

**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 Monteagle Holdings Société Anonyme (“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 10.00 a.m. (C.E.T.) on Thursday 7th September 2006 at the registered offices of Monteagle and who wish to be represented at that meeting, must complete the attached 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 sponsor, registrar and the paying and listing agent at the addresses which are set out in the “Corporate Information” section on page 2 of this circular.



**Monteagle Holdings Société Anonyme**

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

(“Monteagle” or “the Company”)

JSE CODE: MTE      ISIN:LU0035797272

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**CIRCULAR TO SHAREHOLDERS**

relating to:

- an increase in the authorised share capital and subsequent capitalisation issue of 6,720,000 shares of US\$1.50 each;
- changing the Company’s name; and
- the application for the listing of the new shares on the Luxembourg Stock Exchange, London Stock Exchange and JSE Limited;

and incorporating

- a notice of an Extraordinary General Meeting and a form of proxy for completion by certificated and own name registered dematerialised shareholders.

Date of issue: 14th August 2006

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## CORPORATE INFORMATION

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### Offices of Monteagle

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

*South Africa*  
11 Sunbury Park,  
La Lucia Ridge Office Estate,  
La Lucia 4051,  
(P.O. Box 4126, The Square, 4021)

### *United Kingdom (Group Secretaries)*

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

1st Floor, Kildare House,  
The Oval, 1 Oakdale Road,  
Newlands 7700,  
Cape Town  
Tel: +27 21 683 1510

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### 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*  
Capita Registrars  
The Registry, 34 Beckenham Road,  
Beckenham, Kent, BR3 4TU  
United Kingdom  
Tel: 0870 162 3131

*South Africa*  
Computershare Investor Services 2004 (Pty) Limited  
70 Marshall Street,  
Johannesburg 2001  
(PO Box 61051, Marshalltown, 2107)  
Tel: +27 11 370 5000

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### 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

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### South African Sponsor on the JSE

Imara Corporate Finance South Africa  
(Pty) Limited  
Ground Floor, West Wing  
25 Wellington Road,  
Parktown,  
Johannesburg 2093  
Tel: +27 11 484 6220

### International Counsel

Maitland Luxembourg S.A.  
Advisory Division  
6 rue Adolphe Fischer,  
L-1520,  
Luxembourg

## IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this circular have been used below.

|  |  |
|--|--|
| Circular and notice of general meeting posted to shareholders on                                   | Monday 14th August 2006  |
| Form of proxy for the Extraordinary General Meeting to be lodged by no later than 10.00 a.m. on    | Tuesday 5th September 2006   |
| Extraordinary General Meeting to be held at 10.00 a.m. on  | Thursday 7th September 2006  |
| Results of the Extraordinary General Meeting to be released on SENS                                | Thursday 7th September 2006  |
| No removals of shares between the European and South African branches of the share register        | Thursday 7th September to<br>Friday 22nd September 2006<br>(both days inclusive) |
| Results of the Extraordinary General Meeting to be published in the press                          | Friday 8th September 2006  |
| Record date for the European branch of the register  | Friday 15th September 2006   |
| Last day to trade in Luxembourg and South Africa for the capitalisation issue and change of name   | Friday 15th September 2006   |
| New shares listed on LSE   | Friday 15th September 2006   |
| New shares listed on LuxSE and JSE and commencement of trading in new shares on LuxSE, LSE and JSE | Monday 18th September 2006   |
| Record date for South African branch of the register   | Friday 22nd September 2006   |
| Issue of new capitalisation issue share certificates and accounts with CSDP or broker credited     | Tuesday 26th September 2006  |

### *Notes:*

1. The above dates and times are subject to change. Any change will be released on SENS and published in the press.
2. Certificated shareholders on the South African register are not required to submit their existing certificates for exchange in that their existing certificates will still be good for delivery. Dematerialised shareholders will have their accounts automatically updated and are not required to do anything in this regard.

Share certificates in the name of Monteagle may not be dematerialised or rematerialised between Monday 18th September 2006 and Friday 22nd September 2006, both days inclusive.

## 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 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;  |
| “this circular”                | all the documents contained in this bound circular, dated 14th August 2006;   |
| “CSDP”                         | Central Securities Depository Participant;  |
| “dematerialisation”            | the process by which shares held by certificated shareholders are converted to an electronic form as dematerialised shares and 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 13 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 10.00 a.m. on 7th September 2006;   |
| “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 of 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 Capitalisation Issue”     | the specific issue of 6,720,000 shares to Shareholders on the basis of one new shares for each existing share held at the Record Date;  |
| “the JSE”                      | JSE Limited, a public 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;   |

|                                 |   |
|---------------------------------|---|
| “the Law”                       | the Luxembourg law of 10 August 1915 on commercial companies, as amended;   |
| “Listings Requirements”         | the Listings Requirements of the JSE;   |
| “the LSE”                       | the London Stock Exchange;  |
| “the LuxSE”                     | the Luxembourg Stock Exchange;  |
| “Monteagle”                     | Monteagle Holdings Société Anonyme, a company incorporated in Luxembourg with financial holding company status (R.C. Luxembourg No. B19600), listed on the LuxSE, the LSE and the JSE;  |
| “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;  |
| “Record Date                    | 15th September 2006 for the European branch of the share register and 22nd September 2006 for the South African branch of the share register  |
| “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.  |



## Monteagle Holdings Société Anonyme

(Incorporated in Luxembourg 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 14th August 2006 that the Directors of Monteagle propose to make the following changes: to increase the authorised share capital of the Company; to make a Capitalisation Issue of shares to shareholders and to change the name of the Company to Marshall Monteagle Holdings Société Anonyme.

### 2. Purpose of this circular

The purpose of this circular is to provide shareholders of Monteagle with information regarding the proposed changes mentioned above.

### 3. Increase in authorised share capital

At present the Company has an authorised share capital of US\$11,250,000 represented by 7,500,000 shares, of which 6,720,000 are in issue. To be able to make the Capitalisation Issue and to provide an adequate margin of authorised but unissued shares following that issue, the Directors propose that the authorised share capital of the Company be increased to US\$30,000,000 represented by 20,000,000 shares and accordingly resolution 1 will be proposed at the EGM in the presence of a notary.

### 4. Rationale for the Capitalisation Issue

As shareholders will be aware from the Annual Reports and Accounts the Company has been trading well with revenues, profits, headline earnings per share, net asset value and dividends all showing significant increases over the last four years. The Directors believe that the time is now right to increase liquidity in the Company's shares and have decided to capitalise reserves in order to make the Capitalisation Issue as the first step towards achieving that aim.

- 4.1 Subject to shareholders' approval of the resolution to increase the authorised share capital, to be proposed at the EGM, 6,720,000 new shares will be issued to shareholders on the basis that they will receive one new share for every share held at the Record Date.

In order to issue 6,720,000 shares of US\$1.50 each as fully paid up the Company is required to capitalise reserves of US\$10,080,000. At 30th September 2005, the accounts of the parent company showed distributable reserves, after payment of the dividend, of US\$9,043,000. Since that date other reserves of US\$1,375,000 have been released to retained earnings and dividends of US\$2,543,000 have been received from subsidiary companies, making a total of US\$12,331,000 available. In order to effect the issue of the shares, resolution 2 will be proposed at the EGM in the presence of a notary.

4.2 The new shares will be issued to shareholders on the register at the Record Date in accordance with the timetable set out on page 3. Once issued, these shares will rank *pari passu* with the existing shares in all respects save that they will not qualify for the interim dividend declared on 29th June 2006 (see section 7 on page 7).

#### 4.3 Taxation considerations

The tax position of Monteagle shareholders, in respect of the Capitalisation Issue is dependent upon the jurisdiction applicable to individual shareholders. It is recommended that Monteagle shareholders seek appropriate professional advice in this regard.

4.4 Monteagle will make an application to the LuxSE, the JSE and the LSE for the 6,720,000 new shares to be listed with effect from 15th September 2006 in the case of the LSE and with effect from 18th September in the case of the LuxSE and JSE. It is anticipated that dealings in these shares will commence on 18th September 2006.

### **5. Conditions precedent**

The Capitalisation Issue is subject to:

- 5.1 the approval of the increase in the authorised share capital by the shareholders at the EGM; and
- 5.2 the approval of the Capitalisation Issue by the shareholders at the EGM.

### **6. Change of name**

On incorporation in 1982, the Company's name was Afex Corporation Société Anonyme and on 8th March 1995 the name was changed to Monteagle Société Anonyme. The original name referred to the Group's origins in Africa and the new name was adopted to reflect the more international nature of the Group's operations. Subsequently the name changed to Monteagle Holdings Société Anonyme to comply with a change in Luxembourg law relating to holding companies.

In 1982, the late Mr N H Marshall and Mr D C Marshall were founding directors and since 1984, Mr D. C. Marshall has been involved in managing and developing the Group. Today, Mr D C Marshall remains the chief executive and certain of the operating divisions of the Company are headed up by members of his family. Accordingly it is believed that the change in name to Marshall Monteagle Holdings Société Anonyme will reflect and contribute to the corporate identity and would also help the Group's recognition within the sectors in which it operates. This recognition may also add to the overall exposure of the Group and in turn the marketability of its shares.

### **7. Interim dividend**

The Company's interim results for the six months to 31st March 2006 were announced on 29th June 2006. In that announcement an interim dividend of US 3.5 cents per share was declared and will be paid on 6th October 2006 to shareholders on the register at the close of business on 14th July 2006. This dividend will, therefore, be paid on holdings of shares before the Capitalisation Issue and the new shares to be issued will not qualify for the interim dividend.

### **8. Salient information on Monteagle**

#### **8.1 Incorporation and listings**

Monteagle is a company organised under Luxembourg law, with limited liability in the form of a société anonyme under the Law, and functions as a holding company, with financial holding company status, under the Luxembourg law of 31st July 1929. Monteagle was incorporated in Luxembourg on 9th August 1982 as Afex Corporation Société Anonyme. Its name was changed to its present name on 31st March 2000. Monteagle was listed on the LuxSE, the LSE and the JSE on 4th October 1982. With effect from 19th April 2006 the trading of the listed shares was transferred from the EU regulated market operated by the LuxSE to the Euro MTF market.

## 8.2 Nature of business of Monteagle

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

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

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

Our listed associate, Conafex Holdings S.A., holds the Group's agri-business interests in Grassroots Group (Pty) Limited, a producer of aromatic and medicinal plants indigenous to South Africa; Cape Natural Tea Products (Pty) Limited, a herbal tea processor; Intertrading Limited, an agri-service and marketing company; Accord Tea Services Limited., a UK based specialist tea packer; and Kenya Highland Seeds Limited, an importer and distributor of vegetable seeds based in Kenya.

The Group has interests in gold mining in Zimbabwe through its subsidiary, Olympus Gold Mines Limited ("Olympus") and through its listed associated company, Halogen Holdings Société Anonyme, which holds a controlling interest in Falcon Gold Zimbabwe Limited. All exposure to Zimbabwe has been provided for and the carrying value of these assets has been reduced to nil in the Group accounts.

## 8.3 Prospects

The Group has a well diversified, strong asset base and is growing in stable regions of the world. The current period has started well and further details will be available shortly with the Group's interim report.

## 8.4 Share capital

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

|                                   |         |
|-----------------------------------|---------|
|                                   | US\$000 |
| <b>Authorised</b>                 |         |
| 7,500,000 shares of US\$1.50 each | 11,250  |
|                                   | <hr/>   |
| <b>Issued</b>                     |         |
| 6,720,000 shares of US\$1.50 each | 10,080  |
|                                   | <hr/>   |

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

|                                    |         |
|------------------------------------|---------|
|                                    | US\$000 |
| <b>Authorised</b>                  |         |
| 20,000,000 shares of US\$1.50 each | 30,000  |
|                                    | <hr/>   |
| <b>Issued</b>                      |         |
| 13,440,000 shares of US\$1.50 each | 20,160  |
|                                    | <hr/>   |

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 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 order to ensure that the shareholder authorisation contained in Article 7.1 also applies to the increased authorised share capital of the Company, resolution 4 will be proposed at the EGM.

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 Listing 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 the 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 maintain a duplicate branch register of South African and certain other Southern African resident shareholders. 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.

Also 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. Monteagle will make an application to the LuxSE, the JSE and the LSE for these 420,000 new shares to be listed (together with the 6,720,000 new shares to be listed in accordance with paragraph 4.4 above) with effect from 15th September 2006 in the case of the JSE and the LSE and with effect from 18th September in the case of the LuxSE. It is anticipated that dealings in these shares will commence on 18th September 2006.

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

## 8.5 Substantial shareholdings in Monteagle

On 8th August 2006, 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:

| <i>Shareholder</i>                     | <i>Number of shares held</i> | <i>% of issued share capital</i> |
|--|------------------------------|----------------------------------|
| HSBC Global Custody Nominee Limited    | 2,792,824                    | 41.6                             |
| Monteagle Employee Share Benefit Trust | 420,000                      | 6.25                             |

## 8.6 Directors' interests

Particulars of the directors are included as Annexure 1 on page 11.

On 8th August 2006, being the last practicable date prior to the finalisation of this circular, the directors of Monteagle held Monteagle shares beneficially and directly and Monteagle shares non-beneficially and indirectly as follows:

|                | <i>Number of Monteagle shares held</i> |                         |
|----------------|--|-------------------------|
|                | <i>Beneficially</i>                    | <i>Non-beneficially</i> |
| J.M. Robotham  | 38,000                                 | 3,094,800*              |
| A.R.C. Barclay | –                                      | –                       |
| R.C. Kerr      | 5,000                                  | 2,500                   |
| D.C. Marshall  | –                                      | 3,094,800*              |

\*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 of Monteagle had any beneficial indirect or direct interest.

## 8.7 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.

## 8.8 Material changes

The directors of Monteagle report that since the date of the audited financial statements for the financial year ended 30th September 2005 there have been no material changes in the ordinary course of business and in the assets and liabilities of Monteagle.

## 9. Expenses

The expenses payable by Monteagle relating to the Issue are estimated to amount to approximately US\$95,000 and include the following:

|                  |            |
|------------------|------------|
| Legal fees       | US\$32,000 |
| Sponsor's fees   | US\$5,000  |
| Secretarial fees | US\$37,750 |
| Registrars fees  | US\$7,000  |
| Listing fees     | US\$10,000 |

## **10. Consents**

The international counsel & registrar, sponsor, paying and listing agent and transfer agents have all 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.

## **11. Directors' responsibility statement**

The directors, whose names are given on page 6 and in Annexure 1 on page 13 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, the Listings Requirements and the United Kingdom Listing Authority listing rules.

## **12. Exchange Control Regulations**

The following summary is intended as a guide only and is accordingly not comprehensive. Should there be any doubt in this regard, advice should be sought from an appropriate professional adviser.

The following shall apply in the case of shareholders whose registered addresses are outside the common monetary area:

### **12.1 Emigrants**

Any certificates issued that are due to vendors and share holders who are emigrants from the Republic, will be restrictively endorsed under the Exchange Control Regulations of the Republic, and sent to the Authorised Dealer in foreign exchange controlling their blocked assets. These linked units are not freely transferable from the Republic and can only be dealt with in terms of the Exchange Control Regulations of the Republic.

If any emigrant vendor does not provide the name of an authorised bank, the share certificates concerned will be held in trust under the control of the transfer secretaries, who will complete the transaction on behalf of the vendor concerned.

### **12.2 Non-residents**

The share certificates due to vendors and shareholders who are non-residents of the Republic, have never resided in the Republic, and whose registered addresses are outside the common monetary area, will be restrictively endorsed under the Exchange Control Regulations of the Republic and will be held by an authorised dealer in foreign exchange in the Republic nominated by that vendor or, failing such nomination, nominated by the transfer secretaries, until such certificates are claimed by the shareholders concerned or their CSDP or stockbroker in the case of dematerialised shareholders.

## **13. 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 Merchant Group Limited, 11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia 4051, Durban, South Africa:

13.1 the Articles of Incorporation of Monteagle;

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

13.3 a signed copy of this circular; and

13.4 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.

**14. Temporary ISIN Code allocated**

Please note that the 6,720,000 shares will be listed on the LuxSE on a second quotation line from 18th September 2006 until 6th October 2006 under the following temporary ISIN code LU0263535485 and after 6th October 2006 the said shares will share the same ISIN code as the shares on the first quotation line, namely LU0035797272.

Yours faithfully

J.M. Robotham  
Chairman

## ANNEXURE 1

### Directors of Monteagle

#### Directors

**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 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. and Marshalls Limited. He is also chairman of a number of listed English companies, including Creston plc, London Finance & Investment Group P.L.C. and Western Selection P.L.C. He is a non-executive director of Finsbury Food Group plc and Marylebone Warwick Balfour Group Plc.

**Alastair Robert Christopher Barclay**, FCA, *Non-executive*, age 66\*

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 56†

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 of the Company have a service contract. It is not intended that the proposed directors will 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 2005 is as follows:

|                 |               | 2005  |                                   |                          |
|-----------------|---------------|---|-----------------------------------|--------------------------|
|                 |               | <i>Parent<br/>Company<br/>Directors fee<br/>US\$000</i> | <i>Other<br/>fees<br/>US\$000</i> | <i>Total<br/>US\$000</i> |
| 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           |               | <u>12</u>   | <u>172</u>                        | <u>184</u>               |

†Mr. D.C. Marshall ceded US\$18,000 of his fees for the year (2004 – 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 US\$24,000 (2004 – US\$22,000) for Mr. J.M. Robotham.

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 Issues

None of the current directors of the Company 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.

None of the current directors of the Company have any interest in the Issue other than to the extent of their interest in the share capital of the Company as disclosed in section 8.6 on page 10 above.

# Monteagle Holdings Société Anonyme

(Incorporated in Luxembourg 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, in the presence of a notary at 10.00 a.m. on Thursday 7th September 2006 to consider the following agenda:

1. That the authorised share capital of the company be increased from US\$11,250,000 (represented by 7,500,000 shares of US\$1.50 each) to US\$30,000,000 (represented by 20,000,000 shares of US\$1.50 each).
2. That the company capitalise the sum of US\$10,080,000 from its reserves and apply the amount arising to issuing 6,720,000 new shares to shareholders on the basis that shareholders will receive one new share of US\$1.50 each for every share of US\$1.50 each held at the close of business on the Record Date and thereby increases its subscribed capital from its present level of US\$10,080,000 to US\$20,160,000.
3. That the name of the Company be changed to Marshall Monteagle Holdings Société Anonyme.
4. That the authority for the Board as contained in Article 7.1 of the Articles (to issue and to make offers or agreements to issue Shares in whole or in part so as to bring the total capital of the Company up to the total authorised capital of the Company, which authority is valid until 17th August 2010) be extended to apply also in relation to the increased authorised share capital of the Company.
5. That the Articles of Incorporation of the Company be amended to record the effect of the foregoing resolutions.

By order of the board

City Group P.L.C.  
Group Secretaries

6 rue Adolphe Fischer  
Luxembourg

14th August 2006

### 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 2 of this circular, of any change of address.