

HALOGEN

Holdings Société Anonyme

ANNUAL REPORT 2007

CONTENTS

	<i>Page</i>
Directors	1
Shareholder Information	2
Chairman's Review	3
Consolidated Income Statement	5
Consolidated Statement of Changes in Equity	6
Consolidated Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes to the Consolidated Financial Statements	9
Financial Statements of the Parent Company	15
Notes to the Financial Statements of the Parent Company	16
Report of the Directors	18
Directors' Letter of Recommendation	21
Corporate Governance, Internal Financial Control, Directors' Responsibilities and Going Concern	22
Report of the Independent Auditors	23
Report of the Statutory Auditors	24
Notice of Annual General Meeting	25
Proxy Form	Enclosed

Halogen Holdings Société Anonyme

(Incorporated in Luxembourg with R.C. Luxembourg No. B 39773)

Directors

D.C. MARSHALL, *Chairman*, age 63

David Marshall has been a Director and Chairman of Halogen since 1993. 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 chief executive of Marshall Monteagle Holdings S.A. and a non-executive director of Conafex Holdings S.A. He is also chairman of a number of listed English and South African companies, including Creston plc, London Finance & Investment Group P.L.C., Western Selection P.L.C. and Merchant & Industrial Properties Limited. He is a non-executive director of Finsbury Food Group plc, Marylebone Warwick Balfour Group Plc and Northbridge Industrial Services plc

E.J. BEALE, ACA, age 47 †

Edward Beale was appointed a Director of Halogen with effect from 1st October 2007. He is the chief executive of City Group P.L.C., Halogen's administrative office and corporate secretaries. He is a Chartered Accountant and is a non-executive director of Finsbury Food Group plc and Heartstone Inns Limited. He is the Chairman of the Corporate Governance Committee of the Quoted Companies Alliance (a U.K. pressure group acting on behalf of smaller quoted companies) and a member of the Accounting Standards Committee of the Financial Reporting Council (the UK's independent regulator responsible for promoting confidence in corporate reporting and governance).

L. H. MARSHALL, age 36

Lloyd Marshall was appointed a Director of Halogen with effect from 1st October 2007. He is a director of City Group P.L.C., Halogen's administrative office and corporate secretaries, and a non-executive director of Heartstone Inns Limited. He is also involved with Marshall Monteagle Holdings S.A. where he is responsible for banking and investment portfolio administration within that group and is a director of various subsidiary companies of that group in Europe, U.S.A. and South Africa.

J.M. ROBOTHAM, OBE, FCA, MSI, age 74 †

Michael Robotham has been a Director of Halogen since 1993. He resides in the United Kingdom; he is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Securities Institute and associated with J.M. Finn & Co., a firm of London stockbrokers. He is the chairman of Marshall Monteagle Holdings S.A. and a director of London Finance & Investment Group P.L.C. and Western Selection P.L.C.

A.R.C. BARCLAY, FCA, age 68

Mr Barclay joined the board in 1993 and retired with effect from 30th September 2007. He is a Chartered Accountant and a director of Marshall Monteagle Holdings S.A. and Western Selection P.L.C. Between 1980 and 1999 he was chief executive of City Group P.L.C., Halogen's administrative office and corporate secretaries.

C.P. JOUSSE, B Econ., age 59

Mr Jousse has been a Director of Halogen since 1993 and retired with effect from 30th September 2007. He is the chief executive of Conafex Holdings S.A., and was largely responsible for the reorganisation of that Group's investments in Zimbabwe and the diversification into South Africa. He resides in South Africa and is a non-executive director of several listed companies outside of the Halogen group.

† Member of the Audit Committee

Shareholder Information

Financial Calendar

Financial year end	30 th September 2007
Preliminary announcement of results	19 th December 2007
Annual General Meeting	28 th March 2008 at 3.00 p.m. 6 rue Adolphe Fischer, L-1520 Luxembourg
Half year	31 st March 2008
Half-year results announced	May 2008

Share Information

The Company has 2,019,362 shares in issue. The shares are listed on the following stock exchanges and the respective share prices as at 21st February 2008, the latest practical date, are shown.

Luxembourg	US\$	1.79
Johannesburg	R	14.00
Zimbabwe	Z\$	40,000,000

Group Offices

Luxembourg (Registered Office)

6 rue Adolphe Fischer,
L-1520 Luxembourg
(PO Box 1361, L-1013 Luxembourg)
Tel.: +352 40 25 05 1

South Africa

11 Sunbury Park,
La Lucia 4051, Durban
(P.O. Box 4126, The Square, 4021)
Tel.: +27 31 566 7600

United Kingdom

30 City Road,
London, EC1Y 2AG
Tel: +44 20 7448 8950
E-mail: Halogen@city-group.com

Registrars

Maitland Luxembourg S.A.
6 rue Adolphe Fischer,
L-1520 Luxembourg
(P.O. Box 1361, L-1013 Luxembourg)

Listing and Paying Agents

Dexia-Banque Internationale à Luxembourg S.A.
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

Zimbabwe

ZB Bank Limited
Central Scrip Administration
1st Floor, ZB Centre,
Cnr. Kwame Nkrumah & First Street,
Harare
Tel: +263-4 781508

Independent Auditors and Statutory Auditors

International Audit Services S.à R.L.
(formerly AGN Horsburgh & Co. S.à R.L.)
Registered Auditors
15-17 avenue Gaston Diderich,
L-1420 Luxembourg

Principal Bankers

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

Chairman's Review

OF THE YEAR ENDED 30th SEPTEMBER 2007

The results for the year ended 30th September 2007 are attached.

On 13th August 2007 we were pleased to announce that Halogen, through its subsidiary, Halogen Holdings P.L.C. ("Halogen plc") had invested £3 million of the Group's cash resources in Heartstone Inns Limited ("Heartstone"). Heartstone is the owner of a growing chain of UK country pubs and will use the funds to finance the acquisition of additional pubs. Typical pubs will have a ratio of food sales to drink sales of approximately 60% to 40%. They will employ their own chefs, preparing high quality pub food on the premises from fresh local ingredients and will serve a selection of real ales and other premium drinks. Heartstone will normally own the freehold of the pub and employ managers to run the pub on their behalf. To ensure that pubs are readily accessible by the Heartstone management team, pubs will generally be located within the region west of Reading, east of Exeter and south of Warwick.

The first pub acquired by Heartstone was the Butchers Arms in Sheepscombe, Gloucestershire and within six months it had won the award for Cotswold Country Pub of the Year at the Cotswold Life magazine Cotswold Food and Drink Awards. Heartstone also acquired The Cricketers in Shroton near Blandford Forum, Dorset in April 2007.

Following the fundraising, Heartstone acquired the Diggers Rest in Woodbury Salterton near Exeter, Devon in September 2007 and in January 2008 it completed the acquisition of the Hare and Hounds at Putt's Corner near Honiton, Devon.

Heartstone has access to a strong pipeline of potential future acquisitions.

Our share of Heartstone's results for the 7 weeks between acquisition and our year end is a loss of £10,000. Heartstone management estimate that they need to own between 6 and 7 pubs to be cash break even.

Heartstone is managed by two executive directors: Stuart Hawthorn and James Birch who between them have 32 years of experience in the UK brewing and pubs industry. Stuart and James own 4% of Heartstone. Heartstone has appointed Andrew Haining as a non-executive Chairman and Robin Black as a non-executive director. Andrew and Robin are the directors of Bfm Partners Limited, a privately owned specialist fund management and investment company which owns 20% of Heartstone, and have previously been directors of other leisure companies including Malmaison Hotels and Cineworld. Heartstone has appointed to its Board two of Halogen's directors, Edward Beale and Lloyd Marshall.

At the same time as Halogen plc invested £3 million in Heartstone, others invested approximately £428,000. Halogen plc's interest in Heartstone is 76%, reducing to 61% on a fully diluted basis. Halogen plc holds 49.99% of the voting rights and the balance of its interest is in non-voting shares.

Heartstone has banking facilities which will permit it to borrow up to 70% of the value of the pubs acquired and, with equity of £4 million, this will finance the acquisition of pubs up to a value of £13 million without the need to raise additional equity.

Halogen plc has the option to invest a further £1 million in Heartstone by 9th August 2008. To provide part of the funds to permit it to take up this option and following shareholder approval at the Extraordinary General Meeting on 17th September 2007 (the "EGM"), shareholders were issued warrants on the basis of one warrant for every three shares held. The warrants will be exercisable on 31st May 2008 at a price of £0.85 each, a discount of 51% to the current net asset value. To raise additional funding to allow Halogen plc to invest further in Heartstone as it grows, shareholders also approved at the EGM that for each warrant exercised, warrant holders will be granted two new warrants exercisable on 31st May 2010 at a price of £0.85.

The acquisition of Heartstone was funded in part from the sale on 1st March 2007 of our gold mining subsidiaries to Central African Gold plc for £2,213,000, realising an exceptional profit on sale of £1,647,000.

Chairman's Review (continued)

OF THE YEAR ENDED 30th SEPTEMBER 2007

Part of the consideration was in the form of 7.2 million shares in Central African Gold plc, which we were not allowed to sell until September 2007. The bulk of those shares were sold just before the year end, realising an exceptional loss of £125,000 and sale proceeds of £373,000 were received in October. The balance of those shares were marked down to their realisable value at 30th September generating a further exceptional loss of £69,000, and has subsequently been sold at that price.

Following this investment of £3 million in Heartstone, and assuming the exercise of the option to subscribe an additional £1 million in Heartstone, Halogen's only significant asset will be its investment in Heartstone. Halogen will work with the other shareholders in Heartstone to grow Heartstone and will not have the resources to make any further investments until the 2010 warrants are exercised.

At the EGM, shareholders also approved the setting up of a Halogen employee benefit trust to incentivise group management and the endowment of that trust with 155,336 shares, representing approximately 4% of the fully diluted share capital of the Company.

Risk Factors

The success of the company is dependent on the success of its associate, Heartstone. Heartstone is still dependent on a limited number of pubs, but is intent on diversifying its exposure by acquiring additional pubs within its target area of operation. A slowdown in UK economic activity could reduce eating out and thus impact on the profitability of Heartstone's pubs. To reduce the impact of this risk, pubs are being acquired in areas where the effect of any economic slowdown is anticipated to be less severe.

Stock Exchange Listings

Halogen has its primary listing on the Luxembourg Stock Exchange and secondary listings on the JSE in South Africa and the Harare Stock Exchange in Zimbabwe. We are investigating the costs and benefits arising from these listings with a view to reducing the operating costs of the holding company. As a first step, subject to shareholder approval at the AGM, we will be proposing a resolution to cancel the listing on the Zimbabwe Stock Exchange and shareholders on the Zimbabwe register at that date will be transferred to the European register.

Directorate

Mr Barclay and Mr Jousse resigned as directors on 30th September 2007 and Mr. Beale and Mr L Marshall were appointed by the Board to fill the vacancies and will be proposed for election at the forthcoming AGM. I would like to thank Mr Barclay and Mr Jousse for their many years of service through major changes in the nature of the Group's business and their contributions to the successful re-organisation of the Group.

Year End

To align more closely with Heartstone's accounting period, shareholders will be asked at the AGM on 28th March 2008 to approve a resolution changing the Company's year end to 31st March. This means that the current accounting period, which commenced on 1st October 2007, will be extended to end on 31st March 2009. If this resolution is approved shareholders will be sent interim reports for the two periods ending on 31st March 2008 and 30th September 2008 and the next statutory accounts will be prepared as at 31st March 2009.

Outlook

We expect that Heartstone will become consistently profitable before the end of the current financial year, assuming that it can continue to acquire suitable pubs. As Heartstone's objective is to develop a significant chain of managed country pubs, its policy will be to re-invest all earnings and so no dividend is forecast for at least three years. In the absence of any dividend income from Heartstone, Halogen will not be paying a dividend in the near future.

28th February 2008

David C. Marshall
Chairman

Consolidated Income Statement

FOR THE YEAR ENDED 30th SEPTEMBER

	Notes	2007 £000	2006 £000
Operating expenses		<u>(187)</u>	<u>(168)</u>
Operating loss before interest and taxation	4	(187)	(168)
Net interest received	4	108	75
Exchange (losses)/gains		(4)	19
Share of results of associate		(10)	-
Loss before exceptional items and taxation		<u>(93)</u>	<u>(74)</u>
Exceptional items	5	<u>1,317</u>	<u>-</u>
Profit/(Loss) before taxation		1,224	(74)
Tax charge on ordinary activities	6	(3)	(6)
Profit/(Loss) attributable to shareholders and retained for the year		<u>1,221</u>	<u>(80)</u>
Profit/(Loss) per share (GB pence)	7	65p	(4)p
Headline loss per share (GB pence)		(5)p	(4)p

The notes on pages 9 to 14 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Ordinary share capital £000	Legal reserve * £000	Exchange reserve £000	Retained earnings £000	Total £000
FOR THE YEAR ENDED 30TH SEPTEMBER 2006					
Balance at start of year	1,090	213	215	524	2,042
Exchange differences on translation of the financial statements and net losses not recognised in the Income Statement	-	-	6	(3)	3
Net loss for the year	-	-	-	(80)	(80)
Balances at end of year	<u>1,090</u>	<u>213</u>	<u>221</u>	<u>441</u>	<u>1,965</u>
FOR THE YEAR ENDED 30TH SEPTEMBER 2007					
Balance at start of year	1,090	213	221	441	1,965
Exchange differences on translation of the financial statements and net losses not recognised in the Income Statement	-	-	46	(44)	2
Shares issued	136	-	-	-	136
Released on disposal	-	(104)	-	104	-
Net profit for the year	-	-	-	1,221	1,221
Balances at end of year	<u>1,226</u>	<u>109</u>	<u>267</u>	<u>1,722</u>	<u>3,324</u>

* Luxembourg law requires that an appropriation of at least 5% of a Luxembourg company's own annual distributable profits be made to legal reserve until such time as the reserve attains 10 % of its issued share capital. Consequently the Directors propose a resolution to be approved by members at the Annual General Meeting to transfer US\$13,600 from retained earnings to legal reserve. Distribution of this reserve is restricted.

The notes on pages 9 to 14 form part of these financial statements.

Consolidated Balance Sheet

AT 30 th SEPTEMBER	Notes	2007 £000	2006 £000
Assets			
Non current assets			
Investments	8	<u>3,000</u>	<u>72</u>
Current assets			
Investment	9	178	-
Trade and other receivables	10	376	17
Cash and bank balances		<u>26</u>	<u>1,924</u>
		580	1,941
Current liabilities			
Accounts payable (falling due within one year)	11	<u>(256)</u>	<u>(48)</u>
Net current assets		<u>324</u>	<u>1,893</u>
Total assets less current liabilities		<u>3,324</u>	<u>1,965</u>
Capital and reserves			
Called up share capital (Page 16 note (e))		1,226	1,090
Legal reserves		109	213
Exchange reserve		267	221
Retained earnings		1,722	441
Shareholders' funds		<u>3,324</u>	<u>1,965</u>

Approved by the Board on 28th February 2008

D.C. MARSHALL
Chairman

The notes on pages 9 to 14 form part of these financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30th SEPTEMBER

	Notes	2007 £000	2006 £000
Cash flows from operating activities			
Cash used by operations	12(a)	(342)	(240)
Interest received		108	101
Taxation paid		(3)	(6)
Net cash outflows from operating activities		<u>(237)</u>	<u>(145)</u>
Investment activities			
Acquisition of interest in associate		(3,010)	-
Net proceeds on disposal of subsidiary		2,213	-
Less shares in Central African Gold plc as part of proceeds		(868)	-
Net cash outflow from investment activities		<u>(1,665)</u>	<u>-</u>
Net decrease in funds	12(c)	(1,902)	(145)
Net funds at start of year		1,924	2,066
Effect of foreign exchange rate changes	12(c)	4	3
Net funds at end of year		<u>26</u>	<u>1,924</u>

The notes on pages 9 to 14 form part of these financial statements

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30TH SEPTEMBER 2007

1. GENERAL

The Company is incorporated as a "société anonyme" with holding company status in the Grand Duchy of Luxembourg under the law of 31st July 1929, as amended. The capital of the Company is denominated in Euros. Following shareholder approval at the 2005 AGM, and as allowed by Luxembourg law, the amounts shown in these consolidated financial statements are presented in Pounds Sterling ("£").

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), issued by the International Accounting Standards Board (IASB) and adopted by the European Union. The principal accounting policies of the Group, which are set out below, have been applied consistently and comply with International Financial Reporting Standards, as adopted in the EU, in all respects and with Luxembourg legal requirements.

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 related to unquoted investments, which, due to uncertainty, were valued at cost less impairment provisions.

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. These policies have been applied consistently to all of the years presented, unless otherwise stated.

At the date of authorisation of these financial statements the IASB and IFRIC have issued the following standards, amendments to standards and interpretations to be applied to financial statements with periods commencing on or after the following dates:

IAS	Effective 1 st January 2007:
IAS 1	Presentation of Financial Statements – Financial Instruments, deriving from IFRS7.
IFRS 7	Financial Instruments: Disclosures
	Effective 1 st January 2009:
IAS 23	(Amendment) Borrowing Costs
IFRS 8	Operating Segments (not endorsed by the EU at present)
IFRIC	None of which have been endorsed by the EU at present
	Effective 1 st January 2008:
IFRIC 12	Service Concession Arrangements
IFRIC 14	The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction
	Effective 1 st July 2008:
IFRIC 13	Customer Loyalty Programmes

The Directors do not anticipate that the adoption of these, where applicable, would have a material impact on the Company's financial statements in the period of initial application.

(a) Basis of Preparation

The consolidated financial statements are prepared under the historical cost convention and on the going concern basis.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2007

2. ACCOUNTING POLICIES (continued)

(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 fair values of net tangible assets. All inter-group transactions and balances are eliminated on consolidation.

Investments in 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 Account 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 cost, adjusted for the Group share of the results of associates.

Investments in Zimbabwean companies

The Group interests in Zimbabwe were held through a wholly owned subsidiary Falcon Mines Société Anonyme, which was sold during the year. In previous years the results of the Zimbabwean operations were not consolidated as the Group's interests no longer fell within the IAS 27 definition of control and their inclusion would not have been material to the Group results.

(c) Share based payments

Share based payments issued after November 2002 to persons other than employees are charged to the Income Statement at fair value at the date of payment.

(d) Taxation

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

(e) 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 account of the relevant Group company.

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

Differences on translation arising in changes in the £ 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 on reserves. The exchange gain or loss arising from the difference in rates used for income statement and balance sheet purposes is also taken to reserves.

The rates used are:

	Profit & Loss Account		Balance Sheet	
	2007	2006	2007	2006
Euro - €1 =	£0.68	£0.81	£0.70	£0.79
United States dollar - US\$1 =	£0.50	£0.55	£0.49	£0.54

2. ACCOUNTING POLICIES (continued)

(f) Funds

For the purposes of the cash flow statement, funds comprise cash in hand and deposits held at call with banks.

(g) Financial Instruments

Financial Assets

The principal financial assets are the investment in the associate and the cash, bank balances and accounts receivable. The investment is stated at the value as set out in note 2(b) and other financial assets at nominal values.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into.

3. SEGMENTAL REPORTING

Primary reporting format – business segments

The Group is an investment holding company with central operations and during the year acquired an investment in an associate company which operates country pubs in the U.K. During the year the Group sold its interests in Zimbabwean gold mining operations, which were not consolidated. A segmental analysis is not presented, there being no operating subsidiaries. The only segment not arising directly from central operations is the share of the results of the associated company.

There are no sales or other transactions between the business segments which are geographically distinct.

Central operations of the Group include project costs and local head office costs.

Unallocated assets include cash balances and taxation. Unallocated liabilities include taxation payable and borrowings. There was no capital expenditure in either financial year.

	Assets £000	Liabilities £000	Net assets £000
Segmental analysis of net assets - 30th September 2007			
Investment in associate – pub operations	3,000	-	3,000
Central operations	554	(256)	298
Unallocated	26	-	26
Consolidated total	<u>3,580</u>	<u>(256)</u>	<u>3,324</u>
Segmental analysis of net assets - 30th September 2006			
Central operations	17	(48)	(31)
Investment in gold mining	72	-	72
Unallocated	1,924	-	1,924
Consolidated total	<u>2,013</u>	<u>(48)</u>	<u>1,965</u>

The average number of employees of the Group were:
Management, including Directors

	2007	2006
	<u>4</u>	<u>4</u>

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2007

4. OPERATING LOSS BEFORE TAXATION	2007	2006
	£000	£000
Operating loss is stated after deducting:		
Interest paid	-	(26)
Interest received	108	101
Net interest received	<u>108</u>	<u>75</u>
Independent auditor's fees of the Company and its subsidiaries		
Audit related	42	42
Related party fees – administration expenses	(50)	(54)

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.

5. EXCEPTIONAL ITEMS		
Surplus on disposal of subsidiary	1,647	-
Loss on sale of investment	(125)	-
Investment fair value adjustment	(69)	-
Cost of creation of the Employee Benefit Trust	(136)	-
	<u>1,317</u>	<u>-</u>

6. TAXATION		
Capital tax	<u>3</u>	<u>6</u>

A reconciliation of the expected tax charge is not applicable because the companies are not liable to taxes other than capital taxes. There is no credit or charge arising on the results of the associated company.

7. PROFIT/(LOSS) PER SHARE		
The profit/(loss) per share is based on the result for the year attributable to members and the number of shares in issue.	<u>65p</u>	<u>(4)p</u>
Headline loss per share, is based on the result attributable to shareholders excluding exceptional items, net of tax, and the weighted average number of shares in issue	<u>(5)p</u>	<u>(4)p</u>

8. NON-CURRENT ASSET INVESTMENTS		
Listed subsidiary - at fair value		
Brought forward	72	72
Disposal during year	(72)	-
	<u>-</u>	<u>72</u>

The Group investments in Falcon Gold Zimbabwe Limited and Olympus Gold Mines Limited, which were unconsolidated, were held by our wholly owned subsidiary Falcon Mines Holdings S.A. During the year that company, and its underlying assets, was sold.

Unlisted associated company

Cost of acquisition during year	3,010	-
Share of loss since acquisition	(10)	-
Carried forward	<u>3,000</u>	<u>-</u>

8. NON-CURRENT ASSET INVESTMENTS (continued)

On 13th August 2007 the Company, through its wholly owned subsidiary, Halogen Holdings P.L.C., invested £3 million of its cash resources in Heartstone Inns Limited (“Heartstone”). Heartstone is incorporated and operates in England as the owner and manager of a growing chain of U.K. country pubs. The following amounts have been extracted from the management accounts of Heartstone for the seven weeks ended 30th September 2007:

	£000
Tangible assets	2,756
Net current assets	1,886
Amounts due after more than one year	(1,071)
Turnover	127
Operating loss	(13)
Loss before and after taxation	(13)
Aggregate capital and reserves	1,988
Group share of post acquisition loss	(10)

9. CURRENT ASSET INVESTMENTS

	2007	2006
	£000	£000
Acquired during year, at cost	247	-
Fair value adjustment	(69)	-
	<u>178</u>	<u>-</u>

Investments comprise the balance of shares in Central African Gold plc which were received as part of the consideration for the sale of the subsidiary, Falcon Mines Holdings S.A. Part of the holding was sold in September 2007 and the balance was sold on 10th October 2007 at book value. Proceeds from both sales were received in October 2007.

10. TRADE AND OTHER RECEIVABLES

Due within one year:		
Other	376	17
	<u>376</u>	<u>17</u>

11. ACCOUNTS PAYABLE

Amounts falling due within one year:		
Trade creditors	5	3
Accruals and other creditors	251	45
	<u>256</u>	<u>48</u>

12. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of loss before tax to net cash generated/(used) by operations

Profit/(Loss) before tax	1,224	(74)
Share of losses of associate	10	-
Interest received	(108)	(101)
Exceptional items	(1,317)	-
Shares held for resale	178	-
Net increase in working capital (refer to note 12(b))	<u>(329)</u>	<u>(65)</u>
Cash used by operations	<u>(342)</u>	<u>(240)</u>

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2007

12. NOTES TO CASH FLOW STATEMENT (continued)

	2007 £000	2006 £000
(b) Net (increase)/decrease in working capital		
Increase in investments held for resale	(178)	-
Increase in accounts receivable	(359)	(14)
Increase/(Decrease) in accounts payable	<u>208</u>	<u>(51)</u>
	<u>(329)</u>	<u>(65)</u>

(c) Analysis by currency of the funds as shown in the Balance Sheet

	2007 £000	Exchange movement £000	Cash flow movement £000	2006 £000
United States Dollars	22	4	4	14
Pounds Sterling	<u>4</u>	-	<u>(1,906)</u>	<u>1,910</u>
Funds at end of year	<u>26</u>	<u>4</u>	<u>(1,902)</u>	<u>1,924</u>

13. FINANCIAL RISK MANAGEMENT

Credit risk management

Concentration of credit risk consists principally of accounts receivable and cash at bank. At the year-end the Directors do not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Fair value of financial instruments

The carrying amounts of the accounts receivable and liabilities reported in the Balance Sheet approximate their fair values at the year-end.

Financial Statements

HALOGEN HOLDINGS SOCIETE ANONYME

INCOME STATEMENT

FOR THE YEAR ENDED 30th SEPTEMBER

	Notes	2007 £000	2006 £000
INCOME			
Income from fixed assets		23	-
Income from current assets		108	101
Exchange gains		17	15
Exceptional profits	(c)	1,647	-
Loss for the year		-	106
		<u>1,795</u>	<u>222</u>
EXPENSES			
Administration and other charges		201	118
Exceptional costs	(c)	330	104
Profit for the year		1,264	-
		<u>1,795</u>	<u>222</u>

BALANCE SHEET

AT 30th SEPTEMBER

	Notes	2007 £000	2006 £000
ASSETS			
Non current assets			
Investments	(d)	50	-
Current assets			
Investments		178	-
Amounts due from group companies		2,960	74
Prepayments and accrued income		376	3
Cash and bank balances		26	1,919
Loss for the year		-	106
		<u>3,590</u>	<u>2,102</u>
LIABILITIES			
Capital and Reserves			
Called up share capital	(e)	1,226	1,090
Legal reserve	(f)	109	109
Exchange reserve	(g)	194	176
Retained profit	(h)	542	682
Accounts payable (falling due within one year)	(i)	255	45
Profit for the year		1,264	-
		<u>3,590</u>	<u>2,102</u>

The notes on pages 16 to 17 form part of these financial statements

Notes to the Financial Statements

FOR THE YEAR ENDED 30th SEPTEMBER 2007

(a) **GENERAL**

The Company was incorporated on 12th March 1992 as a "société anonyme" with holding company status for an unlimited duration in the Grand Duchy of Luxembourg under the Law of 31st July 1929, as amended.

(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) **Fixed Asset 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 when the Directors are confident that the dividend will be paid.

(iii) **Foreign Currencies**

The share capital of the Company was issued in US Dollars on incorporation and later converted to Euros. The Group's consolidated accounts are presented in Pounds Sterling, which is considered the currency of measurement following the approval of the resolution at the AGM on 24th March 2005. Share capital is included converted to a Pound Sterling value on that date, and, for subsequent issues, on the date of issue.

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.

(c) **EXCEPTIONAL ITEMS**

	2007	2006
	£000	£000
Profits		
Surplus on disposal of subsidiary	<u>1,647</u>	<u>-</u>
Costs		
Loss on sale of investment	125	-
Investment fair value adjustment	69	104
Cost of creation of the Employee Benefit Trust	<u>136</u>	<u>-</u>
	<u>330</u>	<u>104</u>

(d) **INVESTMENTS**

Investments in subsidiaries at cost	3,364	3,364
Disposal during year	(3,364)	-
Provisions against investments	(3,364)	(3,364)
Released on disposal	<u>3,364</u>	<u>-</u>
	-	-
Acquisition of 49.99% of the voting shares and 100% of the non-voting shares of Halogen Holdings P.L.C.	<u>50</u>	<u>-</u>
	<u>50</u>	<u>-</u>

(e) **SHARE CAPITAL**

Authorised	Number		
Euros 5,000,000 represented by shares of €1.25 each	4,000,000		
Issued and fully paid			
At 1 st October 2006	1,864,026	1,090	1,090
Issued during the year to the Halogen Employee Benefit Trust	<u>155,336</u>	<u>136</u>	<u>-</u>
At 30 th September 2007	<u>2,019,362</u>	<u>1,226</u>	<u>1,090</u>

(e) **SHARE CAPITAL (continued)**

At the EGM held on 28th September 2007, the issue of 621,586 warrants was approved. The warrants are exercisable on 30th May 2008 at a price of £0.85 each and each warrant gives the right to subscribe in cash for one Halogen share. A further issue of Warrants, exercisable in 2011, was approved to be made on the basis of two 2011 Warrants for each 2008 Warrant that is exercised.

(f) **LEGAL RESERVE**

	2007	2006
	£000	£000
Balance brought forward and carried forward	<u>109</u>	<u>109</u>

Luxembourg law requires that an appropriation of at least 5% of a Luxembourg company's own annual distributable profits be made to legal reserve until such time as the reserve attains 10 % of its issued share capital. Consequently the Directors propose a resolution to be approved by members at the Annual General Meeting to transfer £13,600 from retained earnings to legal reserve. Distribution of this reserve is restricted.

(g) **EXCHANGE RESERVE**

Balance brought forward	176	175
Movement during year	<u>18</u>	<u>1</u>
Balance carried forward	<u>194</u>	<u>176</u>

(h) **RETAINED PROFIT**

Balance brought forward	682	786
Exchange difference	(34)	-
Loss of the preceding year	<u>(106)</u>	<u>(104)</u>
Balance carried forward	<u>542</u>	<u>682</u>

(i) **ACCOUNTS PAYABLE**

Falling due within one year:		
Amounts due to Group companies	19	5
Other accounts payable and accruals	<u>236</u>	<u>40</u>
	<u>255</u>	<u>45</u>

Under the terms of its Articles of Incorporation, the Company is empowered to borrow from banks and shareholders only.

(j) **SUBSIDIARIES**

The following companies, which are the subsidiaries of Halogen Holdings Société Anonyme, have been consolidated into the financial statements of the Group:

Wholly-owned

- (i) Incorporated and operating in England
Halogen Holdings P.L.C.

Principal activities

Investment holding

- (ii) Incorporated in British Virgin Islands and operating internationally
Falcon International Finance Limited

Management services

The subsidiaries have accounting periods coterminous with that of the Company.

Report of the Directors

FOR THE YEAR ENDED 30th SEPTEMBER 2007

The Directors submit their report and the audited financial statements for the year ended 30th September 2007.

PRINCIPAL ACTIVITIES

Halogen is incorporated as a société anonyme in the Grand Duchy of Luxembourg with holding company status. Its activities in Luxembourg comprise the function of central supervision and control of the Group's interests through a wholly owned subsidiary, Halogen Holdings P.L.C., in Heartstone Inns Limited which owns and manages a growing chain of UK country pubs. The Group interests in Zimbabwean gold mines were sold during the year. Halogen's shares are listed on the Luxembourg, Johannesburg and Zimbabwe Stock Exchanges.

OPERATING REVIEW

Details of the operations of the Group are set out in the Chairman's Review on page 3.

DIVIDEND

The Directors do not propose to pay a dividend for the year.

DIRECTORS

A list of the present Directors of the Company is shown on page 1. In accordance with the Articles of Incorporation, all 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 ended 30th September 2007 were as below.

	Beneficial		Non-beneficial	
	2007	2006	2007	2006
D.C. Marshall †	-	-	946,090 *	946,090 *
J.M. Robotham †	2,000	2,000	946,090 *	946,090 *
A.R.C. Barclay (resigned 30 th September 2007)	-	-	931,024 *	931,024 *
C.P. Jousse (resigned 30 th September 2007)	79	79	-	-

* These non-beneficial holdings arise because the individuals concerned are also directors of Marshall Monteaigle Holdings S.A.

† Mr. Marshall and Mr. Robotham are also directors and trustees of entities that hold shares in the Company.

There were no changes in Directors' share interests between 30th September 2007 and the date of this report.

E.J. Beale and L.H. Marshall ("the new directors") were appointed as directors of Halogen with effect from 1st October 2007 in replacement of A.R.C Barclay and C.P. Jousse pursuant to a resolution passed at the board meeting held on 3rd August 2007, minutes of which are available for inspection at the registered office of Halogen. The office periods of the new directors will expire on the date of the Annual General Meeting, to be held on 28th March 2008. In accordance with Article 10.7 of the Articles of Incorporation of Halogen, the Board of Directors recommends the new directors for election as directors of Halogen by the Annual General Meeting for a further office period which shall expire at the next Annual General Meeting of Halogen to be held in 2009, unless being re-elected at the meeting. In accordance with Article 10.7 of the Articles of Incorporation of Halogen, the directors' recommendation of the new directors has been noted by a shareholder and has been accepted by the new directors pursuant to the Directors' Letter of Recommendation, which is set out on page 21.

The remuneration paid to, or receivable by, the Directors, all of whom were non-executive, for the year and the previous year are as follows:-

	2007		Total £000	2006
	Parent company directors fee £000	Other fees £000		Total £000
D C Marshall #	2	6	8	8
J M Robotham	2	6	8	8
A R C Barclay	2	6	8	8
C P Jousse	2	6	8	8
Total	8	24	32	32

Mr. Marshall ceded his fees of £8,000 for the year (2006 - £8,000) to an overseas company which supplies his services and in which none of the directors are beneficially interested.

Other than shown above, no other payments or benefits were paid to, or receivable by, the Directors.

SUBSTANTIAL INTERESTS

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

	Shares	%
Marshall Monteagle Holdings S.A.	931,024	46.10
Messina Investments Limited	210,553	10.43
Halogen Employee Benefit Trust	155,336	7.70
Mr. R. Turner	133,231	6.60

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.

INDEPENDENT AUDITORS AND STATUTORY AUDITORS

Since the year end the Independent Auditors and Statutory Auditors, AGN Horsburgh & Co, changed their name to International Audit Services S.à. R.L. and are willing to continue as the Independent Auditors and Statutory Auditors of the Company. A resolution will be proposed at the Annual General Meeting for their re-appointment as such.

WARRANTS

On 28th September 2007 shareholders approved a resolution proposed at an Extraordinary General Meeting authorising the issue of Warrants on the basis of one Warrant for every three Halogen shares held at 17th August 2007. These Warrants are exercisable on 30th May 2008 ("2008 Warrants") and each 2008 Warrant held entitles the holder to subscribe for one Halogen share at a price of £0.85. Certificates for the 2008 Warrants were sent to shareholders concerned at the end of October 2007. As the 2008 Warrants have a short life they will not be listed on any exchange. All 2008 Warrants are on one register administered by Capita Registrars at the address given on page 2.

A second resolution approved the issue to those shareholders who exercise 2008 Warrants of warrants exercisable in 2011 ("2011 Warrants") on the basis of two 2011 Warrants for every 2008 Warrant exercised on 30th May 2008. The 2011 Warrants will be exercisable on 31st May 2011 and each 2011 Warrant will entitle the holder to subscribe for one Halogen share at a price of £0.85.

Report of the Directors (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2007

SHARE CAPITAL

At the same EGM, shareholders approved the issue of shares to employees of the Company and employees and directors of its subsidiaries or to any trust empowered to hold shares on their behalf. Accordingly, on 28th September 2007, the Halogen Employee Benefit Trust was established and 155,336 new shares were issued to the trust.

LEGAL RESERVE

Luxembourg law requires that an appropriation of at least 5% of a Luxembourg company's own annual distributable profits be made to legal reserve until such time as the reserve attains 10 % of its issued share capital. Accordingly, a resolution will be proposed at the Annual General Meeting to approve the appropriation of £13,600 to legal reserve.

SPECIAL BUSINESS

Authority to issue shares

- (a) **Warrants** - Following the issue of Warrants in October 2007, the Directors propose to seek the necessary authority to issue new shares in respect of the exercise of 2008 Warrants and 2011 Warrants as set out in resolution 9 in the Notice of Meeting.
- (b) **General Authority** - In addition to the above resolution, in terms of the Law of 10 August 1915 on commercial companies, as amended, and the Listings Requirements of the JSE Limited, the Board of Directors of the Company proposes to renew the general authority to issue shares for cash as and when suitable situations arise, subject to the limitations as set out in resolution 10 in the Notice of Meeting.

Other than as referred to above in respect of the 2008 and 2011 Warrants, there are at present no plans to make any issues of shares; however the Board believes that the renewal of these authorities will give it flexibility for any future share issues that may be required

Change of year end and date of Annual General Meeting - As explained in the Chairman's Review, on page 4, the Directors propose that the Company's year end be changed to 31st March so that it is closer to that of Heartstone Inns Limited, which is 31st December. Accordingly resolution 11 will be proposed to bring this into effect by extending the current accounting period, that commenced on 1st October 2007, to an 18 month period ending on 31st March 2009 and resolution 12 will be proposed to make a corresponding change to the date of the AGM to the last Friday in September.

Listing of Shares in Zimbabwe - Now that Halogen has no assets in Africa and is focussed on expanding its asset base in the U.K., we have reviewed the costs and merits of remaining listed in three countries. The cost of retaining the primary listing in Luxembourg is not substantial and most of the costs arise because the Company is registered there. The cost of maintaining the listing in South Africa is higher, but it is the premier market in the region. The cost of the listing in Zimbabwe is becoming prohibitive because fees are rising in line with the parallel rate of exchange and will have to be paid for out of funds brought into the country at the official rate of exchange. The official rate of exchange has been frozen for some time despite rampant inflation in Zimbabwe. We will therefore be proposing a resolution at the AGM to de-list the Company's shares from the Zimbabwe Stock Exchange. If this resolution is passed, shareholders in Zimbabwe will then be sent a letter giving them notice of the date of the de-listing.

The listings in Luxembourg and South Africa remain under review and shareholders who would like either one to be retained are requested to let the Board know their view.

28th February 2008

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

Directors' Letter of Recommendation

HALOGEN HOLDINGS
Société Anonyme
6, rue Adolphe Fischer
L-1520 Luxembourg
R.C.S. Luxembourg B 39773
(the “Company”)

DIRECTORS' RECOMMENDATION

Pursuant to article 10.7 of the Articles of Incorporation of the Company (the “Articles”) we hereby recommend that the following persons be elected as Directors of the Company at the next Annual General Meeting of the Company in 2008 for an office period ending at the Annual General Meeting of the Company in 2009:

Mr. E.J. Beale; Company Director; date of birth: 23 September 1960; place of birth: Warsaw, Poland; address: 30 City Road, London, EC1Y 2AG

Mr. L.H. Marshall; Company Director; date of birth: 27 June 1971; place of birth: Durban, South Africa; address: 30 City Road, London, EC1Y 2AG.

On behalf of the Board of Directors

J.M. Robotham

SHAREHOLDER'S DECLARATION

Pursuant to article 10.7 of the Articles of the Company the above recommendation is hereby noted by the undersigning Shareholder who is duly authorised to attend and vote at the Annual General Meeting in 2008.

Marshall Montegale Holdings S.A.
Shareholder

DIRECTORS' ACCEPTANCE

Pursuant to article 10.7 of the Articles of the Company we hereby accept the proposed appointments to the office of directors of the Company.

E.J. Beale

L.H. Marshall

Corporate Governance, Internal Financial Control, Directors' Responsibilities and Going Concern

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 Limited.

As the parent holding company of the Group, the Directors have adopted procedures within the context of the Company and the financial and human resources currently available to the Group.

The Board comprises Mr. D.C. Marshall, the Chairman, Mr. E.J. Beale, Mr. L.H. Marshall and Mr. J.M. Robotham, who are all non-executive Directors. The Audit Committee comprises Mr. Robotham and Mr Beale and their report on internal financial control is set out below. Details of the Directors' interests in the Company and of their remuneration are set out in the Directors Report on page 19.

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 Luxembourg law 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 subsidiary 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 FINANCIAL STATEMENTS

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 as at the end of the financial year, and of the respective results for that year. The Directors consider that appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements have 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 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.

GOING CONCERN

The accounts have been prepared on the going concern basis since the Directors are satisfied that the parent company and its consolidated subsidiaries have adequate resources to continue in operational existence for the foreseeable future.

Report of the Independent Auditors

TO THE SHAREHOLDERS OF HALOGEN HOLDINGS SOCIETE ANONYME

Report on the financial statements

Following our appointment at the Annual General Meeting of shareholders held on 30th March 2007, we have audited the Consolidated Financial Statements of Halogen Holdings Société Anonyme which comprise the Consolidated Balance Sheet at 30th September 2007 and the Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated 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 financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of 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 Independent Auditors

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 as adopted by the Luxembourg 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the Independent Auditors, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Independent Auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements give a true and fair view of the financial position of Halogen Holdings Société Anonyme at 30th September 2007, 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 financial statements.

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

K. Horsburgh
Partner

28th February 2008

Report of the Statutory Auditors

TO THE SHAREHOLDERS OF HALOGEN HOLDINGS SOCIETE ANONYME

Following our re-appointment at the Annual General Meeting of shareholders held on 30th March 2007 we have audited the financial statements of Halogen Holdings S.A. for the year ended 30th September 2007 as set out on pages 15 to 17. 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 a reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, the assessment of the accounting principles 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 2007 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
Partner

28th February 2008

Notice of Annual General Meeting

HALOGEN HOLDINGS SOCIETE ANONYME

R.C. Luxembourg No. B 39773

NOTICE is hereby given that the sixteenth ANNUAL GENERAL MEETING of Halogen Holdings Société Anonyme (“the Company”) will be held at its registered office at 6 rue Adolphe Fischer, L-1520, Luxembourg on Friday 28th March 2008, at 3.00 p.m. in the presence of a Luxembourg notary for the following purposes:-

1. To receive and adopt the reports of the Directors and Independent Auditors and Statutory Auditors for the year ended 30th September 2007.
2. To receive and adopt the Balance Sheet of the Company at 30th September 2007 and the Income Statement for the year ended on that date.
3. To consider and approve an appropriation to legal reserve.
4. To receive and adopt the Consolidated Balance Sheet of the Group at 30th September 2007 and the Consolidated Income Statement for the year ended on that date.
5. To grant discharge to the Directors and Statutory Auditor in respect of the execution of their mandates to 30th September 2007.
6. To ratify the appointments of Mr. E.J. Beale and Mr. L.H. Marshall as Directors of the Company with effect from 1st October 2007 in replacement of Mr. A.R.C Barclay and Mr. C.P. Jousse who resigned as Directors of the Company with effect from 30th September 2007.
7. To appoint Mr E.J. Beale and Mr L.H. Marshall as Directors of the Company.
8. To receive and act on the statutory nomination of the Directors, Independent Auditors and Statutory Auditor until the conclusion of the next Annual Meeting of the Company.

Special Business

9. Subject to the Luxembourg law of 10th August 1915 on commercial companies, as amended, to authorise the Directors to issue and allot shares of the Company arising from the exercise of warrants as follows (notwithstanding the limitations set out in the second bullet point of resolution 10 below):
 - a) up to an aggregate nominal amount of €776,482.50 (representing 621,186 Shares) in connection with the exercise and subscription for Shares pursuant to the terms of the 2008 Warrants; and
 - b) up to an aggregate nominal amount of €1,552,965.00 (representing 1,242,372 Shares) in connection with the exercise and subscription for Shares pursuant to the terms of the 2011 Warrants.
10. To give, in terms of the Law of 10 August 1915 on commercial companies, as amended, and the Listings Requirements of the JSE Limited, the Board of Directors of the Company general authority to issue ordinary shares in the share capital of the Company 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 10% 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, provided further that such issues shall not in aggregate in any three-year period exceed 15% of the Company's issued share capital of that class, 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 Board of Directors.
11. That the ending of the current financial year of the Company, that commenced on 1st October 2007, be changed from 30th September 2008 to 31st March 2009 (extending the current accounting period by an additional six months to run for a 18 month period) so that the following financial years of the Company will commence on 1st April of each year and will end on 31st March of the following year and to amend Article 27 (Financial Year) of the Articles of Incorporation of the Company to reflect this change accordingly.
 12. That the day of the Company's Annual General Meeting be changed from the last Friday in the month of March to the last Friday in the month of September so that the next Annual General Meeting of the Company will be held on the last Friday of September 2009 and to amend Article 23.1 of the Articles of Incorporation of the Company to reflect this change accordingly.
 13. To approve the cancellation of listing of the Company's shares on the Zimbabwe Stock Exchange provided that shareholders on the Zimbabwe sub-register will be sent at least four weeks prior written notice of the date of cancellation.

By order of the Board,

CITY GROUP P.L.C.
Group Secretaries

6 rue Adolphe Fischer,
Luxembourg
28th February 2008

Notes:

- (i) Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 will be validly adopted without any quorum requirements by a majority of the issued shares present or represented at the meeting.
- (ii) Resolutions 11, 12 and 13 will be validly adopted if the quorum of more than half of the issued shares is present or represented at the meeting and if a majority of 75 per cent of the present or represented issued shares present or represented at the meeting vote in favour of these resolutions.
- (iii) **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

Members are requested to advise their relevant transfer agents, whose address can be found on page 2 of this report, of any change of address.

Halogen Holdings Société Anonyme

Registered Office: 6 rue Adolphe Fischer, L-1520, Luxembourg
(R.C. Luxembourg No. B39773)
(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 6 rue Adolphe Fischer, L-1520, Luxembourg on 28th March 2008 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 and Statutory Auditors for the year end 30th September 2007.			
2.	To receive and adopt the Balance Sheet of the Company at 30 th September 2007 and the Income Statement for the year ended on that date			
3.	To consider and approve an appropriation to legal reserve.			
4.	To receive and adopt the Consolidated Balance Sheet of the Group at 30th September 2007 and the Consolidated Income Statement for the year ended on that date.			
5.	To grant discharge to the Directors and Statutory Auditors in respect of the execution of their mandates to 30th September 2007.			
6.	To ratify the appointments of Mr E.J. Beale and Mr L.H. Marshall as directors of the Company with effect from 1 October 2007 in replacement of Mr A.R.C Barclay and Mr C.P. Jousse who resigned as Directors of the Company with effect from 30 September 2007.			
7.	To appoint Mr E.J. Beale and Mr L.H. Marshall as directors of the Company.			
8.	To receive and act on the statutory nomination of the Directors, Independent Auditors and Statutory Auditors until the conclusion of the next Annual General Meeting.			
	SPECIAL BUSINESS			
9.	To give the Directors authority to issue shares arising on the exercise of the 2008 and 2011 Warrants.			
10.	To give the Directors general authority to issue shares for cash, subject to certain limits.			
11.	To change the end of the current financial year of the Company which commenced on 1 October 2007 from the date of 30 September 2008 to 31 March 2009 to effect that future financial years will commence on 1 April of each year and end on 31 March of the following year and to amend Article 27 of the Articles of Incorporation of the Company to reflect this change accordingly.			
12.	To change the day of the Company's Annual General Meeting from the last Friday in the month of March to the last Friday in the month of September so that the next Annual General Meeting of the Company will be held on the last Friday in the month of September 2009 and to subsequently amend Article 23.1 of the Articles of Incorporation Association of the Company to reflect this change accordingly.			
13.	To approve the cancellation of the listing of the Company's shares on the Zimbabwe Stock Exchange.			

Please see the notes overleaf; complete your details and sign the form

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")