

HALOGEN

Holdings Société Anonyme

(formerly Falcon Investment Holdings Société Anonyme)

INTERIM REPORT 2006

Halogen Holdings Société Anonyme
(Incorporated in Luxembourg. RC Number B39773)

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

12th May 2006

Dear Shareholder,

The results for the half-year ended 31st March 2006 are attached.

We are still seeking a suitable, well established, profitable, cash generative business with a competent management team in place in which we can invest. We are investigating a number of possible targets, but none are sufficiently well progressed for us to be able to recommend them to shareholders.

Operating costs remain under control and are partially covered by interest on our cash deposits. The loss for the period has been reduced to £67,000 compared to the loss in the second half of last year of £84,000. Net assets, almost all of which are cash balances in Europe, have reduced from £1.10 to £1.06 per share.

Zimbabwe

The Government of Zimbabwe has proposed an indigenisation programme under which government and indigenous shareholders should be given a 51 per cent. shareholding in foreign mining companies. It is unclear at the moment whether this will affect our subsidiary Falcon Gold Zimbabwe Limited, which is listed in Harare, but if introduced, it will affect our other gold mining subsidiary, Olympus Gold Mines Limited. It is also unclear how this change in ownership structure will be achieved and what will be paid for these controlling stakes. Prospects in Zimbabwe remain uncertain and mining operations continue on a hand to mouth basis. Our strategy is to preserve the infrastructure of both staff and equipment, to the extent that results allow, so that Falgold is in a position to take advantage of any improvement in operating conditions. We see little likelihood of profits or remittances to shareholders under current circumstances.

Prospects

Europe

We continue to seek opportunities to re-invest the Group's cash in a well established and profitable business in the UK.

Yours faithfully

D C Marshall

Chairman

Unaudited consolidated group profit and loss account

	Half years ended		Year ended
	31st March	31st March	30th September
	2006	2005	2005
	£000	£000	£000
Operating costs	<u>(89)</u>	<u>(80)</u>	<u>(172)</u>
Operating loss before interest and taxation	(89)	(80)	(172)
Interest	37	58	92
Exchange (losses)gains	<u>(15)</u>	<u>16</u>	<u>(10)</u>
Loss before taxation	(67)	(6)	(90)
Taxation	<u>(2)</u>	<u>(2)</u>	<u>(4)</u>
Loss after taxation and retained for the period	<u>(69)</u>	<u>(8)</u>	<u>(94)</u>
Loss per share (pence) – basic and headline	<u>(3.7)p</u>	<u>(0.4)p</u>	<u>(5.0)p</u>

Consolidated Statement of recognised gains and losses and changes in equity

Net loss for the period	(69)	(8)	(94)
Exchange differences	(3)	(17)	(13)
Prior years dividends unclaimed, now forfeit	–	17	19
	<u>(72)</u>	<u>(8)</u>	<u>(88)</u>
Shareholders' funds at start of the period	2,042	2,130	2,130
Shareholders' funds at end of the period	<u>1,970</u>	<u>2,122</u>	<u>2,042</u>

Unaudited consolidated group balance sheet

	31st March 2006 £000	31st March 2005 £000	30th September 2005 £000
Non current assets			
Investments	72	69	72
	<u>72</u>	<u>69</u>	<u>72</u>
Current assets			
Accounts receivable	6	31	3
Cash and bank balances	2,029	2,146	2,066
	<u>2,035</u>	<u>2,177</u>	<u>2,069</u>
Current liabilities			
Accounts payable	(137)	(124)	(99)
Net current assets	<u>1,898</u>	<u>2,053</u>	<u>1,970</u>
Total assets, less current liabilities	<u>1,970</u>	<u>2,122</u>	<u>2,042</u>
Capital and Reserves			
Called up share capital	1,090	1,090	1,090
Legal resources	213	213	213
Exchange reserve	214	206	215
Revenue reserve	453	613	524
	<u>1,970</u>	<u>2,122</u>	<u>2,042</u>
Shareholders' funds	<u>1,970</u>	<u>2,122</u>	<u>2,042</u>
Net assets per share	£1.06	£1.14	£1.10

Unaudited consolidated group cash flow statement

	Half years ended 31st March 2006 £000	31st March 2005 £000	Year ended 30th September 2005 £000
Operating activities			
Cash absorbed by normal trading activities	(90)	(61)	(187)
Interest received and other investment income	58	58	118
Taxation	(2)	(3)	(4)
	<u>(34)</u>	<u>(6)</u>	<u>(73)</u>
Investment activities			
Liquidation of subsidiary	–	402	402
Net cash inflow/(outflow) from investment activities	–	402	402
Net cash inflow/(outflow) and (decrease)/increase in funds	(34)	396	329
Net funds at start of period	2,066	1,750	1,750
Effect of foreign exchange rate changes	(3)	–	(13)
Net funds at end of period	2,029	2,146	2,066

Notes

1. Accounting Policy

The results for the half year ended 31st March 2006 and the balance sheet at that date, which are unaudited, have been prepared on the basis of accounting policies adopted for the year to 30th September 2005, and comply with International Financial Reporting Standards and Luxembourg law.

2. Loss per share

Loss per share is based on the result and 1,864,026 shares in issue.

3. Capital Expenditure

There was no capital expenditure authorised but not contracted, and none contracted at 31st March 2006 (2004 – nil)

4. Segmental analysis

No segmental analysis is required as the group has no consolidated operating subsidiaries.

Offices:

Luxembourg (Registered Office)	United Kingdom	South Africa	Zimbabwe
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Transfer Agents

Europe

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South Africa

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Zimbabwe

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