THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, please consult your Central Securities Depository Participant ("CSDP"), broker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have disposed of or otherwise transferred all of your ordinary shares in Marshall Monteagle Holdings S.A. ("Monteagle"), please forward this circular, together with the accompanying notice convening an Extraordinary General Meeting of shareholders and a form of proxy to the purchaser or transferee of such ordinary shares or to the CSDP, broker, banker or other agent through whom the disposal or transfer was effected.

Certificated and dematerialised shareholders in South Africa with own-name registration who are unable to attend the Extraordinary General Meeting of ordinary shareholders of Monteagle to be held at 2.30 p.m. (C.E.T.) on Friday 30th March 2007 at the registered offices of Monteagle and who wish to be represented at that meeting, must complete the enclosed form of proxy in accordance with the instructions contained on the form.

Dematerialised shareholders in South Africa, other than those shareholders with own-name registration who wish to attend the Extraordinary General Meeting or vote by way of proxy must contact their CSDP or broker with the necessary instructions for attending or voting at the Extraordinary General Meeting in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by their CSDP or broker for instructions of this nature.

This circular is only available in English and copies thereof may be obtained from the offices of the Company, sponsor, registrar and the paying and listing agent at the addresses which are set out in the "Corporate Information" section on page 3 of this circular.

Marshall Monteagle Holdings Société Anonyme

(formerly Monteagle Holdings Société Anonyme)

(Incorporated in Luxembourg with R.C. Luxembourg No. B19600)

("Monteagle" or "the Company")

JSE CODE: MTE ISIN: LU0035797272

CIRCULAR TO SHAREHOLDERS

relating to:

- the approval by Monteagle shareholders of an offer by Monteagle to the shareholders of Marshalls Limited ("Marshalls") to acquire the issued shares in Marshalls ("the Acquisition") that Monteagle does not already own in exchange for new shares in Monteagle to be issued by its Board of Directors;
- the application for the listing of the newly issued shares on the Luxembourg Stock Exchange, JSE Limited and the London Stock Exchange plc;

and incorporating

- a notice of an Extraordinary General Meeting and a form of proxy for completion by Monteagle certificated and own-name registered dematerialised shareholders. Dematerialised shareholders in South Africa, other than those shareholders with own name registration, who wish to attend the Extraordinary General Meeting or vote by way of proxy must follow the procedure highlighted above.

Date of issue: 8th March 2007

CONTENTS

CORPORATE INFORMATION

Offices of Monteagle

Luxembourg (Registered office)
6 rue Adolphe Fischer
L-1520
Luxembourg
(Boîte Postale 1361, L-1013, Luxembourg)
Tel: +352 4025051

United Kingdom (Group Secretaries)
City Group P.L.C.
30 City Road
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EC1Y 2AG
Tel: +44 20 7448 8950
E-mail: Monteagle@City-Group.com

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

Registrars
Maitland Luxembourg S.A.
6 rue Adolphe Fischer
L-1520
Luxembourg
(Boîte Postale 1361, L-1013, Luxembourg)

Paying and Listing Agent
Luxembourg
Dexia-Banque Internationale à Luxembourg
69 Route d'Esch
L-2953
Luxembourg

Transfer Agents

Europe
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The Registry, 34 Beckenham Road
Beckenham, Kent, BR3 4TU
United Kingdom
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South Africa
Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown, 2107)
Tel: +27 11 370 5000

Independent and Statutory Auditor
AGN Horsburgh & Co.
Réviseur d'entreprises
15-17 avenue Gaston Diderich
L-1420
Luxembourg

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

South African Sponsor on the JSE
Imara Corporate Finance South Africa
(Pty) Limited
Ground Floor, West Wing
25 Wellington Road
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Tel: +27 11 484 6220

International Counsel
Maitland Luxembourg S.A.
6 rue Adolphe Fischer
L-1520
Luxembourg

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this circular have been used below.

	2007
Circular and notice of EGM posted to shareholders on	Thursday 8th March
Form of proxy for the EGM to be lodged by no later than 2.30 p.m. (C.E.T.) on	Wednesday 28th March
EGM to be held at 2.30 p.m. (C.E.T.) on	Friday 30th March
Results of the EGM to be released to LuxSE, JSE on SENS and LSE	Friday 30th March
Results of the EGM to be published in the press in South Africa	Monday 2nd April

Notes:

1. The above dates and times are subject to change. Any change will be released to the LuxSE, the JSE on SENS and the LSE and published in the press in Luxembourg and South Africa respectively.

2. If you are a Monteagle shareholder and have dematerialised your shares with a CSDP or broker, other than with own name registration, you must arrange with your CSDP or broker to provide you with the necessary authorisation to attend the EGM or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker in the manner and cut-off time stipulated by the CSDP or broker.

DEFINITIONS

In this circular and the annexures hereto, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa and the following expressions bear the meanings assigned to them below:

"the Acquisition"	the offer made by Monteagle to Marshalls' shareholders to acquire the 93.9 per cent. of Marshalls's issued share capital not already owned by Monteagle, on the basis of an exchange of 28 Monteagle shares for 100 Marshalls shares;
"the Act" or "the Companies Act"	in South Africa, the Companies Act, 1973 (Act 61 of 1973), as amended from time to time;
"the Articles"	the Articles of Incorporation of Monteagle;
"certificated shareholders"	Monteagle shareholders holding certificated shares;
"certificated shares"	Monteagle shares which have not yet been dematerialised in terms of STRATE and title to which is represented by a share certificate or other physical document of title;
"circular"	all the documents contained in this bound circular, dated 8th March 2007;
"C.E.T."	Central European Time;
"Common Monetary Area"	South Africa, the Kingdoms of Lesotho and Swaziland and the Republic of Namibia;
"Consideration Shares"	the ordinary shares of US$1.50 each in the issued share capital of Monteagle to be issued in terms of the Acquisition;
"CSDP"	Central Securities Depository Participant;
"dematerialisation"	the process by which certificated shares are converted to an electronic form as uncertificated shares recorded in the sub-register of shareholders maintained by a CSDP;
"dematerialised shareholders"	Monteagle shareholders who have replaced paper share certificates or other documents of title with electronic records of ownership;
"dematerialised shares"	Monteagle shares that have been incorporated into the STRATE system and which are held on Monteagle's sub-register of members in electronic form in terms of the Custody and Administration of Securities Act No.85 of 1992;
"the Directors" or "the Board"	the Directors of Monteagle as listed on page 7 of this circular;
"documents of title"	certificates, certified transfer deeds, balance receipts or any other documents of title to Monteagle shares;
"EGM"	the Extraordinary General Meeting of the Company to be held at 6 rue Adolphe Fischer, L-1520 Luxembourg at 2.30 p.m. (C.E.T.) on 30th March 2007;
"the Group"	the Company, the Company's subsidiaries for the time being and any company which is controlled by the Company, whether

	directly or indirectly, for which purpose the word "controlled" includes the right to direct or otherwise control the votes attaching to the majority or one-half in the case of joint control of the voting shares or other voting instruments or voting rights in that company;
"the Independent Directors"	the members of the Board, other than Mr. D.C. Marshall who is deemed not to be independent for the purposes of the Acquisition;
"the JSE"	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/022939/06, licensed as an exchange under the Securities Services Act, 2004 (Act 36 of 2004) as amended from time to time;
"the Law"	the Luxembourg law of 10 August 1915 on commercial companies, as amended;
"the LSE"	the London Stock Exchange plc;
"the LuxSE"	the Luxembourg Stock Exchange;
"Marshalls"	Marshalls Limited, a public company incorporated in South Africa (Registration no. 1987/002656/06), whose shares are listed on the JSE;
"Monteagle" or "the Company"	Marshall Monteagle Holdings Société Anonyme, a company organised and existing in Luxembourg with financial holding company status (R.C. Luxembourg No. B19600), admitted, as a primary listing, on the official list of the LuxSE and traded on the Euro MTF market of the LuxSE and with secondary listings on the JSE and the LSE;
"ordinary share/s" or "share/s"	an ordinary share or shares in the capital of the Company with a par value of US$1.50 each;
"R"	Rand, the lawful currency of South Africa;
"SENS"	Securities Exchange News Service of the JSE;
"shareholders"	collectively all certificated and dematerialised holders of Monteagle shares;
"South Africa"	the Republic of South Africa;
"transfer secretaries"	in Europe, Capita Registrars, part of The Capita Group plc, a company incorporated in England and Wales under registration number 2081330 and in South Africa, Computershare Investor Services 2004 (Pty) Limited, a public company incorporated in accordance with the laws applicable in South Africa under registration number 2000/006082/06;
"US$" and "US cents"	United States dollars and United States cents respectively, the lawful currency of the United States of America.

Marshall Monteagle Holdings Société Anonyme

(formerly Monteagle Holdings Société Anonyme)

(Incorporated in Luxembourg with R.C. Luxembourg No. B19600)

("Monteagle" or "the Company")

JSE CODE: MTE ISIN: LU0035797272

Directors of Monteagle
J.M. Robotham, OBE, FCA, MSI, *(Chairman)*
D.C. Marshall *(Executive Director)*
A.R.C. Barclay, FCA *(Non-executive Director)*
R.C. Kerr *(Non-executive Director)*

CIRCULAR TO SHAREHOLDERS

1. Introduction

It was announced on 23rd February 2007 that the Board proposes that the Company makes an offer to the shareholders of Marshalls to acquire the 93.9 per cent. of Marshall's issued share capital not already owned by the Company, on the basis of an exchange of 28 Monteagle shares for every 100 Marshalls shares.

Mr. D.C. Marshall, the Chief Executive of Monteagle, is deemed for the purposes of the Acquisition not to be independent as he is the chairman of Marshalls and has a beneficial interest in 16.8 per cent. and a non-beneficial interest in 39.6 per cent. of the issued share capital of Marshalls.

2. Purpose of this circular

The purpose of this circular is to provide shareholders of Monteagle with information regarding the Acquisition and to convene an EGM in order to approve it.

3. Rationale for the Acquisition

The Directors of Monteagle feel that the case for combining Monteagle with Marshalls is compelling, and that there are substantial benefits to be gained for stakeholders of both companies. Monteagle and Marshalls share common elements of businesses in that both companies are investors in commercial property and both have exposure to the global equity markets. The two companies also have common aspects of management and, in South Africa, operate from shared premises in Durban and Cape Town. The geographic overlap of the two companies provides a unique strategic fit that makes commercial sense. A merger of the two businesses will create a group with critical mass and an even broader asset base from which to operate. There will also be an opportunity to capitalise on synergies that arise from the combination of the two companies with achievable cost savings.

The Directors of Monteagle believe the merger will allow the combined group to have greater potential for capital growth than either company would have likely achieved on a stand-alone basis. The diverse nature of the combined group and its quality assets will continue to provide stable cash flows and increased dividends for shareholders. Improved market awareness of the enlarged company should provide better support for the shares and increase their marketability.

4. Details of the Acquisition

The consideration payable for the Acquisition will be 28 Monteagle shares for every 100 Marshalls shares held. The Consideration shares issued in respect of the Acquisition will rank *pari passu* with existing Monteagle shares save that they will not be eligible for the proposed Monteagle dividend of 2.50 US cents per share to be paid on 20th April 2007. Full details of the offer to Marshalls shareholders are contained in Annexure 5 to this document and the Offer Document circulated to Marshalls shareholders on or about 7th March 2007.

5. Conditions precedent

The Acquisition is subject to:

5.1 the approval of the Acquisition by the Monteagle shareholders at the EGM;

5.2 the approval of the LuxSE and LSE;

5.3 the approval of the Exchange Control Authority of the South African Reserve Bank; and

5.4 the approval of the Competition Commission in South Africa.

6. Financial effects of the Acquisition

The financial effects of the Acquisition are set out below.

6.1 Pro forma consolidated balance sheet and income statements

The unaudited pro forma consolidated balance sheet and income statement of Monteagle before and after the Acquisition are set out in Annexure 1.

The unaudited pro forma balance sheet and income statement have been presented for illustrative purposes only and because of their nature may not give a fair reflection of Monteagle's financial position and changes in equity after the Acquisition.

It has been assumed for purposes of the unaudited pro forma financial information that the Acquisition was completed with effect on 30th September 2006 with respect to the pro forma balance sheet and 1st October 2005 with respect to the pro forma income statement. The Directors are responsible for the preparation of the unaudited pro forma balance sheet and income statement.

Reference should be made to Annexure 1, which contains the Independent Accountants' Report on the unaudited pro forma financial information.

6.2 Financial effects on Monteagle shareholders

Shown below are the pro forma financial effects, on a consolidated basis, of the Acquisition on the earnings per share, headline earnings per share, net asset value per share and net tangible asset value per share of the Company based on the audited results for the year ended 30th September 2006. The pro forma financial information has been prepared for illustrative purposes only and because of its nature may not give a true picture of Monteagle's financial position and results of operations. The preparation of the pro forma financial information is the responsibility of the Directors and, in the opinion of AGN Horsburgh & Co., the adjustments are appropriate for the purposes of the unaudited financial effects.

Consolidated	*Before the Acquisition*	*After the Acquisition*	*Percentage change*
Earnings per share (US cents)	13.6c [1]	32.2 [2]	138
Headline earnings per share (US cents)	11.3c [1]	10.5 [2]	(7)
Net asset value per share (US cents)	300c [1]	308 [3]	3
Number of shares in issue	13,440,000	18,009,701	34

Notes:

1. Based on the audited results for the year ended 30th September 2006, adjusted for proposed dividends.
2. Represents the effects of the Acquisition had it taken place at 1st October 2005 (based on Marshalls' results for the year ended 31st December 2006).
3. Represents the assets acquired as a result of the Acquisition, had it occurred on 30th September 2006 (incorporating Marshalls' balance sheet at 31st December 2006 adjusted for proposed dividends).

6.3 **Analysis of Shareholders**

The table below shows an analysis of the Monteagle share register before the Acquisition, at 31st January 2007, and after the Acquisition, assuming that all Marshalls shares are acquired by Monteagle.

	Before			*After*		
	Shareholders	*No. of Shares*	*%*	*Shareholders*	*No. of Shares*	*%*
1 - 999	501	165,480	1.23	627	202,876	1.13
1,000 - 9,999	125	365,790	2.72	315	1,040,078	5.77
10,000 - 49,999	71	1,591,259	11.84	115	2,506,590	13.92
50,000 - 99,999	8	527,792	3.93	14	914,789	5.08
100,000 - 249,999	9	1,475,165	10.98	11	1,853,016	10.29
250,000 - 499,999	4	1,655,662	12.32	4	1,655,663	9.19
500,000 - 999,999	3	2,031,064	15.11	3	2,031,064	11.28
Over 1,000,000	1	5,627,788	41.87	2	7,805,625	43.34
	722	13,440,000	100.00	1091	18,009,701	100.00

7. Salient information on Monteagle

7.1 Incorporation and listings

7.1.1 Monteagle is a company organised and existing under Luxembourg law, with limited liability in the form of a société anonyme under the Law. Monteagle functions as a holding company with financial holding company status under the Luxembourg law of 31st July 1929 as amended. Annexure 6 contains an extract of certain key provisions of the Articles. Monteagle was incorporated in Luxembourg on 9th August 1982 as Afex Corporation Société Anonyme. Its name was changed to Monteagle Société Anonyme on 31st March 1995, from that to Monteagle Holdings Société Anonyme on 31st March 2000, and subsequently to its present name on 7th September 2006. Monteagle is listed on the LuxSE, the JSE and the LSE. With effect from 19th April 2006 the trading of the LuxSE listed shares was transferred from the EU regulated market operated by the LuxSE to the Euro MTF market of the LuxSE, a market regulated by the provisions of the Rules and Regulations of the LuxSE.

7.1.2 The registered and administrative office ("siège social") of Monteagle is situated at 6 rue Adolphe Fischer, L-1520 Luxembourg.

7.2 Nature of business of Monteagle

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.S.A., U.K., Europe and the Far East as well as commercial properties in the U.S.A. and South Africa. The Group's import, export and distribution businesses operate internationally and in South Africa we have interests in food production and processing.

7.3 Prospects

The Monteagle group continues to enjoy growth in earnings and net asset value. The diverse nature of the group and its broad base of assets continue to provide shareholders with a quality stream of earnings and dividends. The group's import and distribution businesses made a good start to the 2007 financial year with increased throughput on all fronts. The group's portfolio of blue chip equities and its portfolio of well situated properties in the U.S. and South Africa also had a good start to the year. The Board are confident about the remainder of the year and the future prospects for the group.

7.4 **Share prices and share capital**

On 23rd February 2007, being the last practicable day prior to the finalisation of this circular, the market prices of the shares of the Company were as follows:

LuxSE	US$2.45
JSE	R16.00
LSE	£1.15

Note that as trading volumes of Monteagle shares on the LuxSE and LSE are low, the above does not necessarily indicate that shares could have been exchanged at the prices indicated.

The authorised and issued share capital of Monteagle at the date of this circular is as follows:

	US$000
Authorised	
20,000,000 shares of US$1.50 each	30,000
Issued	
13,440,000 shares of US$1.50 each	20,160

The authorised and issued share capital of Monteagle after the Acquisition will be as follows:

	US$000
Authorised	
20,000,000 shares of US$1.50 each	30,000
Issued	
18,009,701 shares of US$1.50 each	27,015

In accordance with Article 7.1 of the Articles, the Board is authorised and empowered to issue and to make offers or agreements to issue further shares in whole or in part so as to bring the total issued capital of the Company up to the total authorised capital of the Company for a period of five years ending on 17th August 2010.

In addition, a resolution was passed at the Annual General Meeting of the Company held on 31st March 2006, in accordance with the terms of the Law and the JSE's Listings Requirements, under which the Directors and the Company were given 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 the authority shall not extend beyond 15 months from the date of the 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 per cent. 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 per cent. 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 per cent. 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.

All Monteagle shares are of one class and rank *pari passu* in respect of payment of dividends, entitlement to liquidation proceeds and other shareholder rights. At all meetings of Monteagle shareholders, every Monteagle shareholder may vote in person or be represented by a proxy, who need not be a shareholder. A corporate shareholder may execute a form of proxy under the hand of a duly authorised officer. Every shareholder shall have the right to one vote for every Share in the Company.

Pursuant to Article 67-1 of the Law (read with Article 68 of the Law), a variation of rights attaching to any class of shares will require the sanction by resolution of two-thirds of shareholders in a general meeting at which holders of at least 50 per cent. of shares in issue and outstanding are present in person or represented by proxy. The Monteagle shares are registered on a single register maintained in Luxembourg. In addition, Computershare Investor Services 2004 (Pty) Limited maintains a register of Monteagle shareholders whose shares are listed and traded on the JSE. Capita Registrars maintain a duplicate register in Europe of all other shareholders.

With effect from 26th March 2004, the 236,543 shares held in treasury by the Company since 14th April 1999 were cancelled, reducing the share capital to 6,300,000 shares.

Furthermore, on 31st March 2006, shareholders approved a resolution authorising the Directors to issue shares or options over up to 7 per cent. of the Company's issued share capital to employees of the Company and its subsidiaries or to any trust empowered to hold shares on their behalf. Subsequently, 420,000 new shares were allotted and issued to the Monteagle Employee Share Benefit Trust.

On 7th September 2006, shareholders approved a capitalisation issue on the basis of one new share for every one share held and 6,720,000 new shares were issued with effect from that date.

There have been no consolidations or sub-divisions of securities or issues or offers of securities during the preceding three years.

7.5 **Substantial shareholdings in Monteagle**

Before the Acquisition

On 23rd February 2007, being the last practicable day prior to the finalisation of this circular, the following shareholders held more than 5 per cent. of the Monteagle issued share capital:

Shareholder	*Number of shares held*	*% of issued share capital*
HSBC Global Custody Nominee Limited	5,585,648	41.6
Langtry Trust Company (Channel Islands) Limited	840,000	6.2

After the Acquisition

Shareholder	*Number of shares held*	*% of issued share capital*
HSBC Global Custody Nominee Limited	5,585,648	31.0
Marshalls Holdings (Pty) Limited	2,219,977	12.3

7.6 **Directors' interests**

Particulars of the Directors are included as Annexure 3 on page 44.

On 23rd February 2007, being the last practicable date prior to the finalisation of this circular, the Directors held Monteagle shares beneficially and directly and Monteagle shares non-beneficially and indirectly as follows:

	Number of Monteagle shares held	
	Beneficially	*Non-beneficially*
J.M. Robotham	76,000	6,189,600*
A.R.C. Barclay	–	–
R.C. Kerr	10,000	5,000
D.C. Marshall	–	6,189,600*

*These non-beneficial holdings arise because the individuals concerned are directors and/or trustees of entities that hold shares in Monteagle.

There were no transactions which were unusual in their nature or conditions, or material to the Monteagle group, during the current or immediately preceding financial year which in any respect remain outstanding or unperformed, in which the Directors had any beneficial indirect or direct interest.

7.7 **Litigation**

There are no legal or arbitration proceedings, which may have or have during the twelve months preceding this circular had a material effect on the financial position of Monteagle. Monteagle is unaware that any such proceedings are pending or threatened.

7.8 **Material changes**

The Directors report that since the date of the audited financial statements for the financial year ended 30th September 2006 there have been no material changes in the ordinary course of business and in the assets and liabilities of Monteagle.

7.9 **Material loans**

At 31st January 2007, the latest practical date, the following material loans were outstanding in the Monteagle group:

Lender	*Security*	*Interest basis and current rate*	*Balance outstanding*	*Repayment terms*	*Maturity*
Credit Suisse overdraft facility of US$	Investment portfolio	Variable 6.7%	US$1,802,146	n/a	n/a
John Hancock Life Insurance Company	U.S.A. Property	Fixed 6.07%	US$6,261,944	US$38,055 per month	2016
Nedcor Investment Bank	South African Property	SA prime less 1%-10.5%	R4,399,000	R81,888 per month	2012
Marriott Merchant Bank Limited	South African Property	Fixed – 13.1%	R6,770,521	R118,270 Two monthly	2014
First National Bank Limited overdraft facility	South African property, receivables and inventories	SA prime	R5,052,713	n/a	n/a

7.10 **Material contracts**

Save for the contracts identified below, there are no material contracts in existence which have been entered into by the Group in the ordinary course of business within the three years immediately preceding the date of this circular:

1. Employee Benefit Trust. At the annual general meeting of the Company held on 31st March 2006, shareholders approved the issue of shares representing a maximum of 7 per cent. of the issued share capital of the Company to employees of the Company and its subsidiaries or to any trust empowered to hold shares on their behalf. Accordingly, on 12th May 2006, the Monteagle Employee Benefit Trust was established and 420,000 shares were issued to the trust. The trust later received a further 420,000 shares as a result of the capitalisation issue made by the Company in September 2006.

2. U.S. Mortgage. The Company's wholly owned U.S. subsidiary, Monteagle Inc., refinanced its borrowings on 16th November 2006 with a mortgage of US$6,300,000 from John Hancock Life Insurance Company. The mortgage is at a fixed rate of 6.07 per cent., matures on 1st December 2016 and the monthly repayments are US$38,055.68

3. ZRC Limited ("ZRC"). The Company owns approximately 54.1 per cent. of ZRC which held farming, property and investment related assets in Zimbabwe. With effect from 19th January 2007, ZRC sold those assets for US$1,578,000. Monteagle has a residual interest in any potential future compensation for the expropriation of its farming estates.

4. Zimbabwean gold mining companies. On 1st March 2007, Monteagle completed the sale of its one third interest in a Zimbabwean gold mine, Olympus Gold Mines Limited, to Central

African Gold PLC ("CAG") for gross sale proceeds of US$771,000, comprising US$351,000 in cash and 1,785,270 ordinary shares in CAG. On the same date, Monteagle's associated company Halogen Holdings S.A. (49.95 per cent. owned) completed the sale of its remaining gold mining interests in Zimbabwe to CAG for gross sale proceeds of US$4,550,000, comprising US$2,849,000 in cash and 7,214,730 ordinary shares in CAG. Both Monteagle and Halogen have set aside 20 per cent. of their respective sale proceeds as a contribution to a provident and pension fund. None of the directors of Monteagle or Halogen will benefit from this fund.

CAG shares are traded on the AIM market in London and Monteagle and Halogen have agreed not to dispose of the CAG shares received for a minimum period of 6 months.

7.11 **History of Change**

There have been no changes in the controlling shareholders of the Company in the last five years.

7.12 **Trading objects**

There have been no changes in the trading objects of the Company or its subsidiaries over the previous five years.

7.13 **Employees**

The average number of persons employed by the Monteagle Group during the financial periods ended 30th September 2004, 30th September 2005 and 30th September 2006 were as follows:

	2004	*2005*	*2006*
Permanent	280	184	234

7.14 **Taxation**

The following statements on taxation are based on advice received by the Board regarding the laws and practice in force in Luxembourg at the date of issue of this Circular:

Taxation of the Company

With effect from 1st January 2007 the Luxembourg Parliament abolished all Luxembourg laws relevant to the 1929 holding company regime, including the Law of 31st July 1929. In doing so Luxembourg has followed the decision of the European Commission dated 19th July 2006 requesting it to modify or to cancel the 1929 holding company regime. The European Commission alleged that the Luxembourg 1929 holding regime violated European state aid rules and was therefore incompatible with the Common Market. However, a 1929 holding company that existed at 1st January 2007 and that was incorporated before 20th July 2006 continues to benefit from such beneficial tax regime during a transitional period ending 31st December 2010, provided that during such period part or all of its shares are not transferred. Transfer of shares in a listed 1929 company is however permissible and will not result in such company losing the benefit of the 1929 holding company regime. Hence, until 31st December 2010 Monteagle is not subject to any form of taxation in Luxembourg other than the taxe d'abonnement and the droit d'apport. The taxe d'abonnement is an annual net wealth tax levied at a rate of 0.2 per cent. on Monteagle's market value, payable quarterly in arrears. The droit d'apport is a capital duty (applicable at the rate of 1 per cent.) generally payable on the value of any contribution to Monteagle in exchange for the issue of shares by it. Monteagle will take advice from its International Counsel in relation to a tax restructuring prior to 31st December 2010.

Taxation of the Shareholders

Except for taxation of capital gains realised by Shareholders who hold directly and indirectly, together with their spouse and minor children, an interest in Monteagle of more than 10 per cent. of its capital and who sell the whole or part of such interest within six months after having acquired it for consideration, no income tax, capital gains tax, estate or inheritance tax is payable in Luxembourg by the shareholders in respect of the Monteagle shares, except for shareholders domiciled, resident (or, in certain circumstances, formerly resident) or having a permanent establishment in Luxembourg. Provided that Monteagle maintains its status as a holding company, no withholding tax is payable on the distribution of dividends by Monteagle.

7.15 **Dividends**

The following dividends have been paid and/or declared during the last three financial years (all dividend amounts prior to 1st October 2006 have been adjusted for the capitalisation issue in September 2006):

– A final dividend of 2.50 US cents per share has been declared for the year ended 30th September 2006. Subject to the approval of shareholders at the annual general meeting, to be held on 30th March 2007, it will be paid on 20th April 2007 to shareholders on the register at the close of business on 24th March 2007.

– An interim dividend of 1.75 US cents per share for the year ended 30th September 2006 was paid on 6th October 2006 to shareholders on the register at the close of business on 14th July 2006.

– A final dividend of 4 US cents per share for the year ended 30th September 2005 was paid on 21st April 2006 to shareholders on the register at the close of business on 24th March 2006.

– A final dividend of 3.5 US cents per share for the year ended 30th September 2004 was paid on 22nd April 2005 to shareholders on the register at the close of business on 18th March 2005.

7.16 **Subsidiaries and associates**

Information relating to the subsidiaries and associates of Monteagle is contained in Annexure 7 on page 80.

7.17 **Clearing and settlement on the LuxSE**

The Monteagle shares are registered with the Clearstream Banking clearing system under Common Code 026353548 and ISIN Code LU0035797272.

8. Salient information on Marshalls

8.1 **Name, address and incorporation**

Marshalls is an investment company incorporated under South African law, with limited liability and its operations are based at its registered office of 11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia 4051, South Africa. Marshalls was incorporated in South Africa on 17th June 1987 and it is a public company whose shares are listed on the JSE.

8.2 **Nature of business**

Marshalls is primarily a property investment company and holds a diverse spread of investment properties situated in Durban and Cape Town, South Africa. Its subsidiaries earn rental income and parking fee income from the respective buildings. The investment strategy of Marshalls' Board of Directors is one of long term investment in well positioned, multi-tenanted buildings associated with strong rental growth prospects, controllable overheads and capital appreciation.

It also holds, through a wholly owned subsidiary, a permanent portfolio of foreign listed shares in the United Kingdom, United States of America and Western Europe.

Marshalls latest audited results are fully set out in Annexure 3 on page 44 of this circular.

8.3 **Prospects**

Marshalls' core business is the earning of rental and parking income and this is expected to remain so for the foreseeable future. Its properties are well situated within their respective cities and are currently fully let. At present the South African industrial property sector is continuing to see increased demand for the type of properties that Marshalls owns. Due to the properties locations there is constant demand for lettable space and industry experts are forecasting that this demand will continue. Consequently Marshalls has managed to benefit from this situation and all indications are that the growth in revenue experienced over the recent past will continue. The Group is adequately geared and is seeking to acquire additional properties but is being hampered by a lack of suitable stock.

8.4 **Litigation**

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which Marshalls is aware, that may have or have had in the recent past, being at least the previous twelve months, a material effect on that company's financial position.

8.5 **Material changes**

Since the year ended 31st December 2006, the business of Marshalls has not changed and there are no material changes to the company's activities other than as a result of the normal business of the company.

8.6 **Material loans**

At 31st January 2007, the latest practical date, the following material loans were outstanding in the Marshalls group:

Lender	*Security*	*Interest basis and current rate*	*Balance outstanding*	*Repayment terms*	*Maturity*
Marshalls Group Limited					
Nedbank Limited Property Mortgage	Property Value R12.9m	11.45% fixed	R4,226,890	R76,421 per month	2013
FirstRand Bank Limited Property Mortgage	Property Value R12.0m	prime less 0.8% variable	R64,107	R968 per month	2015
FirstRand Bank Limited Property Mortgage	Property Value R7.1m	prime less 0.8% variable	R2,818,058	R42,992 per month	2015
FirstRand Bank Limited Property Mortgage	Property Value R2.3m	prime less 0.8% variable	R30,215	R362 per month	2021
FirstRand Bank Limited Property Mortgage	Property Value R6.6m	prime less 1.0% variable	R823,978	R29,243 per month	2009
Rand Merchant Bank Interest rate swap derivatives	N/a	11.45%, 11.45% & 11.40%	R243,038	varies	2015, 2016 & 2020
Marshalls Parking (Pty) Limited					
Investec Bank Limited Property Mortgage	Property Value R18.3m	16.35% fixed	R9,799,648	R828,688 bi-annually	2010

8.7 **Material contracts**

There are no material contracts other than those entered into by Marshalls with its customers in the normal course of business.

9. Information relating to the listing of the Consideration Shares

The Consideration Shares are intended to be admitted on the official lists of the LuxSE, JSE and LSE and traded on the Euro MTF market of the LuxSE, on the JSE and on the LSE with effect from a date as soon as practicable after the Consideration Shares have been issued by the Board and the resultant increase of the share capital of the Company has been recorded in the presence of a Luxembourg notary public.

10. Expenses

The expenses payable by Monteagle relating to the Acquisition are estimated to amount to approximately US$258,710, inclusive of V.A.T., and include the following:

	US$
Maitland Luxembourg S.A. International counsel to Monteagle	55,000
Notary Schwachtgen Notarial fees in Luxembourg, including capital duty at 1 per cent. on the value of the Consideration Shares	91,880
Imara Corporate Finance South Africa (Pty) Limited Sponsoring brokers in South Africa for Monteagle	7,920
LuxSE	1,890
JSE	7,455
LSE	450
Dexia-Banque Internationale à Luxembourg Listing and paying agents on Monteagle in Luxembourg	4,500
AGN Horsburgh & Co. Independent and Statutory Auditor to Monteagle	9,170
PKF Durban Independent Auditors to Marshalls	3,175
Tabacks Solicitors to Marshalls	19,100
Computershare Investor Services 2004 (Pty) Limited Processing the share offer in South Africa	3,170
City Group P.L.C. Group secretaries to Monteagle	30,600
Announcements	12,000
Printing	12,400

11. Consents

Each of the international counsel & registrar, sponsor, paying and listing agent, Independent and Statutory Auditor and transfer agents have consented in writing to act in the capacities stated and to their names being stated in this circular and have not, prior to the publication of this circular, withdrawn such consents.

The Independent Reporting Accountants have given and have not withdrawn their written consent prior to the issue of the circular, containing the accountants report in the form and context in which it appears.

12. Opinion and recommendation

12.1 The Independent Directors are of the opinion that the terms and conditions of the Acquisition are fair and reasonable for Monteagle's shareholders and that the Acquisition will be to the long term benefit of Monteagle and its shareholders and recommend that Monteagle shareholders vote in favour of the resolutions necessary to implement the Acquisition.

12.2 The Independent Directors with direct and indirect interests in the issued share capital of Monteagle support the Acquisition and undertake to vote in favour of it. Furthermore, HSBC Global Custody Nominees Limited and Langtry Trust Company (Channel Islands) Limited have given irrevocable undertakings to vote in favour of the resolutions to be proposed at the EGM in respect of their holding of 5,585,648 and 840,000 shares respectively representing 47.8 per cent. of the issued share capital of the Company.

13. Directors' responsibility statement

The Directors, whose names are given on page 7 and in Annexure 4 on page 72 of this document collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular contains all information required by the LuxSE rules and regulations and the Listing Rules of the United Kingdom Listing Authority.

14. Exchange control regulations

14.1 South African resident shareholders

Persons who are regarded as South African residents for exchange control purposes will receive their Consideration Shares on the register of shareholders of Monteagle whose shares are listed and traded on the JSE.

14.2 Emigrants from the common monetary area

The Consideration Shares due to a Marshalls shareholder who is an emigrant from the common monetary area, whose registered address in the register of shareholders is outside the common monetary area and whose documents of title have been restrictively endorsed pursuant to the South African Exchange Control Regulations, or, in the case of dematerialised shareholders, whose registration has been so endorsed will:

- in the case of a certificated shareholder, on the surrender of its documents of title, be similarly endorsed and sent to the authorised dealer controlling such shareholder's blocked assets. The form of acceptance and surrender makes provision for details of the authorised dealer concerned to be given; or
- in the case of a dematerialised shareholder, be similarly marked as being held by an emigrant in the sub-register maintained by the dematerialised shareholder's CSDP.

If the information regarding authorised dealers referred to above is not given, the Consideration Shares will be held in trust by Monteagle for the shareholders concerned, pending receipt of the necessary information or instructions.

14.3 All other non-residents of the common monetary area

The Consideration Shares due to a Marshalls shareholder who is a non-resident of the common monetary area, who has never resided in the common monetary area, whose registered address in the register of shareholders is outside the common monetary area and whose documents of title have been restrictively endorsed in accordance with the South African Exchange Control Regulations or in the case of dematerialised shareholders, whose registration has been so endorsed will be endorsed "non-resident".

15. Statement of solvency and liquidity

The Board has considered the impact of the Acquisition on the company and are of the opinion that:

15.1 Monteagle would be able, in the ordinary course of business, to pay its debts after the Acquisition for a period of 12 months after the date of posting of this circular;

15.2 the assets of Monteagle will be in excess of its liabilities for a period of 12 months after the date of posting of this circular. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;

15.3 the share capital and reserves of Monteagle would be adequate for a period of 12 months after the date of posting of this circular; and

15.4 the working capital of Monteagle will be adequate for ordinary business purposes for a period of 12 months after the date of posting of this circular.

16. Documents available for inspection

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Monteagle at 6 rue Adolphe Fischer, L-1520, Luxembourg, the office of the Group Secretaries, City Group P.L.C., 30 City Road, London, ECIY 2AG, U.K. and at the offices of Monteagle, 11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia 4051, Durban, South Africa:

16.1 the Articles of Incorporation of Monteagle;

16.2 audited annual financial statements of Monteagle and the Monteagle group for each of the past three financial periods ended 30th September;

16.3 a signed copy of this circular;

16.4 letters of consent from the corporate adviser, sponsor, international counsel, independent adviser and transfer secretaries consenting to the publication of their names in the form and context in which they appear in this circular;

16.5 the material contracts referred to in 7.10 on page 12;

16.6 the irrevocable undertakings from Marshalls shareholders referred to in 1.5 of Annexure 5 on page 75;

16.7 the Independent Expert's opinion on the relative valuations of Monteagle and Marshalls with regard to the merger ratio; and

16.8 the Offer circular to be sent to Marshalls shareholders.

Yours faithfully

J.M. Robotham *Chairman*	D.C. Marshall *Chief Executive*
A.R.C. Barclay *Director*	R.C. Kerr *Director*

ANNEXURE 1

Pro forma income statement and balance sheet for Monteagle and accountant's report

PRO FORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Year ended 30th September 2006 US$000	*Effect of the Acquisition (Note 1) US$000*	*Pro Forma after Acquisition US$000*
Group revenue	78,859	2,447	81,306
Operating costs	(74,021)	(1,574)	(75,595)
Operating profit	4,838	873	5,711
Share of associated companies' results	156	–	156
Income from Zimbabwean investments – dividends	5	–	5
	4,999	873	5,872
Income from other investments – dividends	375	60	435
– interest	189	65	254
Interest paid and similar charges	(1,316)	(341)	(1,657)
Realised exchange losses	(123)	–	(123)
Profit on ordinary activities before exceptional items and tax	4,124	657	4,781
Exceptional items	337	3,748	4,085
Profit before tax and minority interests	4,461	4,405	8,866
Taxation	(1,591)	(530)	(2,121)
Profit after tax before minority interests	2,870	3,875	6,745
Minority interests	(1,123)	–	(1,123)
Profit attributable to shareholders of the Group	1,747	3,875	5,622
Reconciliation of headline earnings per share (Note 2)			
Basic and fully diluted earnings per share (US cents)	13.6c		32.3c
Less exceptional items, tax thereon and minority interests (US cents)	(2.3)c		(21.8)c
Headline earnings per share (US cents)	11.3c		10.5c
Interim dividend paid (US cents)	1.75c		
Recommended final dividend (US cents)	2.50c		
Total dividends in respect of the year	4.25c		

Notes

1. Represents the effect of the Acquisition assuming the Acquisition was effective on 1st October 2005 and that Marshalls' results for the period were those for its year ended 31st December 2006, converted at the average exchange rate for the period of US$1 = R6.816.
2. Earnings per share are based on the average number of Monteagle shares in issue for the year of 12,845,000 and that number plus the Consideration Shares following the Acquisition.

PRO FORMA CONSOLIDATED BALANCE SHEET

At 30th September

	2006 (Note 1) US$000	*Acquisition (Note 2) US$000*	*Pro Forma after Acquisition US$000*
Assets			
Non current assets			
Property, plant and equipment	18,314	15,195	33,509
Investments	22,471	3,260	25,731
	40,785	18,455	59,240
Current assets	28,822	1,285	30,107
Current liabilities			
Accounts payable (falling due within one year)	(18,622)	(1,544)	(20,166)
Net current assets	10,200	(259)	9,941
Total assets less current liabilities	50,985	18,196	69,181
Non current liabilities			
Accounts payable (falling due after more than one year)	(5,248)	(2,432)	(7,680)
Deferred taxation	(129)	(562)	(691)
	45,608	15,202	60,810
Capital and reserves			
Called up share capital	20,160	6,855	27,015
Other reserves	11,141	8,347	19,488
Retained earnings	9,015	–	9,015
Shareholders' funds	40,316	15,202	55,518
Minority interests	5,292	–	5,292
	45,608	15,202	60,810
Number of shares in issue	13,440,000		18,009,701
Net asset value per share (US cents)	300c		308c

Notes:

1. Based on the audited, results for the year ended 30th September 2006, which were prepared on the basis of accounting policies adopted for the year ended 30th September 2006, and comply with International Financial Reporting Standards in all respects and with Luxembourg legal requirements.
2. Represents the cost and fair value of the Acquisition assuming the Acquisition was effective on 30th September 2006, based on Marshalls' balance sheet values at 31st December 2006.
3. Liabilities have been adjusted for both entities to reflect dividend distributions to shareholders (Monteagle – 2.50 US cents, Marshalls – 7 SA cents).
4. The costs of the transaction are estimated at US$258,710 (see paragraph 10 on page 16).

REPORTING ACCOUNTANTS REPORT ON THE UNAUDITED PRO FORMA FINANCIAL EFFECTS ON MARSHALL MONTEAGLE HOLDINGS S.A.

"7th March 2007

The Directors
Marshall Monteagle Holdings S.A.
P.O. Box 1361
L-1013 Luxembourg

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF MARSHALL MONTEAGLE HOLDINGS SOCIETE ANONYME ("MONTEAGLE")

INTRODUCTION

We have performed our limited assurance engagement in respect of the pro forma financial information set out in Annexure 1 above of the circular to be mailed to shareholders on or about 7th March 2007 ("the circular") issued in connection with the acquisition of 93.9 per cent. of the issued share capital of Marshalls.

The pro forma financial information has been prepared for illustrative purposes only, to provide information about the effects of the Acquisition on the consolidated financial results and the position of Monteagle for the year ended 30th September 2006 had the Acquisition been effective at 1st October 2005 or at the date of the pro forma balance sheet reported on.

Directors' Responsibility

The directors of Monteagle are responsible for the compilation, contents and presentation of the pro forma financial information contained in the circular and for the financial information from which it has been prepared. This responsibility includes determining that the pro forma information has been properly complied on the basis stated and the basis is consistent with the accounting policies of Monteagle.

Reporting Accountants' Responsibility

Our responsibility is to express our limited assurance conclusion on the pro forma financial information included in the circular to Monteagle shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of Information and Work Performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro forma adjustments in light of the accounting policies of Monteagle, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors of the company in respect of the corporate actions that are the subject of this circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Monteagle and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe the evidence we obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that:

- the pro forma financial information has not been properly compiled on the basis stated; and
- such basis is inconsistent with the accounting policies of Monteagle.

Yours faithfully

AGN Horsburgh & Co SA
Réviseur d'entreprises
15-17 avenue Gaston Diderich,
L-1420 Luxembourg

K. Horsburgh
Partner"

ANNEXURE 2

Historical financial information on Monteagle

For the three years ended 30th September 2004, 2005 and 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30th September

	Notes	*2006 US$000*	*2005 US$000*	*2004 US$000*
Group revenue	3	78,859	70,243	63,700
Operating costs		(74,021)	(65,920)	(60,756)
Operating profit	4	4,838	4,323	2,944
Share of associated companies' results		156	129	(1)
Income from Zimbabwean investments – dividends		5	7	131
Income from other investments – dividends		375	343	308
– interest		189	296	306
Interest paid and similar charges		(1,316)	(1,036)	(969)
Realised exchange (losses)/gains		(123)	124	139
Profit on ordinary activities before exceptional items and tax		4,124	4,186	2,858
Exceptional items, excluding provision against investment in Zimbabwe	5	337	1,345	1,539
Profit before special provision, tax and minority interests		4,461	5,531	4,397
Provision against investment in Zimbabwe		–	–	(8,444)
Profit/(Loss) before tax and minority interests	3	4,461	5,531	(4,047)
Taxation	6	(1,591)	(1,560)	(1,168)
Profit/(Loss) after tax before minority interests		2,870	3,971	(5,215)
Minority interests		(1,123)	(1,281)	2,261
Profit/(Loss) attributable to shareholders of the Group		1,747	2,690	(2,954)
Basic and fully diluted earnings/(loss) per share (US cents)*	7	13.6c	21.5c	(23.5)c
Headline earnings per share (US cents)*	7	11.3c	12.0c	6.5c
Interim dividend paid (US cents)	8	1.75c	–	–
Recommended dividend (US cents)*	8	2.50c	4.00c	3.5c
Total		4.25c	4.00c	3.5c

*The 2005 and 2004 comparatives have been adjusted for the bonus issue of shares.

The notes on pages 27 to 43 form part of these financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	2006 *US$000*	*2005* *US$000*	*2004* *US$000*
Exchange differences on translation of the financial statements of foreign entities	(1,432)	442	(237)
Group share of fair value adjustments	1,278	1,173	3,707
Group share of revaluations	1,876	1,189	2,385
Net gains not recognised in the income statement	1,722	2,804	5,855
Dividend paid for the previous year	(504)	(441)	(378)
Shares issued	630	–	–
Interim dividend declared	(235)	–	–
Prior years' unclaimed dividends forfeited	10	63	–
Net profit for the period	1,747	2,690	(2,954)
Total recognised gains and increase in shareholders' funds	3,370	5,116	2,523
Shareholders' funds brought forward	37,282	32,166	29,643
Shareholders' funds carried forward	40,652	37,282	32,166

The notes on pages 27 to 43 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 30th September

	Notes	*2006* *US$000*	*2005* *US$000*	*2004* *US$000*
Assets				
Non current assets				
Property, plant and equipment	9	18,314	15,994	14,244
Investments	10	22,471	16,494	14,115
Intangibles – trade marks		–	–	296
		40,785	32,488	28,655
Current assets				
Inventories	11	13,111	13,255	9,841
Accounts receivable	12	13,732	12,987	13,231
Cash and bank balances		1,979	8,009	7,857
		28,822	34,251	30,929
Current liabilities				
Accounts payable (falling due within one year)	13(a)	(18,286)	(17,747)	(17,628)
Net current assets		10,536	16,504	13,301
Total assets less current liabilities		51,321	48,992	41,956
Non current liabilities				
Accounts payable (falling due after more than one year)	13(b)	(5,248)	(5,366)	(5,116)
Deferred taxation	14	(129)	(73)	155
		45,944	43,553	36,995
Capital and reserves				
Called up share capital		20,160	9,450	9,450
Other reserves	15	11,141	14,317	11,567
Retained earnings	16	9,351	13,515	11,149
Shareholders' funds		40,652	37,282	32,166
Minority interests		5,292	6,271	4,829
		45,944	43,553	36,995

The notes on pages 27 to 43 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th September

	Notes	*2006* *US$000*	*2005* *US$000*	*2004* *US$000*
Operating activities				
Cash generated/(absorbed) by operations	17(a)	3,069	(650)	636
Interest paid		(1,316)	(1,036)	(969)
Taxation paid		(1,702)	(1,199)	(807)
Net cash inflow/(outflow) from operating activities		51	(2,885)	(1,140)
Investment activities				
Purchase of tangible fixed assets		(1,345)	(604)	(2,149)
Acquisition of investments		(7,827)	(4,323)	(3,085)
Disposal of investment in joint venture		–	1,820	–
Disposal of tangible fixed assets		50	101	1,254
Disposal of investments		3,537	4,959	3,243
Interest received and other investment income		564	727	614
Dividends received from Zimbabwean investments		5	7	131
Net cash (outflow)/inflow from investment activities		(5,016)	2,687	8
Net cash outflow before financing		(4,965)	(198)	(1,132)
Financing activities				
Net (decrease)/increase in long term debt	17(e)	(83)	250	90
Dividend paid – group		(504)	(441)	(378)
– minority shareholders		–	(2)	(22)
Net cash outflow from financing activities		(587)	(193)	(310)
Net decrease in funds	17(c)	(5,552)	(391)	(1,442)
Net funds at 1st October		4,431	4,957	6,314
Effect of foreign exchange rate changes		76	(135)	85
Net funds at 30th September	17(c)	(1,045)	4,431	4,957

The notes on pages 27 to 43 form part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th September 2006

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

The principal accounting policies of the Group, which are set out below, comply with International Financial Reporting Standards in all respects and with Luxembourg legal requirements. These policies have been consistently applied. No adjustments have been made to comparative amounts as a consequence of the issue of new or updated standards as none have had a material effect on those amounts previously reported.

(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 16 and IAS 39, and on the going concern basis.

(b) ***Basis of Consolidation***

The consolidated accounts 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.

(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 Profit and Loss 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 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. 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 annually. Any surplus on revaluation in excess of any deficit previously written off in respect of that property is taken to revaluation reserve, any excess of deficits arising over existing related revaluation reserves are expensed. 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 Profit and Loss Account, unrealised gains and losses are included in the Consolidated Statement of Recognised Gains and Losses.

Negative goodwill arising from acquisitions is written off on consolidation.

(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 realiseable 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.

(j) *Pension Obligations*

The policy of the Group is to provide retirement benefits for all its employees through defined contribution and defined benefit schemes. Current contributions to pension funds are charged against income as incurred. The cost of improved defined benefits or any deficits arising from time to time on defined benefit funds are funded by Group companies through lump sum payments or through increased future contributions. The costs to the Group are charged against income in the year to which they relate.

(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 Profit and Loss Account of the relevant Group company.

On consolidation, Profit and Loss Accounts 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 on reserves. The exchange loss or profit arising from the difference in rates used for Profit and Loss and Balance Sheet purposes is also taken to reserves.

The rates used are:

	Profit & Loss Account		*Balance Sheet*	
	2006	*2005*	*2006*	*2005*
	US$	*US$*	*US$*	*US$*
Australia – Aus$1 =	0.746	0.767	0.746	0.764
South Africa – ZAR1 =	0.151	0.161	0.129	0.157
Euro – €1 =	1.234	1.271	1.267	1.206
United Kingdom – £1 =	1.803	1.850	1.868	1.769

(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; investments in associates are stated in accordance with accounting policy note 2(c) and the other assets are stated at their nominal values.

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.

(n) *Comparative figures*

Where necessary, comparative figures have been reclassified.

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 California 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. Capital expenditure comprises additions to property, plant and equipment.

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

	2006 US$000		*2005 US$000*	
	Revenue	*Result*	*Revenue*	*Result*
Segmental Analysis of results				
Import and distribution	73,963	5,681	66,342	5,450
Property	1,435	375	1,389	301
Food production and processing	3,461	174	2,274	122
Other activities	–	1,030	238*	1,018
	78,859	7,260	70,243	6,891
Income from Zimbabwean investment		5		7
Share of associates and dividend income:				
Food production and processing		223		212
Other		(67)		(83)
Interest paid and similar charges		(1,316)		(1,036)
		6,105		5,991
Costs of bonus issue, capital increase and Employee Benefit Trust		(925)		–
Provisions against associates		(719)		(460)
Profit before tax		4,461		5,531

* Revenue of Other activities excludes dividend income and the proceeds of sales of investments and tangible assets, the profits of which are included in the result of this segment.

	Assets US$000	*Liabilities US$000*	*Net assets/ (liabilities) US$000*	*Capital expenditure US$000*	*Depreciation charge US$000*
Segmental analysis of net assets 30th September 2006					
Import and distribution	27,722	13,678	14,044	821	158
Property	14,814	585	14,229	306	16
Listed associate – Food production	1,253	–	1,253	–	–
Listed associate – Other	1,286	–	1,286	–	–
Other activities (including investments)	20,145	643	19,502	218	8
Unallocated (including cash, tax and debt)	4,387	8,757	(4,370)	–	–
Consolidated total	69,607	23,663	45,944	1,345	182
Segmental analysis of net assets 30th September 2005					
Import and distribution	26,647	12,602	14,045	479	235
Property	13,594	177	13,417	123	55
Food production and processing					
– Group	1,685	458	1,227	2	39
– Associates	974	–	974	–	–
Listed associate	1,610	–	1,610	–	–
Other activities (including investments)	12,178	1,046	11,132	–	8
Unallocated (including cash, tax and debt)	10,051	8,903	1,148	–	–
Consolidated total	66,739	23,186	43,553	604	337

Secondary reporting format – geographical segments

The Group operates in the following countries and states.

Luxembourg	The non-trading location of the parent company, including part of the Group 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 there.
Jersey	Location of part of the Group's import and distribution business and part of the Group's investment portfolio.

	2006 Group revenue US$000	2006 Total net assets US$000	2006 Capital expenditure US$000	2005 Group revenue US$000	2005 Total net assets US$000	2005 Capital expenditure US$000
Australia	2,992	2,568	239	3,085	2,321	133
United States	1,089	10,983	94	1,048	9,301	70
Jersey	20,189	8,370	–	17,290	7,008	–
Other countries	458	7,934	–	1,072	10,358	2
Total outside Africa	24,728	29,855	333	22,495	28,988	205
South Africa	54,131	16,089	1,012	47,748	14,565	399
Total	78,859	45,944	1,345	70,243	43,553	604

Total assets and capital expenditure are shown by the geographical area in which the assets are located.

4. OPERATING PROFIT AND EMPLOYEES

	2006 US$000	2005 US$000
Operating profit of US$4,838,000 (2005 – US$4,323,000) is stated after deducting		
Depreciation	182	337
Operating lease costs		
Premises	208	177
Plant, equipment and vehicles	37	33
Staff costs:		
Salaries and wages	5,411	4,672
Social security costs	214	140
Pension costs	390	274
Independent auditors' fees of the Company and its subsidiaries		
Audit related (2005 – including Conafex)	126	185
Other	25	2
Related party fees	273	226

The key management team, excluding non-executive directors, of D.C. Marshall, W.H. Marshall, A.A. Dumas, B.K. Hughes, G.K. Vacy-Lyle and A.C. Vacy-Lyle received total remuneration of US$796,000 (2005 – US$782,000) 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:

	2006	2005
Production, warehousing and manual	152	100
Administration	52	53
Management, including Directors	30	31
	234	184

5. EXCEPTIONAL ITEMS

	2006 US$000	2005 US$000
Income		
Surplus on disposal of investments	1,405	1,805
Release of investment provisions	136	–
Property devaluation provision now recovered	449	–
Total income	1,990	1,805
Charges		
Provision against associates	(719)	(460)
Costs relating to share bonus issue and Employee Benefit Trust	(925)	–
Loss on disposal of tangible fixed assets	(9)	–
Exceptional items – net income	337	1,345

6. TAXATION

Capital tax	44	37
Corporate tax – current year	1,442	1,337
Withholding tax	46	30
Deferred taxation	(40)	98
	1,492	1,502
Share of associated companies	99	58
	1,591	1,560

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

Expected tax charge at statutory rates	1,328	1,329
Withholding taxes	46	30
Capital taxes	44	37
Losses unrelieved	1	72
Permanent differences	73	34
	1,492	1,502
Share of associated companies	99	58
	1,591	1,560

7. EARNINGS PER SHARE

	2006	2005
Based on the result attributable to shareholders of the Company and on the average of 12,845,000 shares in issue (2005 – restated to allow for bonus issue)	13.6c	21.5c
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	11.3c	12.0c

8. DIVIDENDS

	2006 US$000	2005 US$000
Interim dividend		
1.75 US cents per share (2005 – nil) paid on 6th October 2006	235	–
Recommended dividend		
2.50 US cents per share (2005 – 4.0 US cents, adjusted for bonus issue)	336	504
Total dividends 4.25 US cents (2005 – 4.0 US cents, adjusted for bonus issue)	571	504

The recommended dividend is subject to approval at the Annual General Meeting on 30th March 2007.

9. PROPERTY, PLANT AND EQUIPMENT

	Investment properties US$000	*Plant and equipment, vehicles, furniture US$000*	*Freehold land and buildings US$000*	*2006 Total US$000*	*2005 Total US$000*
At cost or valuation					
Brought forward 1st October:					
At cost	–	2,160	–	2,160	1,865
At valuation	11,700	–	3,230	14,930	13,220
Translation adjustment	(144)	(292)	(762)	(1,198)	142
	11,556	1,868	2,468	15,892	15,227
Reclassification	(1,886)	(344)	1,886	(344)	–
Revaluations	1,715	–	685	2,400	1,482
Additions	94	444	807	1,345	604
Disposals	–	(358)	–	(358)	(223)
Balances carried forward 30th September					
At cost	–	1,610	–	1,610	2,160
At valuation	11,479	–	5,846	17,325	14,930
	11,479	1,610	5,846	18,935	17,090
Depreciation					
Brought forward 1st October	–	1,008	88	1,096	841
Translation adjustment	–	(237)	(2)	(239)	19
	–	771	86	857	860
Charge for the year	–	173	9	182	337
Translation adjustment	–	(23)	(1)	(24)	44
Written back on revaluation	–	–	(94)	(94)	–
Disposals	–	(300)	–	(300)	(145)
Balances carried forward 30th September	–	621	–	621	1,096
Net book value 30th September 2006	11,479	989	5,846	18,314	
Net book value 30th September 2005	11,700	1,152	3,142		15,994
Analysis of net book value:					
United States				10,725	9,020
South Africa				6,279	5,798
Australia & other				1,310	1,176
				18,314	15,994

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$10,725,000 and the South African properties at US$754,000. The cost of the US property is US$4,844,000 and that of the South African property US$451,000.

The book value of assets acquired under finance leases amounting to US$86,000 (2005 – $130,000) is included above and they have been depreciated in accordance with group accounting policies.

Investment and other freehold properties in South Africa, with a total value of US$4,629,000, and the properties in the USA with a value of US$10,725,000 were mortgaged at 30th September 2006 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	9% – 40%
Vehicles	20% – 30%
Freehold buildings	2% – 5%

10. INVESTMENTS

	Unconsolidated subsidiary US$000	General portfolio Listed US$000	General portfolio Unlisted US$000	Associated companies Listed US$000	Associated companies Unlisted US$000	2006 Total US$000	2005 Total US$000
Cost							
Balance brought forward 1st October	11,134	8,517	737	3,616	974	24,978	23,635
Translation adjustment	–	–	(9)	–	9	–	3
	11,134	8,517	728	3,616	983	24,978	23,638
Additions	–	7,585	33	–	209	7,827	4,323
Adjustments arising from Conafex reclassification	–	(655)	(214)	1,599	(1,200)	(470)	
Disposals	(11,134)	(2,132)	–	–	–	(13,266)	(3,055)
Share of retained result for the year	–	–	–	49	8	57	72
Balance carried forward 30th September	–	13,315	547	5,264	–	19,126	24,978
Fair value adjustments							
Balance brought forward 1st October	(11,134)	4,656	–	(2,006)	–	(8,484)	(9,520)
Disposal	11,134	–	–	–	–	11,134	–
Fair value adjustment	–	1,278	–	–	–	1,278	1,173
Provisions released/(increased) during year	–	136	–	(719)	–	(583)	(137)
Balance carried forward 30th September	–	6,070	–	(2,725)	–	3,345	(8,484)
Net book value 30th September 2006	–	19,385	547	2,539	–	22,471	
Net book value 30th September 2005	–	13,173	737	1,610	974		16,494

Listed portfolio investments and listed associated companies are carried at market value.

Geographical analysis:

	2006 US$000	2005 US$000
(a) Associated listed companies:		
Southern Africa – Conafex Holdings S.A.	1,253	–
Europe – Halogen Holdings S.A.	1,286	1,610
	2,539	1,610
(b) General portfolio		
Listed		
UK	6,193	5,067
USA	4,936	2,242
Europe (excluding U.K. and Switzerland)	3,727	1,344
Switzerland	2,931	1,245
Japan	910	518
South Africa	448	2,518
Hong Kong	240	239
	19,385	13,173
(c) Unlisted – Europe and other	547	737
(d) Unlisted associates – South Africa	–	974
	22,471	16,494

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.

Equity accounted:	*Percentage of equity held*	
Listed	*2006*	*2005*
Held by Monteagle		
Halogen Holdings S.A.	49.95%	49.95%
Incorporated in Luxembourg and operating internationally		
Activity – Holding company		
Consolidated loss for year ended 30th September 2006 – £80,000 (2005 –loss £94,000)		
Consolidated reserves: 30th September 2006 £875,000 (2005 – £952,000)		
Conafex Holdings S.A.	43.73%	n/a
Incorporated in Luxembourg and operating internationally		
Activity – Holding company		
Consolidated loss for thirteen months ended 30th September 2006 – ZAR2,907,000 (2005 – loss ZAR12,229,000)		
Consolidated reserves: 30th September 2006 ZAR23,813,000 (2005 – ZAR21,022,000)		

During the year Conafex raised funds by means of a share placing, reducing the Group interest from 60.4 per cent. to 43.7 per cent.. Conafex has therefore been reclassified from a subsidiary to an associate. Conafex also distributed its interests in investments in Zimbabwe to its shareholders by way of a dividend *in specie*.

11. INVENTORIES

	2006 US$000	2005 US$000
Finished goods	13,111	13,255

12. ACCOUNTS RECEIVABLE

	2006 *US$000*	*2005* *US$000*
Trade debtors	12,654	12,194
Amounts due from associated companies	132	–
Taxation recoverable	15	47
Other debtors	574	480
	13,375	12,721
Prepayments	357	266
	13,732	12,987

13. ACCOUNTS PAYABLE

(a) Amounts falling due within one year:

Bank loans and overdrafts	3,024	3,578
Creditors – Trade creditors, including bills payable and acceptance credits	12,477	11,419
– Other creditors and short term portions of secured loans	1,123	1,023
Amounts due to associated companies	18	–
Taxation	355	675
Interim dividend declared	235	–
Accruals	1,054	1,052
	18,286	17,747

The holding company has drawn US$2,038,000 under a facility secured on the general investment portfolio.

A Rand bank overdraft equivalent to US$276,000 and letters of credit are secured by charges over the accounts receivable and inventories of a South African subsidiary.

Trade creditors equivalent to US$323,000 (2005 – US$334,000) are secured over the trade debtors and inventory of an Australian subsidiary of US$1,925,000 (2005 – US$2,108,000) and a bank overdraft equivalent to US$194,000 is secured over the Australian property valued at US$996,000.

The Directors have recommended a final dividend of 2.50 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.

(b) Amounts falling due after more than one year:

	2006 US$000	2005 US$000
Secured loans – South Africa – banks (South African Rand)	1,902	1,791
– United States – mortgage corporations (US dollar)	2,791	2,859
– Capitalised lease obligations – (Australian dollar)	51	61
– (South African Rand)	32	53
Finance from financial institutions	4,776	4,764
Unsecured, local currency, trade creditor loans – South Africa	382	510
– Australia	90	92
	472	602
	5,248	5,366

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

The principal rates of interest on loans are commercial rates – United States 6.56 per cent., South Africa between 13.1 per cent. and prime less 1 per cent. (average prime rate for the year was 10.5 per cent.).

Loans are repayable over the following periods:

	Secured		*Unsecured*	
	2006 US$000	*2005 US$000*	*2006 US$000*	*2005 US$000*
Between one and two years	923	324	–	–
Between two and five years	954	955	–	–
Over five years – by instalments	2,899	3,485	–	–
No fixed repayment date	–	–	472	602
	4,776	4,764	472	602

14. DEFERRED TAXATION

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

Deferred tax liabilities		
Tangible fixed assets	(151)	(278)
Other	(96)	(20)
	(247)	(298)
Deferred tax assets		
Tangible fixed assets	35	225
Other	83	–
	118	225
Total net deferred tax liabilities	(129)	(73)

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

	2006 *US$000*	*2005* *US$000*
Accelerated tax depreciation		
Liabilities		
Balance brought forward 1st October	(298)	(120)
Exchange differences	63	(12)
Revaluation reserve	110	(122)
Charge to income during year	(122)	(44)
Balance carried forward 30th September	(247)	(298)
Losses		
Assets		
Balance brought forward 1st October	225	275
Exchange	(62)	4
Revaluation reserve	(207)	–
Credit/(Charge) to income during year	162	(54)
Balance carried forward 30th September	118	225

15. OTHER RESERVES

(a) Legal reserve

	2006 *US$000*	*2005* *US$000*
Balance brought forward and carried forward	945	945

Luxembourg law requires that an appropriation of at least 5 per cent. of the Company's own annual distributable profit be made to legal reserve until such time as the reserve attains 10 per cent. of the issued share capital. Consequently, the directors propose to transfer US$25,400 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.

	2006 *US$000*	*2005* *US$000*
(b) Revaluation reserve		
Balance brought forward 1st October	6,825	5,758
Exchange	(165)	–
Transfer to retained earnings on reclassification	(971)	–
Deferred taxation (note14)	(97)	(122)
Group share of revaluations in year	1,876	1,189
Balance carried forward 30th September	7,468	6,825
(c) Exchange reserve		
Brought forward 1st October	385	158
Arising during the year	(919)	227
Balance carried forward 30th September	(534)	385
(d) Other reserves		
Balance brought forward 1st October	5,944	4,488
Transfer to/from retained earnings on reclassification	(3,960)	2
Fair value adjustments (note 10)	1,278	1,173
Effect of exchange rate movement in year	–	281
Balance carried forward 30th September	3,262	5,944
(e) Options reserve		
Balance brought forward	218	218
Released during the year	(218)	–
Restated balance carried forward – 30th September	–	218
Total Other Reserves	11,141	14,317

16. RETAINED EARNINGS

	2006 US$000	2005 US$000
Balance brought forward 1st October	13,515	11,149
Bonus issue of shares	(10,080)	–
Dividend for prior year	(504)	(441)
Interim dividend – current year	(235)	–
Transfer from revaluation reserve	971	–
Transfer from/(to) other reserves	3,960	(2)
Option reserve released	218	–
Profit for the year	1,747	2,690
Dividends unclaimed now forfeit	10	63
Effect of exchange rate changes	(251)	56
Balance carried forward 30th September	9,351	13,515

17. NOTES TO CASH FLOW STATEMENT

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

Profit before taxation	4,461	5,531
Adjustments		
Exceptional items	(337)	(1,249)
Share of associated companies' results	(156)	(129)
Income from investments and loans	(569)	(734)
Interest paid and similar charges	1,316	1,036
Depreciation	182	337
Cash generated before working capital changes	4,897	4,792
Net increase in working capital (note 17(b))	(1,828)	(5,442)
Cash generated/(absorbed) by operations	3,069	(650)

(b) Net increase in working capital

Increase in inventories	(675)	(3,851)
Increase in debtors	(2,665)	(554)
Increase/(decrease)in creditors	1,512	(1,037)
	(1,828)	(5,442)

(c) Analysis of net funds/(debt)

	2006	*2005*	*Exchange movements*	*Cash flow movement*
	US$000	*US$000*	*US$000*	*US$000*
Cash at bank and in hand	1,979	8,009	69	(6,099)
Bank overdrafts (note 13a)	(3,024)	(3,578)	7	547
	(1,045)	4,431	76	(5,552)

(d) Analysis of funds by currency

United States dollars	(2,138)	3,281	–	(5,419)
Australian dollars	41	(23)	3	61
South African rands	902	(108)	22	988
Euros	–	440	47	(487)
Pounds sterling	150	841	4	(695)
	(1,045)	4,431	76	(5,552)

(e) Analysis of changes in long term debt

	Creditors due after more than oneyear US$000
Balance 1st October 2005	5,366
Exchange difference	(35)
Net cash outflow from financing	(83)
Balance 30th September 2006	5,248

(f) 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 17(d).

18. GROUP COMMITMENTS AND CONTINGENT LIABILITIES

At 30th September 2006 the Group had commitments of US$108,000 under non-cancellable operating leases (2005 – nil).

The Group had no material commitments for authorised capital expenditure contracted (2005 – 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 2006.

19. PENSIONS

All contributions are charged to profit and loss account in the year to which they relate.

	2006 *US$000*	*2005* *US$000*
Net expense of benefits		
Current service costs – defined benefit scheme	33	13
– defined contribution scheme	353	232
	386	245

Actuarial valuations are performed every three years. The last valuation, in January 2006, showed the defined benefit scheme overfunded. The surplus has not been included in the Group balance sheet because the Trustees have submitted an application for the conversion of the scheme to a defined contribution fund and they will distribute any surplus to the members.

20. FINANCIAL RISK MANAGEMENT

Credit risk management

Concentrations of credit risk consist principally of investments in leading companies in the U.K., Europe and South Africa and in temporary cash investments. Associates are accounted for in accordance with accounting policy note 2(c). All of the portfolio investments are in highly liquid stocks and there is no concentration of investment in any one company. At the year-end the Directors do not consider there to be any significant concentration of credit risk for which adequate provision has not been made.

Interest rate risk

Exposure to interest rate risk arises in the normal course of the Group's business and applies mainly to cash deposits and financing. The Group's objective is to achieve the best rates available, adopting a policy of ensuring that its exposure to changes in interest rates on surplus funds are short-term. The principal rates on short-term borrowings for the year were between 9.75 per cent. and 13.1 per cent. in South Africa and 6.56 per cent. in the United States.

The Group secures longer term finance at fixed rates on the best commercial terms, as set out in note 13(b).

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.

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.

21. POST BALANCE SHEET EVENTS

U.S. Mortgage. The Company's wholly owned U.S. subsidiary, Monteagle Inc., refinanced its borrowings on 16th November 2006 with a mortgage of US$6,300,000 from John Hancock Life Insurance Company. The mortgage is at a fixed rate of 6.07 per cent., matures on 1st December 2016 and the monthly repayments are US$38,055.68.

ZRC Limited ("ZRC"). The Company owns approximately 54.1 per cent. of ZRC which held farming, property and investment related assets in Zimbabwe. With effect from 19th January 2007, ZRC sold those assets for US$1,578,000.

ANNEXURE 3

Historical financial information on Marshalls

for the three years ended 31st December 2004, 2005 and 2006.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2006

The financial statements set out below incorporate the following principal accounting policies which are consistent with those applied in the previous year. These policies comply with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Revenue

Revenue comprises:

Net rentals charged to tenants and parking income.
Net confirming fees and interest charged to confirming clients.
Investment income from investments.

Rental income is recognised on a straight line basis in accordance with the accepted interpretation of IAS 17 (leases).

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all the company's subsidiaries. The results of the subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal. All inter-company transactions and balances have been eliminated.

Foreign currencies

Transactions in foreign currencies are accounted for at the rates of exchange ruling on the date of transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the income statement.

Deferred taxation

Deferred taxation is calculated at current rates using the liability method. Full provision is made for all temporary differences between the tax base of an asset or liability and its carrying amount.

A deferred tax asset is not raised on assessed losses or deductible temporary differences unless it is probable that future taxable profits will be available against which the deferred tax asset can be raised in the foreseeable future.

Investment property

Investment property is land and buildings held by the group to earn rentals and/or for capital appreciation. Investment property is initially recorded at cost including transaction costs. Subsequent measurement is at open market value with the adjustment for the period being included in the determination of the profit/loss for that period. The properties are valued annually by a suitably qualified, independent valuator and this value is taken as the open market value at year end. Accordingly, no depreciation is provided for on the land and revalued buildings.

Any surpluses or losses on disposal of the properties are recognised in the income statement.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated to their residual values on a straight line basis over the useful lives of the assets.

The depreciation rates applicable to each category of property, plant and equipment are as follows:

Property	2%
Air conditioners	10%
Motor vehicles	20%
Office equipment and plant	10%; 33.3%; 8.67%

No depreciation is provided on property where the residual value exceeds the cost.

Investments in subsidiaries

Shares in subsidiaries are stated at cost or valuation at time of acquisition. The company has an investment in a foreign subsidiary company which is classified as a foreign entity. The financial statements of this subsidiary are translated for incorporation into the group financial statements as follows:

Assets and liabilities at the closing rate.
Income statement items at the average rate for the period.
Exchange differences are taken directly to non-distributable reserves.

Investments in listed shares

Listed investments are stated at fair value at year end.

Adjustments to the fair value of listed investments are charged directly to equity.

Retirement benefits

The defined benefit obligations, the related current service cost, and where applicable, past service cost, are determined by using the projected unit credit method.

A portion of actuarial gains and losses is recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of:

- 10 per cent. of the present value of the defined benefit obligation at that date before deducting plan assets; and
- 10 per cent. of the fair value of any plan assets at that date.

The portion of actuarial gains and losses to be recognised is the excess referred to above, divided by the expected average remaining working lives of the employees participating in the plan.

During the year the company has instituted the action to convert the pension fund to a defined contribution plan as more fully disclosed in note 20. Contributions to a defined contributions plan in respect of service in a particular period are recognised as an expense in that period.

Segment reporting

Segment assets and liabilities are directly attributable to the segments. Segment assets include all operating assets used by a segment, and consist principally of investment property, property, plant and equipment, as well as current assets. Segment liabilities include operating liabilities and consist principally of trade payables.

Segment revenue and expenses are directly attributable to the segments. Segment revenue, expenses and results include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. These transfers are eliminated on consolidation.

Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors and borrowings. These instruments are carried at fair value. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

CONSOLIDATED BALANCE SHEET
As at 31st December 2006

	Notes	*2006* *R*	*2005* *R*	*Restated* *2004* *R*
ASSETS				
Non-current assets		133,359,691	93,564,745	82,239,361
Investment property	1	104,007,107	71,667,305	65,726,707
Property, plant and equipment	2	3,191,586	3,241,782	930,671
Listed investments	4	25,782,805	18,202,599	15,173,622
Amortised lease receivables		378,193	453,059	408,361
Current assets		10,893,470	15,878,761	8,547,333
Trade receivables and loans		1,088,457	2,267,108	1,052,995
Bills receivable		2,395,377	3,634,760	3,992,328
Taxation receivable		154,891	–	–
Available for sale assets	5	–	6,729,000	–
Bank and cash balances		7,254,745	3,247,893	3,502,010
TOTAL ASSETS		144,253,161	109,443,506	90,786,694
EQUITY AND LIABILITIES				
Equity and reserves		113,607,859	82,684,343	71,095,349
Stated capital	6	26,809,026	26,809,026	–
Share capital		–	–	11,504,501
Share premium		–	–	15,304,525
Non-distributable reserves	7	60,787,689	36,783,058	28,872,391
Distributable reserves		26,011,144	19,092,259	15,413,932
Non-current liabilities		21,126,541	20,003,600	15,750,241
Interest bearing borrowings	8	17,160,929	18,588,737	15,588,597
Deferred taxation	9	3,965,612	1,414,863	161,644
Current liabilities		9,518,761	6,755,563	3,941,104
Trade payables		1,717,019	1,486,551	1,655,705
Current portion – interest bearing borrowings	8	927,341	809,745	590,970
Bank overdrafts		6,077,690	3,744,487	1,069,105
Taxation payable		377,066	339,895	56,523
Provisions	10	419,645	374,885	568,801
TOTAL EQUITY AND LIABILITIES		144,253,161	109,443,506	90,786,694

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2006

	Notes	2006 R	2005 R	Restated 2004 R
Revenue	11	16,857,011	17,873,597	18,686,381
Other income		371,807	94,925	192,539
Expenses		(10,732,338)	(12,456,116)	(13,140,563)
Administration		1,811,673	2,050,289	1,966,502
Financial		27,000	91,000	–
Personnel		4,525,179	4,928,399	5,314,875
Operations		4,368,486	5,386,428	5,859,186
Operating profit before interest	12	6,496,480	5,512,406	5,738,357
Interest received		444,747	289,195	28,230
Interest expense		(2,323,087)	(3,110,693)	(2,533,803)
Operating profit after interest		4,618,140	2,690,908	3,232,784
Non-operating profit items	14	25,545,334	10,313,713	6,812,176
Profit before taxation		30,163,474	13,004,621	10,044,960
Taxation	15	3,460,085	2,483,591	1,683,732
Profit for the year		26,703,389	10,521,030	8,361,228
Earnings per share	18	153.7 cents	60.6 cents	48.1 cents
Headline earnings per share	18	16.8 cents	9.0 cents	12.8 cents
Dividends per share		13.5 cents	12.0 cents	10.0 cents
Dividend cover		2.0 times	1.3 times	1.9 times

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2006

	Notes	*2006* *R*	*2005* *R*	*Restated* *2004* *R*
Stated capital	6	26,809,026	26,809,026	–
Balance at beginning of year		26,809,026	–	–
Consolidation of issued ordinary shares		–	11,504,501	–
Consolidation of share premium		–	15,304,525	–
Share capital		–	–	11,504,501
Balance at beginning of year		–	11,504,501	11,504,501
Transfer to stated capital		–	(11,504,501)	–
Share premium		–	–	15,304,525
Balance at beginning of year		–	15,304,525	15,304,525
Transfer to stated capital		–	(15,304,525)	–
Non-distributable reserves		60,787,689	36,783,058	28,872,391
Balance at beginning of year		36,783,058	28,872,391	26,192,028
As previously reported		36,783,058	29,336,348	21,324,322
Lease smoothing effect	16	–	(463,957)	(518,173)
Effect of prior year adjustment		–	–	5,385,879
Transfer from distributable reserves		23,397,714	7,333,232	3,507,925
Transfer of movement in duplicate asset reserve to distributable reserves		(85,958)	–	–
Currency translation movements		692,875	577,435	(827,562)
Distributable reserves		26,011,144	19,092,259	15,413,932
Balance at beginning of year		19,092,259	15,413,932	12,729,892
As previously reported		19,092,259	15,072,731	12,206,910
Lease smoothing effect	16	–	341,201	403,067
Effect of prior year adjustment		–	–	119,915
Profit for the year		26,703,389	10,521,030	8,361,228
Dividends paid	17	(2,345,260)	(2,084,676)	(1,737,230)
Transfer of surplus on property revaluations to non-distributable reserves		(23,397,714)	(5,984,360)	(3,507,925)
Unrealised surplus on revaluation of listed investments		5,872,512	2,575,205	(244,802)
Transfer of net surplus on disposal on investment properties to non-distributable reserves		–	(1,348,872)	–
Transfer of movement in duplicate asset reserve from non-distributable reserves		85,958	–	–
Net deficit on disposal of listed investments		–	–	(187,231)
Equity and Reserves at end of year		113,607,859	82,684,343	71,095,349

BALANCE SHEET

As at 31st December 2006

	Notes	*2006* *R*	*2005* *R*	*Restated* *2004* *R*
ASSETS				
Non-current assets				
Investment in subsidiary	3	22,568,647	22,568,647	22,568,647
Current assets				
Loan to subsidiary		6,321,892	6,325,902	6,331,345
Cash		9,261	68,298	2,400
TOTAL ASSETS		28,899,800	28,962,847	28,902,392
EQUITY AND LIABILITIES				
Equity and reserves		28,865,565	28,864,476	28,868.403
Stated capital	6	26,809,026	26,809,026	–
Share capital		–	–	11,504,501
Share premium		–	–	15,304,525
Distributable reserves		2,056,539	2,055,450	2,059,377
Current liabilities				
Trade payables		34,235	98,371	33,989
TOTAL EQUITY AND LIABILITIES		28,899,800	28,962,847	28,902,392

INCOME STATEMENT

For the year ended 31st December 2006

	Notes	*2006* *R*	*2005* *R*	*Restated* *2004* *R*
Revenue				
Unclaimed dividends written back		5,089	73	115
Dividends received from subsidiary		2,345,260	2,084,676	1,737,230
		2,350,349	2,084,749	1,737,345
Profit for the year	12	2,346,349	2,080,749	1,737,345

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2006

	Notes	2006	2005	2004
Stated capital	6	26,809,026	26,809,026	–
Balance at beginning of year		26,809,026	–	–
Consolidation of issued ordinary shares		–	11,504,501	–
Consolidation of share premium		–	15,304,525	–
Share capital		–	–	11,504,501
Balance at beginning of year		–	11,504,501	11,504,501
Transfer to stated capital		–	(11,504,501)	–
Share premium		–	–	15,304,525
Balance at beginning of year		–	15,304,525	15,304,525
Transfer to stated capital		–	(15,304,525)	–
Distributable reserves		2,056,539	2,055,450	2,059,377
Balance at beginning of year		2,055,450	2,059,377	2,063,262
Profit for the year		2,346,349	2,080,749	1,733,345
Dividends paid	17	(2,345,260)	(2,084,676)	(1,737,230)
Equity and reserves at end of year		28,865,565	28,864,476	28,868,403

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2006

1. Investment Property

	Group		Company	
	2006	*2005*	*2006*	*2005*
	R	*R*	*R*	*R*
Freehold property – at valuation	104,661,725	72,412,904	–	–
Lease smoothing effect	(654,618)	(745,599)	–	–
	104,007,107	71,667,305	–	–
Reconciliation of the carrying value of investment property				
Opening carrying value	71,667,305	65,726,707	–	–
Disposals	–	(12,241,417)	–	–
Additions	7,102,545	9,310,317	–	–
Improvements	278,189	36,193	–	–
Revaluation surplus	24,959,068	8,835,505	–	–
Closing carrying values	104,007,107	71,667,305	–	–

A register is maintained that is open for inspection by members or their duly authorised agents at the registered office of the company giving the information required in terms of Schedule 4, paragraph 22(3) of the Companies Act.

On 31st December 2006 the group's freehold properties were valued by Roger Hunting MRICS DIP T.P. MIV (SA) and Steven Wolffs MIV (SA) registered valuers, at open market value of R105,750,000 (2005 – R69,215,000). Open market value is defined as the price at which the property might reasonably be expected to sell, assuming an arm's length transaction between a willing, able and informed seller and buyer and further, that reasonable time is allowed for the disposal of the property. The valuation includes certain items of plant and equipment which have been deducted from the carrying value of the properties stated above. Also deducted from this carrying value is the amortised lease receivables recognised on the balance sheet in terms of IAS 17 (leases).

Certain freehold properties owned by subsidiary companies valued at R56,900,000 (2005: R46,700,000) are held as security for interest bearing borrowings totalling R23,314,952 (2005: R24,157,207) as detailed in Note 8.

Subsequent to year end, the group disposed of an investment property situated in Congella, Durban with a carrying value of R13,000,000.

2. Property, Plant and Equipment

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Property – at cost November, 2005	2,253,719	2,253,719	–	–
Air conditioners	219,588	229,768	–	–
At cost	768,134	729,415	–	–
Accumulated depreciation	(548,546)	(499,647)	–	–
Motor vehicles	102,188	172,799	–	–
At cost	909,456	909,456	–	–
Accumulated depreciation	(807,268)	(736,657)	–	–
Office equipment and plant	616,091	585,496	–	–
At cost	2,147,666	1,991,229	–	–
Accumulated depreciation	(1,531,575)	(1,405,733)	–	–
	3,191,586	3,241,782	–	–

Property is described as Sections No. 3 and 5, Marshalls House, situated at 11 Sunbury Park, La Lucia Ridge Office Estate in extent 244 square metres.

Held as security for an interest bearing borrowing totalling R2,230,280 as detailed in Note 8.

No depreciation has been provided for on the property as the residual value of the property exceeds its cost at the balance sheet date.

Reconciliation of the carrying value of property, plant and equipment

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Property	2,253,719	2,253,719	–	–
Opening carrying value	2,253,719	–	–	–
Additions	–	2,253,719	–	–
Air conditioners	219,588	229,768	–	–
Opening carrying value	229,768	337,899	–	–
Additions	38,719	108,674	–	–
Disposals	–	(150,648)	–	–
Depreciation – current	(48,899)	(66,157)	–	–
Motor vehicles	102,188	172,799	–	–
Opening carrying value	172,799	137,370	–	–
Addition	–	131,762	–	–
Disposals	–	(3,046)	–	–
Depreciation – current	(70,611)	(93,287)	–	–
Office equipment and plant	616,091	585,496	–	–
Opening carrying value	585,496	455,402	–	–
Additions	157,533	275,297	–	–
Disposals	(475)	(23,300)	–	–
Depreciation – current	(126,463)	(121,903)	–	–
Carrying value at end of year	3,191,586	3,241,782	–	–

3. Investments in Subsidiaries

		Group		*Company*	
		2006	*2005*	*2006*	*2005*
		R	*R*	*R*	*R*
3.1	100% held by Marshalls Limited				
	Marshalls Internal Limited				
	8,500,000 shares of no par value – at cost			22,568,647	22,568,647
3.2	100% held by Marshalls Internal Limited				
	Marshalls Group Limited				
	100 ordinary shares of R2 each at cost	200	200		
	Loan	23,417,525	23,421,525		
	The loan is unsecured, interest free, with no fixed date of repayment.				
3.3	100% held by Marshalls Group Limited				
	Marshalls Confirming (Jersey) Limited (incorporated in Jersey, Channel Islands)				
	9 shares of R2.78 each – at cost	25	25		
	Marshall Metallic Holdings Limited				
	550,000 shares of 1.0 cent each	5,500	5,500		
	Loan	17,104,000	16,853,000		
	The loan is unsecured, interest free and with no fixed date of repayment.				
	Marshalls Parking (Pty) Limited				
	100 shares of R1 each	100	100		
	Loan	3,600,000	3,722,628		
	The loan is unsecured, interest free and with no fixed date of repayment.				
		44,127,350	44,002,978		

4. Listed Investments

	Group			
	2006 Number of Shares	*2006 Fair value R*	*2005 Number of Shares*	*2005 Fair value R*
United Kingdom		10,773,117		9,029,469
Associated British Foods plc	5,300	604,734	5,300	485,572
Aviva plc	4,500	511,271	4,500	346,431
BAA plc	–	–	9,000	616,205
BP plc	8,000	627,512	8,000	540,749
British American Tobacco plc	4,750	938,200	4,750	674,299
Cadbury Schweppes plc	11,000	830,901	11,000	660,049
Diageo plc	8,000	1,108,513	8,000	735,996
GlaxoSmithKline plc	3,750	696,622	3,750	601,551
HSBC Holdings plc	5,000	643,408	5,000	509,410
Imperial Tobacco Group PLC	3,000	833,458	3,000	569,032
Informa plc	–	–	10,500	497,332
Pearson plc	4,400	469,197	4,400	330,325
Prudential plc	5,833	563,960	5,833	350,330
Reckitt & Benckiser plc	2,750	887,156	2,750	576,566
Reuters Group plc	4,000	246,167	4,000	188,039
Royal Dutch Shell plc (B shares)	2,298	568,548	2,298	466,244
Unilever PLC	6,300	1,243,470	14,000	881,339
United States of America		3,249,103		2,561,408
American Express Co.	1,200	514,159	1,200	392,775
Citigroup Inc	1,300	511,381	1,300	401,282
Johnson & Johnson	1,600	745,993	1,600	611,630
Merck & Co Inc	900	277,128	900	182,099
Pfizer Inc	1,600	292,664	1,600	237,320
Proctor & Gamble & Co	2,000	907,778	2,000	736,302
Western Europe		11,760,585		6,606,106
Baloise Holdings AG	590	415,762	590	218,538
Bayer AG	1,600	608,388	1,600	427,609
Credit Suisse Group AG	1,400	690,499	1,400	452,703
Deutsche Bank AG	800	756,788	800	491,774
Fortis SA NV	2,400	722,137	2,400	489,252
Henkel KGAA	600	623,573	–	–
Holcim AG	950	613,926	–	–
ING Groep NV	2,000	625,619	2,000	445,682
L'Oreal SA	1,050	742,179	1,050	499,079
Nestle SA	360	901,849	360	682,816
Novartis AG	2,000	812,864	2,000	666,502
Pernod Ricard SA	350	567,139	–	–
Roche Holdings AG	700	884,889	700	666,546
Schindler Holdings SA	1,400	620,836	–	–
Schweiz-Ruckversicherungs-G AG	720	431,546	720	334,288
UBS AG	3,000	1,285,253	1,500	905,645
Zurich Financial Services AG	241	457,338	241	325,672
South Africa				
Mercantile Bank Holdings Limited	–	–	15,600	5,616
		25,782,805		18,202,599

These investments are held as security in favour of Investec Bank Limited as detailed in note 8.

5. Available for Sale Assets

	Group		*Company*	
	2006	*2005*	*2006*	*2005*
	R	*R*	*R*	*R*
Property	–	6,729,000	–	—

6. Stated Capital

Authorised				
34,000,000 ordinary shares of no par value	–	–	–	–
Issued				
17,372,300 ordinary shares of no par value	26,809,026	26,809,026	26,809,026	26,809,026

Unissued ordinary shares are under the control of the directors in terms of a resolution passed at the annual general meeting held on 20th June 2006. This authority expires at the forthcoming annual general meeting.

7. Non-Distributable Reserves

Surplus on revaluation, sale of investment properties and investments and on acquisition of shares in subsidiary	58,590,110	35,278,354	–	–
Foreign currency translation reserve	2,197,579	1,504,704	–	–
	60,787,689	36,783,058	–	–

8. Interest Bearing Borrowings

Secured loans

8.1 Nedbank Limited	4,272,905	4,679,139	–	–

The loan bears interest, payable monthly at a fixed rate per annum, the year end rate being 11.45 per cent. (2005 – 11.45 per cent.). The loan is repayable in monthly instalments of R76,421 (2005 – R76,421) and is repayable in full by 31st March 2013. This loan is secured over freehold property valued at R12,900,000 (2005 – R9,100,000), as detailed in note 1.

This loan is repayable in full or part thereof at any time at the option of the borrower.

Carried forward	4,272,905	4,679,139	–	–

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Carried forward	4,272,905	4,679,139	–	–
8.2 FirstRand Bank Limited	845,083	1,091,155	–	–
The loan bears interest at variable rates per annum, the year end rate being 11.5 per cent. (2005 – 9.5 per cent.). The loan is repayable in monthly instalments of R29,243 (2005 – R28,834) and is repayable in full by 1 October 2009. This loan is secured over freehold property valued at R6,600,000 (2005 – R5,300,000), as detailed in note 1.				
This loan is repayable in full, or part thereof, subject to three months written notice, at the option of the borrower.				
8.3 FirstRand Bank Limited	2,832,873	3,021,254	–	–
The loan bears interest, payable monthly at variable rates per annum, the year end rate being 11.7 per cent. (2005 – 9.7 per cent.). The loan is repayable in monthly instalments of R42,992 (2005 – R39,817) and is repayable in full by 30 October 2015. This loan is secured over freehold property valued at R7,100,000 (2005 – R5,900,000), as detailed in note 1.				
This loan is repayable in full, or part thereof, at any time after the first thirty-six months of the term of the loan having elapsed.				
8.4 FirstRand Bank Limited	64,443	68,635	–	–
The loan bears interest, payable monthly at variable rates per annum, the year end rate being 11.7 per cent. (2005 – 9.7 per cent.). The registered loan amount is R5,500,000, which has not been drawn down. The loan is currently repayable in monthly instalments of R968 (2005 – R895) and is repayable in full by 1 December 2015. This loan is secured over freehold property with a carrying value of R12,000,000 (2005 – R8,800,000), as detailed in note 1.				
This loan is repayable in full, or part thereof, at any time after the first thirty-six months of the term of the loan having elapsed.				
Carried forward	8,015,304	8,860,183	–	–

	Group		Company	
	2006	*2005*	*2006*	*2005*
	R	*R*	*R*	*R*
Brought forward	8,015,304	8,860,183	–	–
8.5 FirstRand Bank Limited	30,280	–	–	–
The loan bears interest, payable monthly at variable rates per annum, the year end rate being 11.7 per cent. (2005 – nil). The registered loan amount is R2,200,000, which has not been drawn down. The loan is currently repayable in monthly instalments of R362 (2005 – nil) and is repayable in full by 1st June 2021.				
The loan is secured over property with a carrying value of R2,253,719 (2005 – nil), as detailed in note 2.				
This loan is repayable in full, or part thereof, at any time after the first thirty-six months of the term of the loan having elapsed.				
8.6 FirstRand Bank Limited	243,038	741,275	–	–
Interest rate swap derivative agreements entered into are at fixed rates of 11.45 per cent., 11.45 per cent. and 11.40 per cent. per annum until 30th October 2015, 1st February 2016 and 4th December 2020 respectively. These agreements have been fair valued and marked to market at the reporting date.				
8.7 Investec Bank Limited	9,799,648	9,797,024	–	–
The loan bears interest at a fixed rate of 16.35 per cent. (2005 – 16.35 per cent.) per annum and interest is repayable in bi-annual instalments of R828,688 (2005 – R828,688). The capital is repayable in full on 1st November 2010. This loan is secured over freehold property valued at R18,300,000 (2005 – R17,600,000), as detailed in note 1.				
The company has ceded all rentals under lease agreements concluded in respect of the mortgaged property to Investec Bank Limited. As detailed in note 4, the group's listed investments have been pledged in favour of Investec Bank Limited.				
	18,088,270	19,398,482	–	–
Amounts repayable within the next twelve months included in current liabilities	(927,341)	(809,745)	–	–
	17,160,929	18,588,737	–	–

9. Deferred Taxation

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Unrealised surplus on revaluation of investment properties	2,952,759	1,276,193	–	–
Amortised lease receivables	189,839	216,221	–	–
Provisions	(144,417)	(121,889)	–	–
Unrealised net capital surplus on revaluation of listed investments	725,044	(45,070)	–	–
Interest rate swap derivative agreements	(70,481)	(214,970)	–	–
Other sundry temporary differences	312,868	304,378	–	–
	3,965,612	1,414,863	–	–
Balance at beginning of year	1,414,863	161,644	–	–
– As previously reported	1,414,863	38,906	–	–
– Lease smoothing effect	–	122,738	–	–
Movement relating to unrealised surplus on revaluation of investment property	1,676,566	1,070,504	–	–
Movement relating to provisions	(22,528)	85,271	–	–
Movement relating to other sundry temporary differences	8,490	(33,373)	–	–
Movement relating to amortised lease receivables	(26,382)	(29,270)	–	–
Movement relating to interest rate swap derivative agreements	144,489	(214,970)	–	–
Movement relating to unrealised net capital surplus on revaluation of listed investments	770,114	375,057	–	–
Balance at end of year	3,965,612	1,414,863	–	–

10. Provisions

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Leave pay provision	419,645	374,885	–	–
Reconciliation				
Opening carrying value	374,885	568,801	–	–
Additional net provisions provided for	44,760	123,264	–	–
Amounts utilised and transferred	–	(317,180)	–	–
Closing carrying value	419,645	374,885	–	–

11. Revenue

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Rental and parking fees	15,866,026	16,766,785	–	–
Confirming fees and interest	442,501	657,908	–	–
Investment income	548,484	448,904	–	–
	16,857,011	17,873,597	–	–
Projected future rental income in terms of non-cancellable operating leases in place				
Within 1 year	9,108,049	10,197,803	–	–
In 1 to 5 years	7,960,230	10,609,403	–	–

12. Operating profit before interest

is stated after:

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Income				
Income from subsidiary	–	–	2,345,260	2,084,676
Dividends received	542,900	448,471	–	–
Surplus on disposal of property, plant and equipment	26,000	37,454	–	–
Gain on foreign exchange	122,482	–	–	–
Expenses				
Auditors' remuneration	250,300	260,380	–	–
Audit fee – current year	231,050	260,380	–	–
Fees for other services	19,250	–	–	–
Depreciation of property, plant and equipment	245,973	281,347	–	–
Air conditioners	48,899	66,157	–	–
Motor vehicles	70,611	93,287	–	–
Office equipment and plant	126,463	121,903	–	–
Loss on foreign exchange	–	26,840	–	–
Loss on disposal of property, plant and equipment	475	174,027	–	–
Fees relating to valuation of properties	63,962	51,068	–	–
Operating leases – offices and warehousing	153,800	421,121	–	–

13. Directors' Emoluments

	Group *2006* *R*	*Group* *2005* *R*	*Company* *2006* *R*	*Company* *2005* *R*
Paid or credited by the holding company and its subsidiaries during the year under review for:				
Services as directors	123,000	123,000	–	–
Managerial and other services	347,208	353,019	–	–
	470,208	476,019	–	–

Directors' emoluments were earned as follows:

	Salaries *R*	*Bonuses* *R*	*Benefits* *R*	*Consulting services* *R*	*Services as directors* *R*	*Total* *R*
DC Marshall – Executive	240,000	20,000	14,808	–	24,000	298,808
PN Lonsdale – Non-executive	2,400	–	–	–	33,000	35,400
BA Hose – Non-executive	–	–	–	70,000	33,000	103,000
ME Stewart – Non-executive	–	–	–	–	33,000	33,000
	242,400	20,000	14,808	70,000	123,000	470,208

Mr BA Hose performed certain advisory services relating to property acquisitions at an agreed market related fee structure.

14. Non-operating profit items

	Group *2006* *R*	*Group* *2005* *R*	*Company* *2006* *R*	*Company* *2005* *R*
Unrealised surplus on revaluation of investment properties	24,959,068	8,835,505	–	–
Realised net surplus on disposal of investment properties	–	1,617,019	–	–
Cost of capital restructure	–	(234,408)	–	–
Realised net surplus on disposal of listed investments	586,266	95,597	–	–
	25,545,334	10,313,713	–	–

15. Taxation

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
SA Normal tax	1,386,291	1,330,851	–	–
– current	1,251,983	1,048,650	–	–
– tax on capital gains	76,196	282,642	–	–
– underprovision – prior years	58,112	–	–	–
– overprovision – prior year	–	(441)	–	–
Deferred tax	1,780,636	892,156	–	–
– other temporary differences	104,070	(187,993)		
– revaluation of properties	1,676,566	1,081,446	–	
– effect of rate change	–	(1,297)	–	
Secondary tax on companies	293,158	260,584	–	–
	3,460,085	2,483,591	–	–

Reconciliation of tax charge	%	%	%	%
Standard rate	29.0	29.0	29.0	29.0
Adjusted for tax effects of:				
Revaluation of investment property	(24.0)	(19.7)	–	
Dividends received	–	–	(29.0)	(29.0)
Deferred tax on revaluation of properties above cost	5.6	8.3	–	–
Secondary tax on companies	1.0	2.0	–	–
Sundry reconciling items increasing the effective rate	0.6	3.6	–	–
Sundry reconciling items decreasing the effective rate	(0.7)	(4.1)	–	–
	11.5	19.1	–	–

16. Lease smoothing effect

This arose due to the application of the accepted interpretation of IAS 17 (leases). This resulted in the recognition of rental income on a straight line basis, whereas it was previously recognised in terms of the cash flows inherent in lease agreements. A corresponding lease receivable has been recognised on the balance sheet appropriately disclosed between non-current and current assets.

	Group 2006 R	Group 2005 R	Company 2006 R	Company 2005 R
Increase in revenue	–	52,761	–	–
Increase in taxation	–	(7,650)	–	–
Decrease in unrealised surplus on revaluation of investment properties	–	(52,761)	–	–
Decrease in profit for the year	–	(7,650)	–	–
Decrease in equity at the beginning of 2005	–	(115,106)	–	–
Total decrease in equity for 2005	–	(122,756)	–	–

17. Ordinary Dividends

	Group		*Company*	
	2006	*2005*	*2006*	*2005*
	R	*R*	*R*	*R*
Paid	2,345,260	2,084,676	2,345,260	2,084,676

18. Earnings per Share

The calculation of earnings per share is based on profit for the year of R26,703,389 (2005 – R10,521,030) and on the weighted average number of ordinary shares in issue during the year of 17,372,300 (2005 – 17,372,300). The headline earnings per share are based on headline earnings of R2,910,817 (2005 – R1,571,406) and on the weighted average number of ordinary shares in issue during the year of 17,372,300 (2005 – 17,372,300).

	Group	
	2006	*2005*
	R	*R*
Reconciliation between basic and headline earnings:		
Basic earnings per income statement	26,703,389	10,521,030
Adjusted for:		
Unrealised surplus on revaluation of investment property after taxation	(23,282,502)	(7,754,058)
Realised net loss/(surplus) on disposal of listed investments after taxation	(510,070)	(81,102)
Realised net surplus on disposal of investment properties after taxation	–	(1,348,872)
Cost of capital restructure after taxation	–	234,408
Headline earnings for the year	2,910,817	1,571,406

19. Commitments and Contingencies

The company has stood surety for a subsidiary's indebtedness to Nedbank Limited to the extent of R4,272,905 (2005 – R4,679,139) and to Investec Bank Ltd to the extent of R10,000,000 (2005 – R10,000,000).

	Group	
	2006	*2005*
	R	*R*
Commitments in terms of non-cancellable operating leases in place:		
Payable within 1 year	195,274	304,210
Payable in 1 to 5 years	151,250	346,524

20. Retirement Benefit Information

At the date of this report the defined benefit fund has been categorised as fully paid up and current contributions are being paid into a defined contribution fund. Once final approval from the Financial Services Board is received these two funds will be merged into one fund. This is in terms of the trustees' resolution to convert the fund to a defined contribution fund. Any surplus will be distributed to the members upon official conversion.

Certain subsidiary companies contributed to The Marshalls Group Pension Fund, a defined benefit plan. This fund is registered under and governed by the Pensions Fund Act of 1956. Membership of the fund is compulsory and at 31st December 2006, 18 (2005 – 18) employees with pensionable salaries totalling R1,614,048 (2005 – R1,737,096) for the year were members of the fund. An amount of R251,169 was paid in respect of contributions to both the defined benefit and contribution plans during the period. The fund's assets are held in investment portfolios of financial institutions. Full actuarial valuations are performed every three years. A valuation was conducted on 1st January 2006. In arriving at its findings the actuary took into account the attained age method of valuation, which allows for salary increases until retirement. The actuary's report indicated that the fund's assets exceeded its liabilities.

21. Segment Report

Primary segment information: Business segments

	Properties Division		*Confirmimg Division*		*Investment Division*		*Consolidated*	
	2006	*2005*	*2006*	*2005*	*2006*	*2005*	*2006*	*2005*
	R	*R*	*R*	*R*	*R*	*R*	*R*	*R*
Segment revenue	15,866,026	16,766,785	442,501	657,908	548,484	448,904	16,857,011	17,873,597
Segment result	9,479,107	8,967,418	83,448	439,003	520,184	236,520	10,082,739	9,642,941
Indirect segment expenses							(3,586,259)	(4,130,535)
Interest expense							(2,323,087)	(3,110,693)
Interest received							444,747	289,195
Non-operating items							25,545,334	10,313,713
Profit before taxation							30,163,474	13,004,621
Taxation							3,460,085	2,483,591
Profit for the year							26,703,389	10,521,030
Other information								
Segment assets	105,902,983	73,337,091	9,071,883	6,705,855	26,653,974	18,795,161	141,628,840	98,838,107
Non-segment assets							2,469,430	10,605,399
Income tax assets							154,891	–
Total assets							144,253,161	109,443,506
Segment liabilities	(28,985,882)	(26,028,232)	(45,473)	(44,349)	(782,080)	(72,783)	(29,813,435)	(26,145,364)
Non-segment liabilities							(454,801)	(273,847)
Income tax liabilities							(377,066)	(339,895)
Total liabilities							(30,645,302)	(26,759,106)
Capital expenditure	7,576,986	9,859,839	–	–	–	–	7,576,986	9,859,839
Depreciation	171,691	183,005	1,936	2,938	–	–	173,627	185,943

Secondary segment information: Geographic segments by location of assets

	South Africa		*Europe*	
	2006	*2005*	*2006*	*2005*
	R	*R*	*R*	*R*
Segment revenue	15,925,763	16,869,160	931,248	1,004,437
Segment assets	107,781,087	74,010,565	33,847,753	24,827,542
Capital expenditure	7,576,986	9,859,839	–	–

For management purposes, the group is organised into three major operating divisions – property, confirming and investment. The divisions are the basis on which the group reports its primary segment information. The property segment owns substantial rental income producing commercial and light industrial properties and a parking garage in Durban and Cape Town. The confirming segment operates a confirming and indent financing operation, trading as Marshalls Confirming. The investment segment owns shares in listed companies from which it receives investment income.

Segment assets and liabilities: segment assets include all operating assets used by a segment and consist principally of operating cash, trade receivables, listed investments and property, plant and equipment. Segment liabilities include all operating liabilities.

22. Accounting Policies

The accounting policies of the group are set out on pages 44 to 46 of this Annexure.

23. Financial Risk Management

Financial instruments carried on the balance sheet include cash and bank balances, investments, trade receivables and payables and borrowings. These instruments are generally carried at their estimated fair value.

Credit risk

Financial assets, which potentially subject the group to concentrations of credit risk, consist principally of cash, short term deposits and receivables.

The group's cash and short-term deposits are placed with high credit quality financial institutions. Receivables are presented net of the allowance for doubtful receivables. Credit risk with respect to receivables is concentrated due to the small number of customers comprising the group's confirming division customer base.

The carrying amounts of financial assets included in the balance sheet represent the group's exposure to credit risk in relation to these assets. Certain of the listed investments, see note 4, are encumbered by a pledge in favour of Investec Bank Limited.

All other financial assets are unencumbered. The group does not have any significant exposure to any individual customer.

Interest rate risk

Interest-bearing borrowings of the group bear interest at rates detailed in Note 8. Interest rate risks are not hedged, other than as disclosed in note 8.

Foreign currency risk

The effect of fluctuations in foreign exchange rates on the valuation of the share portfolio have not been hedged.

24. Related Parties

Marshalls Limited is a related party to the following companies:

Marshalls Internal Limited	subsidiary
Marshalls Group Limited	subsidiary
Marshall Metallic Holdings Limited	subsidiary
Marshalls Confirming (Jersey) Limited	subsidiary
Marshalls Parking (Proprietary) Limited	subsidiary
Monteagle Property Holdings Limited	
Monteagle Consumer Group Limited	
Monteagle Africa Limited	

Certain of the directors of Marshalls Limited are also directors of some of the abovementioned related parties.

The group rents a storage facility from Monteagle Property Holdings Limited. Total rent billed for the year amounted to R36,665 (2005 – R36,334).

The group leases a limited area of unutilised office space to certain related parties. Total rent billed for the year was as follows:

– Monteagle Property Holdings Limited	R63,816
– Monteagle Consumer Group Limited	R74,903
– Monteagle Africa Limited	R48,632

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2006

	Notes	*2006* *R*	*2005* *R*	*Restated* *2004* *R*
Net cash inflow from operating activities		3,658,921	(229,601)	2,595,539
Cash received from customers	1	19,306,320	17,074,075	21,538,032
Cash paid to suppliers and employees	2	(9,128,140)	(11,830,714)	(13,685,995)
Cash generated by operating activities	3	10,178,180	5,243,361	7,852,037
Interest received		444,747	289,195	28,230
Interest paid		(2,821,577)	(2,369,418)	(2,533,803)
Dividends paid		(2,345,260)	(2,084,676)	(1,737,230)
Taxation paid		(1,797,169)	(1,308,063)	(1,013,695)
Net cash outflow from investing activities		(1,173,298)	(4,943,148)	486,196
Replacement of property, plant and equipment		(196,252)	(515,733)	(105 833)
Net proceeds from disposal of investment properties		–	13,858,436	–
Acquisition of property		–	(8,982,719)	–
Proceeds from disposal of available-for-sale assets		6,729,000	–	–
Acquisition of investment properties		(7,102,545)	(9,310,317)	–
Improvements to investment properties		(278,189)	(36,193)	(63,153)
Proceeds from disposal of investments		1,705,419	95,597	2,037,164
Proceeds from disposal of property, plant and equipment		26,000	40,500	–
Acquisition of investments		(2,056,731)	(92,719)	(1,381,982)
Net cash outflow from financing activities		(811,974)	2,243,232	(946,098)
Decrease in interest bearing borrowings		(811,974)	2,477,640	(946,098)
Cost of capital restructure		–	(234,408)	–
Net increase in cash		1,673,649	(2,929,517)	2,135,637
Net cash borrowings at beginning of year		(496,594)	2,432,923	297,286
Net cash balances at end of year	4	1,177,055	(496,594)	2,432,923

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2006

	2006 R	2005 R	Restated 2004 R
1. Cash received from customers			
Revenue	16,857,011	17,873,597	18,686,381
Lease smoothing effect	90,969	100,923	(52,761)
Movement in trade receivables	2,358,340	(900,445)	2,904,412
	19,306,320	17,074,075	21,538,032
2. Cash paid to suppliers and employees			
Revenue	16,857,011	17,873,597	18,686,381
Operating profit before interest	(6,496,480)	(5,512,406)	(5,738,357)
	10,360,531	12,361,191	12,948,024
Provision for doubtful debts	(43,897)	101,752	(162,310)
Loss on disposal of property, plant and equipment	(475)	(174,027)	–
Surplus on disposal of property, plant and equipment	26,000	37,454	–
Depreciation	(245,973)	(281,347)	(241,111)
Movement in foreign currency translation reserve	(692,875)	(577,435)	827,562
Movement in trade payables	(275,171)	363,126	313,830
	9,128,140	11,830,714	13,685,995
3. Cash generated by operating activities			
Operating profit before interest	6,496,480	5,512,406	5,738,357
Adjusted for:			
Provision for doubtful debts	43,897	(101,752)	162,310
Loss on disposal of property, plant and equipment	475	174,027	–
Surplus on disposal of property, plant and equipment	(26,000)	(37,454)	–
Lease smoothing effect	90,969	100,923	(52,761)
Depreciation	245,973	281,347	241,111
Movement in foreign currency translation reserve	692,875	577,435	(827,562)
Working capital changes	2,633,511	(1,263,571)	2,590,582
Decrease in trade receivables	2,358,340	(900,445)	2,904,412
Increase in trade payables	275,171	(363,126)	(313,830)
	10,178,180	5,243,361	7,852,037
4. Net cash balances			
Bank and cash balances	7,254,745	3,247,893	3,502,010
Bank overdrafts	(6,077,690)	(3,744,487)	(1,069,087)
	1,177,055	(496,594)	2,432,923

CASH FLOW STATEMENT
for the year ended 31st December 2006

	2006 *R*	*2005* *R*	*Restated* *2004* *R*
Net cash outflow from operating activities	(63,047)	60,455	(1,605)
Cash utilised in operating activities	(68,136)	60,382	(1,720)
Dividends received	2,350,349	2,084,749	1,737,345
Dividends paid	(2,345,260)	(2,084,676)	(1,737,230)
Net cash inflow from investing activities			
Decrease in loan receivable from subsidiary	4,010	5,443	4,005
Net decrease in cash	(59,037)	65,898	2,400
Cash at beginning of year	68,298	2,400	–
Cash at end of year	9,261	68,298	2,400

REPORTING ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF MARSHALLS LIMITED FOR THE THREE YEARS ENDED 31ST DECEMBER 2006

7th March 2007

The Directors
Marshall Monteagle Holdings S.A.
P.O. Box 1361
L-1013 Luxembourg

Dear Sirs,

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION OF MARSHALLS LIMITED FOR THE THREE YEARS ENDED 31 DECEMBER 2004, 31 DECEMBER 2005 AND 31 DECEMBER 2006

Introduction

At your request we report on the historical pro forma financial information of Marshalls Limited ("Marshall") attached as Annexure 3 to the Circular to the Marshall Monteagle Holdings Société Anonyme ("Monteagle") shareholders, to be dated on or about 7 March 2007 ("the Circular").

Management's Responsibilities for the Circular and the information contained therein

The directors of Monteagle are responsible for the preparation of the circular and all the information contained therein, including the financial information to which this reporting accountants' report relates, and the financial statements and financial information from which it has been extracted and prepared.

Our responsibility is to express an opinion on the historical financial information included in Annexure 3 to the Circular, and to report our opinion to you.

Auditor's responsibility

Our responsibility is to express an opinion on the historical financial information included in Annexure 3 to the Circular and report our opinion to you based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the historical financial information in Annexure 3 is free from material misstatement.

We have audited the historical financial information relating to the financial years ended 31 December 2004, 31 December 2005 and 31 December 2006 set out in Annexure 3 to the Circular.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 auditor considers 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 management, 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 historical financial information fairly presents, in all material respects, the financial position of Marshalls Limited as of 31 December 2004, 31 December 2005 and 31 December 2006, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act in South Africa.

Yours faithfully
PKF Durban
Registered Auditors
Chartered Accountants (SA)
12 on Palm Boulevard Road
Gateway
4319"

ANNEXURE 4

Directors of Monteagle

John Michael Robotham, OBE, FCA, MSI, *Non-executive Chairman,* age 73 † *

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

David Courtnall Marshall, *Chief executive*, age 62

David Marshall has been a Director of Monteagle since 1982 and was appointed Chief Executive in 1996. He has also been a director and chairman of Marshalls for 20 years. 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 a non-executive director of Conafex Holdings S.A.. 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. He is a non-executive director of Finsbury Food Group plc, Marylebone Warwick Balfour Group Plc and Northbridge Industrial Services PLC.

Alastair Robert Christopher Barclay, FCA, *Non-executive,* age 67 *

Alastair Barclay joined the Board in 2000. He is a Chartered Accountant and a director of Halogen Holdings S.A. and Western Selection P.L.C. Between 1980 and 1999 he was chief executive of City Group P.L.C., Monteagle's administrative and corporate secretary.

Rory Charles Kerr, *Non-executive,* age 57 †

Rory Kerr has been a Director of Monteagle 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 partner of Webber Wentzel Bowens and a Group Director of Maitland International. He also serves on the boards of a number of publicly listed companies and investment funds. In addition, he acts as a 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

Director's service contract

None of the present Directors have a service contract.

Appointment of directors

Each Director is required to retire every year in accordance with the Articles and Luxembourg law and re-appointment is not automatic.

Directors' qualifications and remuneration

The Articles do not provide for any Directors' qualifications.

The remuneration of the Directors is allocated by the annual general meeting of the Company and the Directors are not permitted to vote remuneration, including pensions or other benefits, to themselves without such approval.

The remuneration paid to, or receivable by, the Directors for the year ended 30th September 2006 is as follows:

		2006		
		Parent Company Directors fee US$000	*Other fees US$000*	*Total US$000*
J.M. Robotham	Non-executive	3	24	27
A.R.C. Barclay	Non-executive	3	26	29
R C Kerr	Non-executive	3	17	20
D.C. Marshall †	Executive	3	105	108
Total		12	172	184

† Mr. D.C. Marshall ceded US$18,000 of his fees for the year (2005 – US$18,000) to an overseas company which supplies his services and in which none of the Directors are interested.

No other payments or benefits were paid to, or receivable by, the Directors except for benefits of US23,000 (2005 – US$24,000) for Mr. J.M. Robotham.

It is not envisaged that the remuneration of the directors of Monteagle or Marshalls will change as a result of the Acquisition.

The Articles require that any director having an interest in any matter to be considered by the Board must inform the Board of such interest and such declaration shall be recorded in the minutes. Such director may not deliberate or vote in respect of such contract or agreement and shall not be counted for such purpose of constituting a quorum. At the next general meeting of shareholders, and before any vote in respect of any other resolution, a report must be made on any contract or agreement in respect of which a director shall have had an interest contrary to that of the Company.

Interests in the Acquisition

None of the current Directors have any interest in any transactions effected by the Company during the current or immediately preceding financial year or in any previous transactions that remain in any respect outstanding or unperformed.

Save as disclosed below, none of the current Directors have any interest in the Acquisition other than to the extent of their interest in the share capital of the Company as disclosed in section 7.6 on page 11 above.

Mr. D.C. Marshall is the chairman of Marshalls and has an indirect beneficial holding of 2,912,529 Marshalls shares and an indirect non-beneficial holding of 6,877,000 Marshalls shares, representing 16.8 per cent. and 39.6 per cent. of Marshalls' issued share capital respectively. Accordingly, when the Board met to consider the Acquisition Mr. Marshall declared his interest in the transaction and took no further part in the proceedings.

ANNEXURE 5

Details of the offer to Marshalls' shareholders

as extracted from the circular to be mailed to Marshalls shareholders on or about 7th March 2007

1. Terms of the Offer

1.1 Monteagle hereby offers, in terms of section 440A of the Companies Act, to acquire on the terms set out in this circular, all of the Marshalls shares from Marshalls' shareholders, free from all liens, charges, encumbrances and other interest together with all rights attaching thereto, for the Offer Consideration described in paragraph 1.2 below. The offer is subject to the condition set out in paragraph 1.3 below.

The offer opens at 09h00 on 8th March 2007 and closes at 12h00 on 30th March 2007, both dates inclusive. Monteagle reserves the right to extend the Closing Date, in which event all amended dates and times relating to the offer will be announced on SENS and published in the press.

All acceptances of the offer received by Monteagle will be irrevocable and may not be withdrawn.

1.2 **Offer Consideration**

1.2.1 In terms of the offer, each Marshalls shareholder will receive 28 Monteagle shares for every 100 Marshalls shares held, exclusive of the special dividend of 12c per share declared by Marshalls on 2 March 2007 and payable to Marshalls Shareholders on 2 April 2007.

1.2.2 No cash alternative will be offered.

1.2.3 The total number of Consideration Shares to be issued in terms of the offer amounts to 4,569,701 shares.

1.3 **Conditions precedent**

1.3.1 The Offer will be subject to the fulfillment or waiver, as allowed, of the following conditions precedent by no later than Friday, 30th March 2007, provided that Monteagle shall be entitled to extend this date by up to 60 days on or any time before Friday, 30th March 2007:

1.3.1.1 Monteagle receiving acceptances of the Offer in respect of not less than 90 per cent. (or such lower percentage as Monteagle may notify Marshalls Shareholders) of the issued shares in Marshalls, other than shares held by Monteagle on Friday, 30th March 2007; and

1.3.1.2 All regulatory approvals and consents necessary in respect of the Offer being obtained, including but not limited to approvals from the SRP, the Exchange Control Department of the South African Reserve Bank and the Competition Commission or the Competition Tribunal, as the case may be.

1.3.1.3 The approval of Monteagle Shareholders in an Extraordinary General Meeting to be held on Friday 30th March 2007.

1.3.2 Monteagle shall have the right to waive the condition in paragraph 1.3.1.1 on written notice to Marshalls. Monteagle will advise Marshalls Shareholders of any such waiver by way of an announcement released on SENS and published in the South African press.

1.3.3 If Monteagle extends the date for fulfillment of the conditions precedent, Monteagle will advise Marshalls Shareholders of this fact by way of an announcement released on SENS and published in the South African press.

1.3.4 If the conditions precedent to the Offer referred to in this paragraph 1.3 are not fulfilled, the Offer will lapse and all advance acceptances of the Offer will be null and void. Documents of title already surrendered will be returned to the relevant Marshalls Shareholders, by normal post, at the risk of the Marshalls Shareholders concerned.

1.4 Compulsory Acquisition in terms of Section 440K of the Companies Act

1.4.1 In the event that the Offer shall be validly accepted in respect of 90 per cent. or more of the issued shares in Marshalls, other than shares held on Friday, 30th March 2007 by Monteagle, Monteagle will invoke the provisions of Section 440K of the Companies Act compulsorily to acquire all the shares in respect of which the Offer was not accepted. In the event of Monteagle acquiring all of the shares, application will be made to the JSE for the immediate suspension and subsequent termination of the listing of the shares in Marshalls.

1.4.2 Should the requisite number of acceptances be obtained to allow the provisions of Section 440K of the Companies Act to be invoked, and Monteagle subsequently invokes such provisions, a circular will be sent to those Marshalls Shareholders who shall not have accepted the Offer, incorporating the notice envisaged by Section 440K of the Companies Act and a further form of surrender.

1.5 Irrevocable undertakings and intention to invoke the provisions of section 440K of the Act

Marshalls shareholders, whose names are set out below, collectively holding 51.8 per cent. of the Marshalls shares, have irrevocably undertaken to accept the offer. Copies of the irrevocable undertakings are available for inspection as set out in paragraph 15 of this circular.

Shareholder	*Number of Marshalls shares held*	*% of Marshalls shares*
Marshalls Holding Company (Pty) Limited	7,928,489	45.6
Marshall Private Holdings (Pty) Limited	809,100	4.7
The Lonsec trust	266,100	1.5
Total	9,003,689	51.8

In the event that Section 440K of the Companies Act is invoked by Monteagle in terms of paragraph 1.4 above, it is the intention of Monteagle to effect the delisting of Marshalls Shares from the JSE after the implementation of the Offer.

The dates and times relating to the abovementioned section 440K process will be announced as soon as possible following the Closing Date of the Monteagle Offer and a Circular containing details of the section 440K process will be mailed on the same day, providing Marshalls Shareholders, who did not accept the Offer, with a further Form of Acceptance and Surrender in order that they may tender their Marshalls Shares.

1.6 Consideration Shares and fractional entitlements

No cash payments will be made in lieu of an entitlement to a fraction of a share. Fractions of Monteagle Shares resulting from calculations will be rounded down to the nearest whole number if they are less than 0.5 of a Monteagle share and will be rounded up to the nearest whole number if they are equal to or greater than 0.5 of a Monteagle share.

ANNEXURE 6

Summary information on the provisions of Monteagle's Articles of Incorporation

The Company was originally incorporated under the denomination of Afex Corporation S.A. pursuant to a deed of Maître André Schwachtgen, dated 9th August 1982, published in the Mémorial C, Recueil des Sociétés et Associations, number 207 of 31st August 1982.

The following is a summary of certain relevant provisions of the Articles:

Dividends

The appropriation of the profit of the Company, after provision for the necessary legal reserve and taxation (if required) has been made, shall be determined by the general meeting upon proposal of the Board.

Any dividend distributed shall be paid at the place and time fixed by the Board. The general meeting may authorise the Board to pay dividends in any currency and, at its sole discretion, fix the rate of conversion of the dividends into the currency of the actual payment.

No dividend shall be declared by the General Meeting of the Shareholders unless Monteagle is able to meet the criteria of liquidity laid down by Article 72 of the Law, as amended.

A dividend which has been declared and paid but which has not been cashed for a period of five years from the date of declaration of the same, may no longer be claimed by a holder of such Shares, but the holder shall forfeit his rights and the dividend shall accrue to the Company.

Voting rights

Every Shareholder may vote in person or be represented by a proxy, who need not be a Shareholder. A corporate shareholder may execute its rights by proxy granted to a duly authorised officer.

Every Shareholder shall have the right to one vote for every share held in Monteagle. Resolutions of general meetings shall be passed by a majority vote of members present or represented.

Pursuant to Article 67-1 of the Law, Extraordinary General Meeting resolutions amending the Articles shall be passed by the affirmative vote of two thirds of members in a General Meeting at which holders of at least 50 per cent. of Shares in issue and outstanding are present in person or represented by proxy. Article 68 of the Law prescribes the same voting requirements in relation to a variation of rights attaching to any class of Shares.

Shareholder meetings

An Annual General Meeting shall be held, in accordance with the Law, at 16.00 on the last Friday in the month of March. All General Meetings shall be held either at the registered office of the Company or at any other place in Luxembourg as indicated in the convening notice issued by the Board or by the Commissaire of the Company.

All Shareholders shall be entitled to attend and speak at all General Meetings. The Board shall prescribe the conditions to be met by the Shareholders in order to attend and vote at a General Meeting including (without limitation) the record date for determining the Shareholders entitled to receive notice of and to vote at any such meeting and the conditions under which holders of bearer Shares shall be entitled to attend such meetings.

Form of Shares

Save for a maximum number of 5,000 Shares which may be issued or converted to bearer, and held only by Directors of the Company who are resident outside Southern Africa, all other Shares in the capital of Monteagle shall be issued in registered form.

Monteagle Shares may be issued, at the option of the owner, as certificates representing single Shares or two or more Shares. Where only part of the Shares comprised in a certificate for registered Shares is transferred, the old certificate shall be cancelled and a new certificate issued in lieu for the balance of such Shares without charge.

The registered holder of any registered Share in the Company shall be the owner of such Share and Monteagle shall not be bound to recognise any other claim to or interest in such Share on the part of any other person.

Increase of capital

The Board is authorised to issue further Shares in the Company so as to bring the total issued capital up to the total authorised share capital in whole or in part from time to time as it in its discretion may determine and to accept subscriptions for such Shares within a period expiring on the fifth anniversary of the publication of the notarial deed of 24th March 2005 in the Mémorial dated 18th August 2005. The period or extent of this authorisation may be extended by the Shareholders at an Extraordinary General Meeting.

When the Board effects a whole or partial increase in the capital of Monteagle, it shall be obliged to take steps to amend Article 6 of the Articles in order to record this increase and the Board is further authorised to take or authorise the steps required for the execution and publication of such amendment in accordance with the Law.

The authorised and issued share capital, or the period or extent of the authorisation granted to the Board to increase the issued capital up to the total authorised share capital, may be further increased or reduced by a Shareholders' resolution at an Extraordinary General Meeting. In accordance with this provision, a resolution was passed at the Annual General Meeting of the Company held on 31st March 2006 under which the Directors and the Company were given 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 the authority shall not extend beyond 15 months from the date of the 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 per cent. 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 per cent. 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 per cent. 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.

Redemption of Shares

Fully paid Shares shall, subject to the Law, be redeemable from time to time and at any time, at the discretion of the Board:

(a) by tender made available pro rata to all Shareholders for cash or otherwise at such price as the Board may determine; or

(b) in any other case, in consideration of cash or assets as the Board may determine subject to the limitations imposed by the Law.

Fully paid Shares may, subject to the Law, be redeemed and held in treasury by the Company or, alternatively, may be cancelled pursuant to a reduction of capital.

Transfer of Shares

Shares in the Company shall not be subject to any restriction in respect of transfer and they shall be transferable free of charge.

The Board may refuse to accept or give effect to any transfer of the registered Shares in the Company (other than pursuant to a normal stock exchange transaction), and may refuse to give effect to any instruction regarding the payment of dividends, if the Board, after due deliberation and at its sole discretion, believes for any reason that such transfer or instruction:

(a) has been executed or given in circumstances indicating that the Shareholder concerned had not acted of its own volition; or

(b) reflects, or was executed pursuant to, a confiscatory or expropriatory act of a foreign authority; or

(c) reflects, or was executed pursuant to, a compulsory transfer under the laws of a foreign jurisdiction for no consideration or for consideration which would be regarded as inadequate in normal business practice.

Pre-emptive rights

The Board is authorised to issue shares in Monteagle during the period referred to in the first paragraph of the section above headed "Increase of capital" without the Shareholders having any preferential subscription rights.

Approval of financial statements by Shareholders

The Board shall prepare a balance sheet and profit and loss accounts of the Company in respect of each financial year. Every balance sheet and profit and loss account shall be drawn up in accordance with generally accepted accounting principles and the applicable provisions of the Law.

The Annual General Meeting shall be presented with reports by the Board and the Réviseur d'entreprises shall consider them and, if it thinks fit, adopt the balance sheet and profit and loss account.

Borrowing powers of Directors

The Board shall restrict the borrowings of the Company and exercise all voting or other rights or power of control exercisable by the Company in relation to its subsidiary companies so as to ensure that the aggregate amount for the time being remaining undischarged of all monies borrowed by the Group and for the time being owing to persons outside the Group shall not at any time, without the previous consent of the Shareholders in General Meeting, exceed an amount equal to the aggregate of the amount paid up for the time being on the issued share capital of the Company and the amount of consolidated legal and other reserve funds (if any) and the balance standing to the credit of the consolidated profit and loss account of the Group (after deducting any debit balance on such account), all as shown in a consolidation of the then latest audited balance sheets of the companies within the Group but:

(a) adjusted as may be necessary to take account of any variation of the paid-up share capital or the consolidated legal and other reserve funds or profit and loss account since the date of such balance sheet; and

(b) excluding any sums set aside to provide for future taxation,

For the purpose of the said limit, the issue of debentures shall be deemed to constitute borrowing notwithstanding that the same may be issued in whole or in part for a consideration other than cash. Monies borrowed for the purpose of repaying the whole or any part of any monies previously borrowed and then outstanding (including any premium payable on the final repayment thereof) and applied for that purpose within ninety days of such borrowings shall not, pending such application be taken into account as monies so borrowed.

Rights on liquidation

If the Company is wound up, a sum shall be deducted from the net assets arising out of the liquidation for the reimbursement of the paid-up and non-redeemed amount of the Shares. The balance shall be allocated equally amongst all the Shares in the capital of Monteagle.

ANNEXURE 7

Information relating to Monteagle's subsidiaries and associates

Monteagle has the following subsidiaries and associates:

Principal subsidiaries

1. Name: **Monteagle Inc.**
   Registered office: 530 b Street, Ste 2100, San Diego, California, U.S.A.
   Field of activity: Property
   Issued capital: US$10,000 represented by 1,000 shares of US$10 each
   Proportion of capital held: 100% (held through Monteagle Properties (UK) Limited)
   Dividends received in latest financial year: US$300,000
   Amount still to be paid up on shares held: Nil
   Debts owed to/(owed by) Monteagle: US$4,070,282
   Reserves: US$7,343,000
   Profit after tax in latest financial year: US$432,000
   Value of investment (carrying value): US$11,090,000

2. Name: **Monteagle Merchant Group Limited**
   Registered office: Langtry House, 40 La Motte Street, St. Helier, Jersey, Channel Islands
   Field of activity: Investment holding
   Proportion of capital held: 100%
   Dividends received in latest financial year: US$1,798,000
   Amount still to be paid up on shares held: Nil
   Debts owed to/(owed by) Monteagle: US$1,896,905
   Reserves: US$10,784,523
   Profit after tax in latest financial year: US$642,890
   Value of investment (carrying value): US$12,760,000

3. Name: **Monteagle International Limited.**
   Registered office: Langtry House, 40 La Motte Street, St. Helier, Jersey, Channel Islands
   Field of activity: Importer
   Issued capital: US$20,000 represented by 20,000 shares of US$1 each
   Proportion of capital held: 100% (held through Monteagle Merchant Group Limited)
   Dividends received in latest financial year: Nil
   Amount still to be paid up on shares held: Nil
   Debts owed to/(owed by) Monteagle: US$14,855
   Reserves: US$2,629,497
   Profit after tax in latest financial year: US$817,589

4. Name: **Monteagle Property Holdings Limited.**

Registered office:	11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia, 4051, South Africa
Field of activity:	Investment holding
Issued capital:	R1,000 represented by 1,000 shares of R1 each
Proportion of capital held:	100% (held through Monteagle Merchant Group Limited)
Dividends received in latest financial year:	Nil
Amount still to be paid up on shares held:	Nil
Debts owed to/(owed by) Monteagle:	Nil
Negative reserves:	R647,547
Profit after tax in latest financial year:	R377,384

5. Name: **Monteagle Merchant Group Southern Holdings Limited.**

Registered office:	11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia, 4051, South Africa
Field of activity:	Investment holding
Issued capital:	R1,000 represented by 1,000 shares of R1 each
Proportion of capital held:	50.1% (held through Monteagle Merchant Group Limited)
Dividends received in latest financial year:	Nil
Amount still to be paid up on shares held:	Nil
Debts owed to/(owed by) Monteagle:	Nil
Reserves:	R30,678,251
Profit after tax in latest financial year:	R8,674,275

6. Name: **Monteagle Consumer Group Limited.**

Registered office:	11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia, 4051, South Africa
Field of activity:	Commodity importer and exporter
Issued capital:	R1,500 represented by 1,500 shares of R1 each
Proportion of capital held:	100% (held through Monteagle Merchant Group Southern Holdings Limited)
Dividends received in latest financial year:	Nil
Amount still to be paid up on shares held:	Nil
Debts owed to/(owed by) Monteagle:	Nil
Reserves:	R6,757,339
Profit after tax in latest financial year:	R4,383,736

7. Name: **L & G Tool and Machinery Distributors Limited**

Registered office:	11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia, 4051, South Africa
Field of activity:	Importer and distributor of hand tools and machinery
Issued capital:	R200,000 represented by 200,000 shares of R1 each
Proportion of capital held:	50.1% (held through Monteagle Merchant Group Southern Holdings Limited)
Dividends received in latest financial year:	Nil
Amount still to be paid up on shares held:	Nil
Debts owed to/(owed by) Monteagle:	Nil
Reserves:	R51,509,500
Profit after tax in latest financial year:	R12,888,802

Principal associates

8.	Name:	**Conafex Holdings Société Anonyme**
	Registered office:	6 rue Adolphe Fischer, L-1520 Luxembourg.
	Field of activity:	Holding company
	Issued capital:	US$2,808,726 represented by 1,872,484 shares of US$1.50 each
	Proportion of capital held:	43.72%
	Dividends received in latest financial year:	Nil
	Amount still to be paid up on shares held:	Nil
	Debts owed to/(owed by) Monteagle:	Nil
	Reserves:	US$257,226
	Loss after tax in latest financial year:	US$438,000
	Value of investment (carrying value):	US$1,253,000
9.	Name:	**Halogen Holdings Société Anonyme**
	Registered office:	6 rue Adolphe Fischer, L-1520 Luxembourg.
	Field of activity:	Investment holding
	Issued capital:	€ 2,330,000 represented by 1,864,026 shares of € 1.25 each
	Proportion of capital held:	49.95%
	Dividends received in latest financial year:	Nil
	Amount still to be paid up on shares held:	Nil
	Debts owed to/(owed by) Monteagle:	Nil
	Reserves:	US$1,620,000
	Loss after tax in latest financial year:	US$145,000
	Value of investment (carrying value):	US$1,286,000

Other subsidiaries

10.	Name:	**Monteagle Properties (UK) Limited**
	Registered office:	30 City Road, London EC1Y 2AG, England
	Field of activity:	Investment holding
	Proportion of capital held:	100%
11.	Name:	**Queensland Tool and Machinery Distributors Limited**
	Registered office:	Level 6, 64 Marine Parade, Southport, Queensland 4215, Australia
	Field of activity:	Importer and distributor of hand tools & machinery
	Proportion of capital held:	50.1%
12.	Name:	**QTM Property Holdings Ltd**
	Registered office:	Level 6, 64 Marine Parade, Southport, Queensland 4215, Australia
	Field of activity:	Property
	Proportion of capital held:	50.1%
13.	Name:	**Monteagle International Finance Limited**
	Registered office:	9 Columbus Centre, Pelican Drive, Road Town, Tortola, British Virgin Islands
	Field of activity:	Consultancy and management
	Proportion of capital held:	100%
14.	Name:	**Monteagle Consumer Group (UK) Limited**
	Registered office:	30 City Road, London EC1Y 2AG, England
	Field of activity:	Importer
	Proportion of capital held:	100%

15.	Name:	**Monteagle Subscriptions Limited**
	Registered office:	11 Sunbury Park, La Lucia Ridge Office Estate, la Lucia, 4051, South Africa
	Field of activity:	Investment holding
	Proportion of capital held:	100%
16.	Name:	**ABAC Air Compressors (Pty) Limited**
	Registered office:	Block A, Surrey Park, 6 Barham Road, Off Essex Terrace, Westville 3629, South Africa
	Field of activity:	Manufacturer and importer of compression equipment
	Proportion of capital held:	25.1%
17.	Name:	**Monteagle Africa Limited**
	Registered office:	11 Sunbury Park, La Lucia Ridge Office Estate, la Lucia, 4051, South Africa
	Field of activity:	Exporter/Importer
	Proportion of capital held:	50.1%

Marshall Monteagle Holdings Société Anonyme

(formerly Monteagle Holdings Société Anonyme)

(Incorporated in Luxembourg with R.C. Luxembourg No. B19600)

("Monteagle" or "the Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given of an Extraordinary General Meeting of the shareholders of the Company to be held at the registered office of the Company, 6 rue Adolphe Fischer, L-1520, Luxembourg at 2.30 p.m. (C.E.T.) on Friday 30th March 2007 to consider the following agenda:

1. That the offer to acquire the shares of Marshalls Limited not already owned by the Company, as set out in the Circular to shareholders dated 8th March 2007, be and is hereby approved.

2. To approve the issue by the Board, in accordance with Article 7.1 of the Articles, of 4,569,701 ordinary shares (with a par value of US$1.50 per share) in the share capital of the Company to the shareholders of Marshalls Limited on the basis of 28 Monteagle shares for every 100 shares in Marshalls Limited held by them at the close of business on 30th March 2007, which shares will be issued at a share premium per share to be determined by reference to the average JSE trading price over the 10 trading days preceding the date of the issue of the shares and in accordance with an independent valuation report prepared by the Independent and Statutory Auditor of the Company, provided that this resolution shall only be passed if 75 per cent. or more of the members voting in person or proxy vote in favour of the resolution.

By order of the Board

City Group P.L.C.
Group Secretaries

6 rue Adolphe Fischer
Luxembourg

8th March 2007

Notes:

(i) 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 Extraordinary General Meeting.

(ii) In terms of Article 24.4 of the Company's Articles, 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.

(iii) 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 forty-eight hours 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 2004 (Pty) Limited, whose addresses can be found on page 3 of this circular, of any change of address.

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