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MARSHALL
MONTEAGLE
HOLDINGS
SOCIETE
ANONYME

INTERIM
REPORT
2007



MARSHALL MONTEAGLE HOLDINGS SOCIETE ANONYME

(Incorporated in Luxembourg. RC Number B19600)

Registered Office:
6 rue Adolphe Fischer,
L-1520, Luxembourg

29th June 2007

Dear Shareholder,

We are pleased to be able to report a successful six month trading period and further appreciation of the group's investments.

Results

- Group revenue is up 7% to US\$41,152,000 for the six months to 31st March 2007, compared to US\$38,470,000.
- Profit before tax and exceptional items is up 36% to US\$1,951,000 from US\$1,438,000.
- Earnings per share have increased 82% to US 22.8 cents from US 12.5 cents last year.
- Headline earnings per share for this half year were US 5 cents compared to US 3 cents in the first half of last year.
- We are proposing an interim dividend of US 1.85 cents payable in October.
- Net assets attributable to shareholders are up 11% to US\$3.33 per share from US\$3.00 at 30th September 2006 of which US\$2.44 (73%) are held in Europe and USA. Our remaining assets of US\$0.89 per share (27%) are now held entirely in South Africa.

Import, Export & Distribution

Our shipping and distribution business showed further growth during the six month period, and is well positioned to again produce positive results for the year. This division continues to distribute private label food and non-food products to multiple retailers and wholesalers in South Africa and Australia, and we continue to strive to be the supplier of choice in these markets.

Our hand tool, compressor and DIY distribution businesses produced satisfactory results during the six months. The hardware market in South Africa remains buoyant; however the Australian market is proving to be more challenging, with margins constantly coming under pressure.

Property Portfolio

Our multi-tenanted property in California continues to produce satisfactory returns. Demand for industrial space in the San Diego region remains strong and the investment market, unlike the housing market, is showing little or no signs of cooling. Our portfolio of commercial properties in South Africa continues to perform well.

Investment Portfolio

This was another strong six months for the Group's diverse portfolio of equities, with all geographical regions showing meaningful appreciation. We remain invested in quality equities in the major first world markets (see note 5). Recent market volatility and interest rate pressures could point to a re-pricing of certain asset classes and be a sign of more challenging times ahead.

Conafex (listed associate)

Conafex Holdings Société Anonyme is an African focussed agri-resource group listed in Luxembourg and South Africa. Conafex takes strategic stakes in businesses focused on horticulture and niche and value-added agriculture. Current holdings include stakes in a fruit trading business, a cereal bar manufacturer, an exporter of plant extracts and natural health products and a coffee roasting business.

Halogen (listed associate)

Halogen Holdings Société Anonyme continues to seek an established profitable business in the United Kingdom in which it can re-invest its US\$6.1 million cash balances.

Acquisition of Marshalls Limited

Marshalls became a 70% subsidiary on 18th April 2007, following the share offer that was sanctioned by Monteagle shareholders on 30th March 2007.

Both your directors and the Marshalls' directors are disappointed that not all Marshalls' shareholders took the opportunity to switch to the parent company shares. We emphasised to them the advantages of being invested in a more diversified group holding both international equities and properties, together with our trading divisions, whilst also maintaining a part of their interest in Marshalls' assets.

The interim results of Monteagle for the half year to 31st March 2007 do not contain any contribution from Marshalls. It is proposed that Marshalls' year end will be changed to 30th September 2007, at which stage the balance sheet will reflect the total consolidated group.

Group Staff

Once again we would like to thank all our employees for their hard work and we appreciate their efforts and the contribution that they have made.

Net Assets

Group net assets have continued to increase and now stand at US\$3.33 per share (US\$44,739,000), compared to US\$3.00 per share (US\$40,316,000) at 30th September 2006 (net of minority interests and proposed dividends) and US\$3.08 per share (US\$38,812,000) a year ago. Net assets outside Africa now stand at US\$32,859,000, which equates to US\$2.44 per share compared to US\$2.10 per share (US\$28,265,000 ex-dividend) at September 2006.

Interim dividend

We are pleased to announce that the Company has declared an interim dividend of US 1.85 cents per share payable on 5th October 2007 to shareholders on the register at the close of business on 13th July 2007. The equivalent for 2006 was US 1.75 cents.

Prospects

Following the acquisition of Marshalls' your group now has more critical mass and further diversity. We are confident that the enlarged group and its mix of businesses and investments will enable management to further enhance shareholder value in the future.

J.M. Robotham,
Chairman

D.C. Marshall,
Chief Executive

Consolidated group income statement

	Notes	Half years ended		Year ended
		31st March	2006	30th September
		2007	2006	2006
		Unaudited	Unaudited	Audited
		US\$000	US\$000	US\$000
Group revenue	2	41,152	38,470	78,859
Operating costs		(39,037)	(36,851)	(74,021)
Operating profit		2,115	1,619	4,838
Share of associated companies' results		(118)	(51)	156
Income from investments – dividends		261	102	380
– interest		137	115	189
		2,395	1,785	5,563
Interest paid and similar charges		(439)	(278)	(1,316)
Realised exchange losses		(5)	(69)	(123)
Profit on ordinary activities before exceptional items and taxation		1,951	1,438	4,124
Exceptional items	3	2,978	1,261	337
Profit before taxation		4,929	2,699	4,461
Taxation	2	(696)	(637)	(1,591)
Profit after taxation		4,233	2,062	2,870
Attributable to outside shareholders		(1,164)	(464)	(1,123)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		3,069	1,598	1,747
Interim dividend per share (US cents)		1.85c	1.75c	1.75c
Recommended final dividend (US cents)		n/a	n/a	2.50c
Earnings per share (US cents) – basic	4	23c	13c	14c
Headline earnings per share (US cents)	4	5c	3c	11c
Reconciliation of headline earnings per share				
Basic earnings per share (US cents)		23c	13c	14c
Less exceptional items, net of tax and minority interests (US cents)		(18)c	(10)	(3)c
Headline earnings per share (US cents)		5c	3c	11c
Statement of changes in equity				
Exchange differences		(241)	239	(1,432)
Group share of unrealised gains on investments and property revaluations		1,901	134	3,154
Net gains not recognised in the income statement		1,660	373	1,722
Profit attributable to shareholders		3,069	1,598	1,747
Shares issued		–	–	630
Prior years' unclaimed dividends forfeited		–	–	10
Final dividend approved for the prior year		(336)	(441)	(504)
Interim dividend declared		(306)	–	(235)
		4,087	1,530	3,370
Shareholders' funds at start of period		40,652	37,282	37,282
Shareholders' funds at end of period		44,739	38,812	40,652

Consolidated group balance sheet

		31st March 2007	2006	30th September 2006
	Notes	Unaudited US\$000	Unaudited US\$000	Audited US\$000
Fixed assets				
Tangible fixed assets		18,806	16,779	18,314
Investments				
Listed associates		2,868	1,631	2,539
General portfolio – other listed investments	5	24,822	15,684	19,385
Unlisted associates		–	703	–
Other unlisted		500	731	547
Goodwill		–	182	–
Intangibles - trade marks		–	17	–
		46,996	35,727	40,785
Current assets				
Inventories		13,579	13,855	13,111
Accounts receivable		16,848	15,771	13,732
Cash		2,295	5,645	1,979
		32,722	35,271	28,822
Current liabilities				
Accounts payable (falling due within one year)		(18,790)	(19,242)	(18,286)
Net current assets		13,932	16,029	10,536
Total assets less current liabilities				
Accounts payable (falling due after more than one year)		(9,344)	(5,704)	(5,248)
Provisions for liabilities and deferred taxation		(96)	(43)	(129)
		51,488	46,009	45,944
Capital and reserves				
Share capital		20,160	9,450	20,160
Other reserves		12,576	14,198	11,141
Retained earnings		12,003	15,164	9,351
Shareholders' funds		44,739	38,812	40,652
Minority interests		6,749	7,197	5,292
		51,488	46,009	45,944

Consolidated cash flow statement

	Half years ended		Year ended
	31st March	30th September	
	2007	2006	2006
	Unaudited	Unaudited	Audited
	US\$000	US\$000	US\$000
Operating activities			
Cash (absorbed by)/generated from operating activities	(290)	(234)	3,069
Interest paid	(439)	(278)	(1,316)
Taxation paid	(981)	(746)	(1,702)
Net cash (outflow)/inflow from operating activities	(1,710)	(1,258)	51
Investment activities			
Purchase of tangible fixed assets	(492)	(743)	(1,345)
Purchase of investments	(7,243)	(3,219)	(7,827)
Disposal of tangible fixed assets	1	5	50
Disposal of investments	4,712	2,007	3,537
Interest received and other investment income	397	216	569
Net cash outflow from investment activities	(2,625)	(1,734)	(5,016)
Net cash outflow before financing	(4,335)	(2,992)	(4,965)
Financing activities			
Net increase/(decrease) in long term debt	4,096	338	(83)
Dividends paid	-	(441)	(504)
Net cash inflow/(outflow) from financing activities	4,096	(103)	(587)
Net decrease in funds	(239)	(3,095)	(5,552)
Net funds at start of period	(1,045)	4,431	4,431
Effect of foreign exchange rates	75	109	76
Net funds at end of period	(1,209)	1,445	(1,045)

Group Offices:

Luxembourg (Registered Office):

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(PO Box 1361, L1013 Luxembourg)

United Kingdom:

30 City Road
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South Africa:

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Transfer agents:

Europe:

Capita Registrars
The Registry, 34 Beckenham Road,
Beckenham, Kent,
BR3 4TU, U.K.

South Africa:

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown, 2107)

Notes to the interim statement

1. The results and the cash flow statement for the half-year ended 31st March 2007 are unaudited and have been prepared on the basis of accounting policies adopted in the accounts for the year ended 30th September 2006 and comply with International Financial Reporting Standards and Luxembourg law. The results for the year to 30th September 2006 are an abridged version of the Group's full accounts for that year, which have been filed with the relevant authorities.

2. The segmental analysis of revenue and operating profit is as follows: –

	Half years ended 31st March		Year ended 30th September			
	2007		2006			
	Revenue	Result	Revenue	Result		
	US\$000		US\$000			
Analysed by activity:–						
Import/distribution	40,453	2,529	36,159	2,272	73,963	5,681
Property	699	110	704	102	1,435	375
Food production and processing	–	–	1,600	(21)	3,461	174
Other	–	2,738	7	459	–	1,035
	<u>41,152</u>	<u>5,377</u>	<u>38,470</u>	<u>2,812</u>	<u>78,859</u>	<u>7,265</u>
Share of associated companies results:–						
Food production and processing		(85)		7		223
Other		1,597		(58)		(67)
Interest paid		(439)		(278)		(1,316)
Costs of bonus issue, capital increase and Employee Benefit Trust		–		–		(925)
Provisions (charged)/released against investments		(1,521)		216		(719)
Profit before tax		<u>4,929</u>		<u>2,699</u>		<u>4,461</u>

3. The exceptional items arise from the following:–

	31st March		30th September	
	2007		2006	
	US\$000	US\$000	US\$000	US\$000
Surplus on disposal of listed and unlisted investments	1,631	1,056	1,405	
Profit on disposal of investment in Zimbabwean food producer	1,515	–	–	
Share of associates profit on disposal of gold mining interests	1,630	–	–	
Property devaluation provision recovered	–	–	449	
Surplus/(Loss) on disposals of tangible fixed assets	–	4	(9)	
(Charge for)/Release of provisions against investments	(1,521)	216	(583)	
Costs for restructuring long term finance	(277)	–	–	
Costs relating to share bonus issue and Employee Benefit Trust	–	(15)	(925)	
Net exceptional items	<u>2,978</u>	<u>1,261</u>	<u>337</u>	

4. Earnings per share are based on profits attributable to members and on the average of 13,440,000 shares in issue during the period. Headline earnings per share exclude extraordinary items after tax net of minority interests.

Notes to the interim statement (continued)

5. A geographical analysis of the General Portfolio of investments is as follows:-

	31st March 2007 US\$000	2006 US\$000	30th September 2006 US\$000
United Kingdom	6,735	5,641	6,193
United States of America	6,139	2,222	4,936
Europe, excluding the U.K. and Switzerland	5,689	3,156	3,727
Switzerland	4,411	2,586	2,931
Japan	1,174	748	910
South Africa	674	1,271	448
Hong Kong	–	240	240
	<u>24,822</u>	<u>15,864</u>	<u>19,385</u>

6. Net assets per share are based on Shareholders' funds after allowance for proposed dividends, divided by the number of shares in issue of 13,440,000 at the period end.
7. There was capital expenditure of US\$492,000 during the period (2006 – US\$743,000). There was no contracted or outstanding authorised capital expenditure at the balance sheet date.