the Directors, a permanent decline in value has arisen.

**(ii) Dividends**

Dividends are accounted for when received, other than dividends from subsidiaries, which are accounted for in the same year as that for which they are declared. Dividends from certain subsidiaries are subject to exchange control.

**(iii) Associated companies**

Those companies in which the Company holds an interest of between 20% and 50% are included in the Company's Balance Sheet at cost, less provision for any permanent decline in value as determined by the Directors.

**(iv) Foreign currencies**

Foreign exchange losses and realised gains on settlement of foreign currency transactions or on the translation of monetary assets and liabilities at year-end exchange rates are accounted for through the Income Statement.

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(c) **NON-CURRENT ASSETS**

**Movements in investments**

	Subsidiaries see note (h) US\$000	Listed US\$000	Unlisted US\$000	Associated Companies US\$000	<b>2008 Total US\$000</b>	2007 Total US\$000
<b>Book cost</b>						
Balance brought forward						
1st October	23,450	4,900	474	6,576	<b>35,400</b>	27,409
Additions	–	94	–	1,158	<b>1,252</b>	11,182
Disposals, reclassifications and exchange	–	(1,121)	(188)	–	<b>(1,309)</b>	(3,191)
Balance carried forward 30th September	<u>23,450</u>	<u>3,873</u>	<u>286</u>	<u>7,734</u>	<b><u>35,343</u></b>	<u>35,400</u>
<b>Fair value adjustments</b>						
Balance brought forward 1st October	(182)	–	–	(3,659)	<b>(3,841)</b>	(4,220)
Movement	–	–	–	(221)	<b>(221)</b>	379
Balance carried forward 30th September	<u>(182)</u>	<u>–</u>	<u>–</u>	<u>(3,880)</u>	<b><u>(4,062)</u></b>	<u>(3,841)</u>
Net book value 30th September 2008	<u>23,268</u>	<u>3,873</u>	<u>286</u>	<u>3,854</u>	<b><u>31,281</u></b>	
Net book value 30th September 2007	<u>23,268</u>	<u>4,900</u>	<u>474</u>	<u>2,917</u>		<u>31,559</u>

The market value of the listed investments at 30th September 2008 was US\$4,558,000 (2007 – US\$7,520,000).

(d) **SHARE CAPITAL**

	Number	US\$000
<b>Authorised</b>		
Shares of US\$1.50 each	<u>20,000,000</u>	<u>30,000</u>
<b>Issued and fully paid</b>		
At 1st October 2006	13,440,000	20,160
Shares issued in respect of acquisition	<u>3,096,717</u>	<u>4,645</u>
At 30th September 2007	<u>16,536,717</u>	<u>24,805</u>
At 30th September 2008	<u>16,536,717</u>	<u>24,805</u>

The Directors are authorised, until 17th August 2010, to issue the balance of the unissued authorised share capital of 3,463,283 shares.

**Notes to the Financial Statements of the Parent Company (continued)**  
for the year ended 30th September 2008

**(e) OTHER RESERVES**

	2008 US\$000	2007 US\$000
<b>Legal Reserve</b>		
Balance brought	970	945
Transfer from retained earnings	64	25
Balance carried forward	<u>1,034</u>	<u>970</u>
<b>Share Premium Account</b>		
Balance brought forward	3,407	–
Arising on shares issued	–	3,407
Balance carried forward	<u>3,407</u>	<u>3,407</u>
<b>Total other reserves</b>	<u>4,441</u>	<u>4,377</u>

Luxembourg law requires that an appropriation of at least 5% of the Company's own annual distributable profit be made to legal reserve until such time as the reserve attains 10% of the issued share capital. Consequently the directors propose to transfer US\$14,500 from retained earnings to legal reserve. A resolution to approve the transfer will be proposed at the Annual General Meeting. Distribution of this reserve is restricted.

**(f) RETAINED EARNINGS**

Balance brought forward 1st October	(45)	113
Profit of the preceding year	1,282	508
Transfer to legal reserves	(64)	(25)
Dividend paid in respect of the preceding year	(438)	(336)
Interim dividend	(331)	(305)
Balance carried forward 30th September	<u>404</u>	<u>(45)</u>

**(g) ACCOUNTS PAYABLE**

Group companies	1,318	1,301
Other creditors	1,975	2,269
	<u>3,293</u>	<u>3,570</u>

The Company has drawn US\$1,601,000 under a facility secured on the general investment portfolio.

The Company has given a pledge to its bankers for US\$600,000 in respect of a facility for Conafex Holdings SA. No drawings have been made under that facility.

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**(h) SUBSIDIARIES**

The following companies, which are the principal active subsidiaries of Marshall Monteagle Holdings Société Anonyme, have been included in the Consolidated Financial Statements of the Group and have year ends coterminous with that of the Company, unless otherwise stated.

<b>(a) Wholly-owned</b>	<b>Principal Activities</b>
(i) Incorporated and operating in England: Monteagle Consumer Group (UK) Limited Monteagle Properties (UK) Limited The following company is a wholly owned subsidiary of Monteagle Properties (UK) Limited Incorporated and operating in San Diego, United States of America: Monteagle Inc	Importer Investment holding     Property
(ii) Incorporated in British Virgin Islands and operating internationally: Monteagle International Finance Limited	Consultancy and management
(iii) Incorporated in Jersey, Channel Islands and operating internationally: Monteagle Merchant Group Limited The following companies are active subsidiaries of Monteagle Merchant Group Limited: <i>Wholly-Owned:</i> Monteagle Property Holdings Limited Monteagle International Limited Monteagle Merchant Group Southern Holdings Limited Monteagle Merchant Group Southern Holdings 2 Limited Monteagle Subscriptions Limited  <i>Owned 50.1%</i> L & G Tool and Machinery Distributors Limited	Investment holding    Property holding Importer Investment holding Investment holding Investment holding  Importer and distributor of hand tools and machinery
(iv) Incorporated in South Africa and operating internationally Merchant & Industrial Properties Limited The following company is the active subsidiary of Merchant & Industrial Properties Limited: Marshalls Internal Limited The following company is the active subsidiary of Marshalls Internal Limited: Marshalls Group Limited The following companies are active subsidiaries of Marshalls Group Limited: Marshall Metallic Holdings Limited Marshalls Parking (Pty) Limited	Investment holding   Investment holding  Investment holding  Investment decision Property holding

**Notes to the Financial Statements of the Parent Company (continued)**  
for the year ended 30th September 2008

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**(h) SUBSIDIARIES (continued)**

<b>(b) Other subsidiaries of Marshall Monteagle Holding Société Anonyme</b>	<b>Principal Activities</b>
(i) Incorporated and operating in Australia Queensland Tool and Machinery Distributors Pty Ltd (owned 50.1%)	Importers and distributors of hand tools and machinery
QTM Property Holdings Ltd (owned 50.1%)	Property holding

## Report of the Directors

for the year ended 30th September 2008

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The Directors submit their report and the audited Consolidated Financial Statements for the year ended 30th September 2008.

### PRINCIPAL ACTIVITIES

The Company is incorporated as a société anonyme in the Grand Duchy of Luxembourg with financial holding company status. Its activities in Luxembourg comprise the central supervision and control of the Group's investments in its operating subsidiaries and the administration of a general investment portfolio. The Company's shares are listed on the Luxembourg, Johannesburg and London Stock Exchanges.

The Group owns a commercial property in the United States of America, and in Australia it operates as a specialist importer and distributor of hand tools and machinery.

In South Africa the Group owns and manages multi-tenanted rent producing properties and operates trading businesses involved in the importation and distribution of hand tools, machinery and non-perishable food products.

Our listed associate holds the Group's food production and processing interests in southern Africa. These interests include a producer of aromatic and medicinal plants indigenous to South Africa; a herbal tea processor, an agri-service and marketing company and an international trader in soluble coffee with a recently established coffee roasting plant.

### OPERATING REVIEW

The Group profit, after tax and minority interests, was US\$3,182,000, compared to US\$10,226,000 for the previous year, giving earnings per share of 19.2 US cents (2007 – 69.4 US cents). A detailed review of the Group's operations is made in the Chairman's Review. A detailed analysis of the Group's operations is set out in note 3 on pages 14 and 15.

### EXCEPTIONAL ITEMS

Exceptional items include the surpluses on the disposal of tangible fixed assets and investments, surpluses on revaluation of commercial properties and movements in provisions against investments. Details are set out in Note 5 on page 16.

### DIVIDENDS

An interim dividend of 2.00 US cents was declared payable on 8th August 2008 (2007 – 1.85 cents).

A final dividend of 3.00 US cents per share for the year ended 30th September 2008 (2007 – 2.65 US cents) is recommended to be paid on 17th April 2009 to those shareholders on the register at the close of business on 20th March 2009.

### DIRECTORS

A list of the present Directors of the Company is shown on page 2.

In accordance with the Articles of Incorporation, all of the Directors retire at the forthcoming Annual General Meeting and stand for re-election.

The share interests of the Directors who held office during the year were as follows:

	30th September 2008		30th September 2007	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
J.M. Robotham	76,000	6,189,600*	76,000	6,189,600*
D.C. Marshall	818,775	7,827,150*	818,775	7,827,150*
R.C. Kerr	10,000	5,000	10,000	5,000
A.R.C. Barclay	–	–	–	–

\* These non-beneficial holdings arise, wholly or partly, because the individuals concerned were also directors or trustees of entities that hold shares in Montegale.

**Report of the Directors (continued)**  
for the year ended 30th September 2008

**DIRECTORS (continued)**

There are no contracts of service with any of the Directors.

The remuneration paid to, or receivable by, the Directors for the year and the previous year, is as follows:

	Parent Company		2008	2007
	Directors fee	Other fees	Total	Total
	US\$000	US\$000	US\$000	US\$000
J.M. Robotham <i>Non-executive</i>	3	37	40	27
A.R.C. Barclay <i>Non-executive</i>	3	33	36	18
R.C. Kerr <i>Non-executive</i>	3	27	30	20
D.C. Marshall† <i>Executive</i>	3	173	176	157
Total	12	270	282	222

† Mr D.C. Marshall ceded US\$30,000 of his fees for the year (2007 – US\$18,000) to an overseas company which supplies his services and in which none of the Directors is interested.

No other payments or benefits were paid to, or receivable by, the Directors except for benefits of US\$23,000 (2007 – US\$26,000) for Mr Robotham.

**SUBSTANTIAL INTERESTS**

At the date of this report, the following holdings represented 5% and over of the issued share capital of the Company:

	Shares	%
HSBC Global Custody Nominee Limited*	5,585,648	33.8
Marshall Holdings (Pty) Limited*	2,456,325	14.9
Corwil Investments Holdings (Pty) Limited	1,028,362	6.2
Langtry Trust Company (Channel Islands) Limited	840,000	5.1

\* These holdings are included in Mr. Robotham and Mr. Marshall's non-beneficial interests shown on page 35.

The Company has not been notified as required by the Luxembourg Stock Exchange of any other shareholdings that exceeded or fell below the thresholds of 10%, 20%, 33.33%, 50% or 66.66% in the capital of the Company.

**SHARE CAPITAL**

During the year there were no changes to the share capital of the Company.

**INDEPENDENT AUDITORS AND STATUTORY AUDITORS**

International Audit Services S.à r.l. are willing to continue as the Independent Auditors and Statutory Auditors of the Company and a resolution will be proposed at the Annual General Meeting for their re-appointment as such.

**AUTHORITY TO ISSUE SHARES**

Your Board proposes that in terms of the Law of 10th August 1915 on commercial companies, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa, the Board of Directors of the Company renew the general authority to issue ordinary shares of US\$1.50 for cash as and when suitable situations arise, subject to the limitations as set out in resolution 7 on the Notice of Meeting on page 40.

At present there are no plans to make any issues of shares, however, the Board believes that the renewal of these authorities will give it flexibility for any share issues that may be required in the future.

By order of the Board,  
**CITY GROUP P.L.C.**  
*Group Secretaries*

2nd March 2009

## **Corporate Governance, Internal Financial Control and Directors' Responsibilities**

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### **CORPORATE GOVERNANCE**

The Directors have reviewed the Company's compliance with the requirements of the King Report on Corporate Governance, which applies to all companies listed on the JSE Securities Exchange South Africa.

The Directors have adopted procedures within the context of the Marshall Monteagle Group and the financial and human resources currently available to the Group.

The Board comprises Mr J.M. Robotham, the non-executive Chairman, Mr R.C. Kerr and Mr A.R.C. Barclay, who are both non-executive Directors, and Mr D.C. Marshall, the Chief Executive Officer of the Group. The roles of Chairman and Chief Executive are separated. The Audit Committee comprises Mr Robotham and Mr Kerr and their report on internal financial control is set out below. Mr Robotham and Mr Barclay form the Remuneration Committee, which meets as required and is responsible for decisions on remuneration for Directors and senior executives of the Group. Details of the Directors' interests in the Company and their remuneration are given in the Report of the Directors on page 35 and 36.

The Board meets regularly and through an executive committee retains full and effective control over the Group. The nomination of Directors is a matter for the entire Board and there is therefore no nomination committee. Each Director is required to retire every year in accordance with the Articles of Incorporation and re-appointment is not automatic.

### **INTERNAL FINANCIAL CONTROL**

The Group's system of internal financial control is established to provide for the safeguarding of the Group's assets, the maintenance of proper accounting records and the reliability of financial information. Such a system of control can provide only reasonable and not absolute assurance against material misstatement or loss. Procedures are established which are designed to provide an effective system of internal financial control including the segregation of duties and management authorisation and review. In addition the Company safeguards its interests in the Group by appointing directors to the boards of the subsidiary and associated companies.

The Audit Committee meets periodically to review accounting, auditing, internal control and related matters of the Group. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of the controls, procedures and systems has occurred during the year under review.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The Directors of the Company are responsible for the preparation, integrity and objectivity of the Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial period and of the respective results for that period. The Directors consider that appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements been made and accounting standards applicable to the operations of the Company and of the Group have been followed.

The Directors are responsible for maintaining accounting records in accordance with International Financial Reporting Standards and Luxembourg law and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, and detect and prevent fraud and other irregularities.

## Report of the Independent Auditors

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TO THE SHAREHOLDERS OF MARSHALL MONTEAGLE HOLDINGS SOCIETE ANONYME

### **Report on the Consolidated Financial Statements**

Following our appointment at the Annual General Meeting of shareholders held on 28th March 2008, we have audited the accompanying Consolidated Financial Statements of Marshall Monteagle Holdings Société Anonyme which comprise the Balance Sheet as at 30th September 2008 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement and a summary of significant policies and other explanatory notes.

### **Board of Directors' responsibility**

The Board of Directors is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Consolidated 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.

### **Responsibility of the Réviseurs d'Entreprises**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the *Institut des Réviseurs d'Entreprises*. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the judgement of the *Réviseurs d'Entreprises*, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the *Réviseurs d'Entreprises* consider internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements 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 the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

### **Opinion**

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of Marshall Monteagle Holdings Société Anonyme as at 30th September 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Report on other legal and regulatory requirements**

The management report, which is the responsibility of the Board of Directors, is consistent with the Consolidated Financial Statements.

### **International Audit Services S.à R.L.**

#### ***Réviseurs d'Entreprises***

15-17 avenue Gaston Diderich, L-1420 Luxembourg

K. Horsburgh

Partner

3rd March 2009

## Report of the Statutory Auditors

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TO THE SHAREHOLDERS OF MARSHALL MONTEAGLE HOLDINGS SOCIETE ANONYME

Following our appointment by the General Meeting of the Shareholders dated 28th March 2008, we have audited the Financial Statements of Marshall Monteagle Holdings S.A. for the year ended 30th September 2008 as set out on pages 29 to 34. These Financial Statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements, the assessment of the accounting principals used and significant estimates made by management, and the evaluation of the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements give, in conformity with legal and regulatory requirements in Luxembourg, a true and fair view of the assets, liabilities and financial position of the Company at 30th September 2008 and the results of its operations for the year then ended.

**International Audit Services S.à R.L.**

*Réviseurs d'Entreprises*

15-17 avenue Gaston Diderich

L-1420 Luxembourg

K. Horsburgh

3rd March 2009

## Notice of Annual General Meeting

MARSHALL MONTEAGLE HOLDINGS SOCIETE ANONYME

R.C. Luxembourg No. B19600

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**NOTICE is hereby given** that the twenty-sixth ANNUAL GENERAL MEETING of Marshall Monteaule Holdings Société Anonyme (“the Company”) will be held at its registered office at 58 rue Charles Martel, L-2134 Luxembourg on Friday, 27th March 2009 at 4.00 p.m. for the following purposes:

1. To receive and adopt the reports of the Directors, Independent Auditors and Statutory Auditors for the year ended 30th September 2008.
2. To receive and adopt the Balance Sheet of the Company at 30th September 2008 and the Income Statement for the year ended on that date.
3. To receive and adopt the Consolidated Balance Sheet of the Group at 30th September 2008 and the Consolidated Income Statement for the year ended on that date.
4. To consider and approve an appropriation of profits.
5. To grant discharge to the Directors, Independent Auditors and Statutory Auditors, in respect of the execution of their mandates to 27th March 2009.
6. To receive and act on the statutory nomination of the Directors, Independent Auditors and Statutory Auditors expiring at the conclusion of the next annual general meeting in 2010.

### Special Business

7. To give, in terms of the Law of 10 August 1915 on commercial companies, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa, the Board of Directors of the Company general authority to issue ordinary shares of US\$1.50 each for cash as and when suitable situations arise, subject to the following limitations:
  - that this authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting and is renewable at the next annual general meeting;
  - that issues in the aggregate in any one year may not exceed 15% of the number of shares of that class of the Company’s issued share capital, including instruments which are compulsorily convertible into shares of that class; and
  - that in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the shares in question, as determined over the 30 days prior to the date that the price of the issue is determined or agreed by the Directors.

By order of the Board,

**CITY GROUP P.L.C.**

Group Secretaries

58 rue Charles Martel,  
L-2134 Luxembourg.  
2nd March 2009

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Notes:

- (i) All resolutions will be validly adopted without any quorum requirements by a majority of the issued shares present or represented at the meeting.
- (ii) **A proxy form is enclosed with this document. You are requested to complete and return the form whether or not you intend to attend the Annual General Meeting.**
- (iii) In terms of Article 24.4 of the Company's Articles of Incorporation, a shareholder may appoint a proxy who need not be a shareholder of the Company. Any company being a shareholder of the Company may execute a form of proxy under the hand of a duly authorised officer.
- (iv) To be effective, the form of proxy, duly completed, must arrive at the registered office of the Company not less than forty-eight hours before the time fixed for the meeting. Proxies sent to the office of a transfer agent for forwarding to the Company, at shareholders' risk, must be received by the transfer agent not less than seven days before the meeting.

**CHANGE OF ADDRESS**

Shareholders are requested to advise the European transfer agents, Capita Registrars, or the South African transfer agents, Computershare Investor Services (Pty.) Limited of any change of address. The addresses of the Transfer Agents can be found on page 3.

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## MARSHALL MONTEAGLE HOLDINGS SOCIETE ANONYME

Registered Office: 58 rue Charles Martel, L-2134, Luxembourg (R.C. Luxembourg No. B19600) ("the Company")

### Proxy for Annual General Meeting

Form of proxy for the Annual General Meeting of shareholders to be held at the Company's registered office at 58 rue Charles Martel, L-2134, Luxembourg on Friday, 27th March 2009 and at any adjournment thereof.

The undersigned being the holder of \_\_\_\_\_ shares in the Company hereby appoints as his special attorney at the above mentioned meeting the chairman of the meeting or \_\_\_\_\_ to whom he gives all powers to represent him at the said meeting, to take part in all deliberations and to vote in his name according to the instructions set out below and to perform all acts necessary to give effect to the resolutions contained in the agenda as follows:

No.	Resolution	For	Against	Abstention
1.	To receive and adopt the reports of the Directors, Independent Auditors and Statutory Auditors for the year end 30th September 2008.			
2.	To receive and adopt the Balance Sheet of the Company at 30th September 2008 and the Income Statement for the year ended on that date.			
3.	To receive and adopt the Consolidated Balance Sheet of the Group at 30th September 2008 and the Consolidated Income Statement for the year ended on that date.			
4.	To consider and approve the appropriation of profits.			
5.	To grant discharge to the Directors, Independent Auditors and Statutory Auditors in respect of the execution of their mandates to 27th March 2009.			
6.	To receive and act on the statutory nomination of the Directors, Independent Auditors and Statutory Auditors expiring at the conclusion of the next annual general meeting in 2010.			

#### Special Business

7.	To give the Directors general authority to issue shares for cash, subject to certain limits, to persons other than shareholders.			
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#### Notes

- (i) In terms of Article 24.4 of the Company's Articles of Incorporation a shareholder may appoint a proxy who need not be a shareholder of the Company. Any corporation being a shareholder of the Company may execute a form of proxy under the hand of a duly authorised officer.
- (ii) To be effective, the form of proxy, duly completed, must arrive at the registered office of the Company not less than forty-eight hours before the time fixed for the meeting. Proxies sent to the office of a transfer agent for forwarding to the Company at shareholders' risk must be received by the transfer agent not less than seven days before the meeting.
- (iii) Shareholders should indicate with a cross (X) in the space provided above how they wish their votes to be cast. In the absence of specific instructions their special attorney may vote as he thinks fit.
- (iv) In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the Register of Members in respect of joint holdings.

Name of registered shareholder.....

Address.....

Signature.....

**(Please add before your signature, in your own handwriting, the words "Good for Proxy")**

