



Monteagle

0.05	2.25	0.05	-0.05	0.05
2.25	0.15	2.25	+2.25	2.25
0.05	2.24	0.05	+0.05	0.05
2.25	3.05	2.25	-2.25	2.25
0.15	0.45	0.15	+0.15	0.15
2.24	1.15	2.24	-2.24	2.24
			3.05	0.12
			0.45	1.04
			1.15	0.05
			0.15	2.25
			0.12	0.05
			1.04	2.25
			0.05	0.05
			2.24	2.24



2.25	0.05			
0.15	2.25			
2.24	0.05			
3.05	2.25	2.25		
0.45	0.15	0.15	+0.15	0.45
1.15	2.24	2.24	-2.24	1.15
0.12	3.05	3.05	+3.05	0.12
1.04	0.45	0.45	+0.45	1.04
0.05	1.15	1.15	-1.15	0.05
2.25	0.12	0.05	-0.05	2.25
0.15	1.04	2.25	+2.25	0.15
2.24	0.05	-0.15	-0.15	2.24
3.05	2.25	2.24	-2.24	3.05
0.45	0.15	3.05	+3.05	0.45
1.15	2.24	0.45	+0.45	1.15
0.12	2.24	1.15	-1.15	0.12
1.04	0.05			1.04
0.05				0.05

MONTEAGLE HOLDINGS SOCIETE ANONYME

(Incorporated in Luxembourg. RC Number B19600)

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

27th June 2003

Dear Shareholder,

**Results for the half year ended 31st March 2003**

We are pleased to be able to report an encouraging start to the year as a result of significant growth in our import, export and distribution businesses. There was also major corporate activity in our listed subsidiary, Conafex Holdings S.A., and our listed associate, Falcon Investment Holdings S.A.

**Results**

Turnover for the Group, including our share of associates, has increased to US\$16,966,000 for the six months to 31st March 2003, compared to US\$8,649,000 (restated), mainly because of a substantial increase in the volumes handled by our import, export and distribution businesses. Profit before interest, tax and exceptional items has declined slightly from US\$553,000 (restated) to US\$525,000 because of lower dividends received from Zimbabwe. Interest charges reflect increased funding costs for the higher volumes in the import, export and distribution business. Earnings per share have increased to US 13c from US 6c (restated) last year.

Our commercial agribusiness subsidiary, Conafex has generated an exceptional profit of US\$1,177,000 from the disposal of part of its holding of shares in Ariston Holdings Limited, its Zimbabwean farming associate. Sale proceeds of US\$3,000,000 were received in Europe in May.

Another exceptional profit of US\$339,000 arose from our mining associate, Falcon, from the receipt of a non-refundable premium for an option to purchase its Chilean iodine development. The option has since been exercised and we expect to be able to book a profit of a further approximately US\$1,300,000 in the second half of the year. Falcon expects to receive cash proceeds in Europe from this transaction in excess of US\$4,000,000.

**Distribution**

Our international trading and private label food production operations experienced an extremely good half year, reflecting solid growth in volumes

shipped during the period and increased market share on existing product lines. This trend has continued into the third quarter and we are forecasting continued growth during the second six months. Margins have declined due to lower margins on new business and the impact of exchange rate movements. L & G Tool and Machinery in South Africa continue to grow, and are increasing market share and profits. Price deflation on imported products has started to have an impact which will place pressure on turnover for the remaining period but, notwithstanding this, the outlook for the balance of the year looks good. Queensland Tool and Machinery in Australia continued to trade profitably, increasing their volumes for the half year.

#### **Investment Portfolios and Properties**

During the period the Group took advantage of value present in certain leading global equities by adding to its diverse share portfolio. After three years of falling indices equity markets seem to have stabilised and current values are looking more realistic on a long term view.

Total income from our properties decreased during the period, mainly due to the loss of income from our office block in California which was sold in August 2002. The proceeds from this sale will be re-invested in property when a suitable opportunity occurs. Our multi-tenanted commercial property in San Diego remained fully occupied and rental income rose once again.

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#### **Zimbabwe**

The carrying value of our remaining assets in Zimbabwe is now equivalent to US\$ 0.8 per share and shareholders must continue to regard the value of these assets with caution. To be prudent, we have only included in these results dividends received from Zimbabwe in the period. Recent changes to exchange control regulations mean that it is highly unlikely that we will receive any dividends from Zimbabwe in the foreseeable future.

Our commercial agricultural activities continue in Zimbabwe, but at a reduced intensity because of poor rainfall distribution, a shortage of necessary inputs and the uncertain political and economic outlook. Increased prices for our exportable produce are expected to partly compensate for lower volumes.

The three remaining gold mines in Zimbabwe continue to operate, but are suffering from increasing interruptions to production caused by power cuts and the lack of availability of foreign currency to purchase spare parts and consumables. Despite producing less gold, the mines are now reporting a significant increase in profits because of an improvement in the proportion of sale proceeds receivable in foreign currency and the devaluation of the official exchange rate to Z\$824:US\$1 (from Z\$55:US\$1).

Special credit must go to all our employees in Zimbabwe for maintaining the operations of both the agricultural and gold mining businesses of our Group but nevertheless we remain very concerned about the future of Zimbabwe.

**Conclusion**

The Group had assets at market value, net of minority interests, of US\$27,720,000 (US\$4.4 per share) at 31st March 2003. This compares to US\$25,858,000 (US\$4.1 per share) at 30th September 2002. Net assets outside southern Africa are again at a record level and now stand at US\$2.86 per share.

We have concentrated our resources over recent years to facilitate continuing growth in our import and distribution businesses. Our investment portfolios and properties are performing creditably in the current environment. Conafex and Falcon, who have previously traded almost exclusively in Zimbabwe, have recently succeeded in disposing of some non-core assets and are seeking to diversify by re-investing the cash generated into suitable businesses outside Zimbabwe.

**J.M. Robotham,**  
Chairman

**D.C. Marshall**  
Chief Executive



## CONSOLIDATED GROUP PROFIT AND LOSS ACCOUNT

	Notes	Half years ended 31st March		Year ended 30th September
		2003	2002	2002
		Unaudited US\$000	Restated Unaudited US\$000	Audited US\$000
Group Revenue including share of Associates		16,966	8,649	21,655
Less revenue of Associates		(214)	(248)	(422)
Group revenue	2	16,752	8,401	21,233
Operating costs		(16,304)	(8,146)	(20,190)
Operating profit		448	255	1,043
Share of associated companies' results		(140)	(74)	(72)
Income from Zimbabwean investments – dividends		20	173	541
Income from investments – dividends		134	104	140
– interest		63	95	172
		525	553	1,824
Interest paid and similar charges		(304)	(232)	(658)
Profit on ordinary activities before exceptional items and taxation		221	321	1,166
Exceptional items	3	1,294	288	467
Profit before taxation	2	1,515	609	1,633
Taxation		(157)	(140)	(514)
Profit after taxation		1,358	469	1,119
Attributable to outside shareholders		(526)	(80)	(371)
Profit attributable to shareholders		832	389	748
Dividend per share (US cents)		–	–	5.0c
Earnings per share (US cents) – basic	4	13c	6c	12c
Headline (loss)/earnings per share (US cents)		(1)c	4c	5c

### CHANGES IN EQUITY

Net profit for the period	832	389	748
Exchange differences	21	(47)	(55)
Group share of fair value adjustments	1,009	(4,123)	(4,711)
Dividends	(315)	(536)	(536)
Total recognised profits/(losses)	1,547	(4,317)	(4,554)
Shareholders' funds at start of period	26,173	30,727	30,727
Shareholders' funds at end of period	27,720	26,410	26,173



## CONSOLIDATED GROUP BALANCE SHEET

	31st March		30th September
	2003	2002	2002
	Unaudited	Unaudited	Audited
	US\$000	US\$000	US\$000
<b>Fixed assets</b>			
Tangible fixed assets	9,932	10,901	9,245
Investments			
Listed associates	3,828	1,762	2,378
Listed – other	7,094	6,681	5,594
Unconsolidated subsidiary	8,444	8,119	8,444
Unlisted associates	348	513	526
Other unlisted	-	1	1
	<u>29,646</u>	<u>27,977</u>	<u>26,188</u>
<b>Current assets</b>			
Inventories	5,338	3,920	4,299
Debtors	4,946	4,391	5,715
Cash	4,315	4,171	5,022
	<u>14,599</u>	<u>12,482</u>	<u>15,036</u>
<b>Current liabilities</b>			
Creditors (falling due within one year)	(6,773)	(6,007)	(6,177)
	<u>7,826</u>	<u>6,475</u>	<u>8,859</u>
<b>Net current assets</b>			
	<u>7,826</u>	<u>6,475</u>	<u>8,859</u>
<b>Total assets less current liabilities</b>	37,472	34,452	35,047
Creditors (falling due after more than one year)	(3,736)	(3,280)	(3,487)
Provisions for liabilities and deferred taxation	113	(14)	117
	<u>33,849</u>	<u>31,158</u>	<u>31,677</u>
<b>Capital and reserves</b>			
Share capital	9,450	9,450	9,450
Other reserves	7,044	6,865	6,268
Retained earnings	11,226	10,095	10,455
	<u>27,720</u>	<u>26,410</u>	<u>26,173</u>
Shareholders' funds	27,720	26,410	26,173
Minority interests	6,129	4,748	5,504
	<u>33,849</u>	<u>31,158</u>	<u>31,677</u>



## CONSOLIDATED CASH FLOW STATEMENT

	Half years ended 31st March		Year ended 30th September
	2003 Unaudited US\$000	2002 Unaudited US\$000	2002 Audited US\$000
<b>Operating activities</b>			
Cash generated from/(absorbed by) operating activities	199	254	(741)
Interest paid	(304)	(232)	(658)
Taxation paid	(298)	(233)	(451)
Net cash outflow from operating activities	<u>(403)</u>	<u>(211)</u>	<u>(1,850)</u>
<b>Investment activities</b>			
Purchase of tangible fixed assets	-	(46)	(285)
Purchase of investments	(561)	(3,377)	(5,158)
Disposal of tangible fixed assets	26	-	3,287
Acquisition of subsidiary	(16)	-	-
Disposal of investments	72	-	834
Interest received and other investment income	197	199	312
Dividends received from Zimbabwe investments	20	173	541
Net cash outflow from investment activities	<u>(262)</u>	<u>(3,051)</u>	<u>(469)</u>
Net cash outflow before financing	<u>(665)</u>	<u>(3,262)</u>	<u>(2,319)</u>
<b>Financing activities</b>			
Net increase/(decrease) in long term debt	(33)	(205)	3
Dividend paid –group	-	-	(536)
–minority shareholders	-	-	(112)
Net cash inflow/(outflow) from financing activities	<u>(33)</u>	<u>(205)</u>	<u>(645)</u>
<b>Net decrease in funds</b>	<b>(698)</b>	<b>(3,467)</b>	<b>(2,964)</b>
Net funds at start of period	4,531	7,495	7,495
Effect of foreign exchange rates	(9)	(91)	-
Net funds at end of period	<u>3,824</u>	<u>3,937</u>	<u>4,531</u>

### Offices:

**United Kingdom:**  
25 City Road,  
London, EC1Y 1BQ

**South Africa:**  
11 Sunbury Park,  
La Lucia 4051,  
Durban

### Transfer agents:

**Europe**  
Northern Registrars Limited  
Northern House, Woodsome Park,  
Fenay Bridge, Huddersfield,  
HD8 0LA, U.K.

**South Africa**  
Computershare Investor Services Limited  
70 Marshall Street  
Johannesburg 2001  
(P.O. Box 61051, Marshalltown, 2107)



## NOTES TO THE INTERIM STATEMENT

1. The results and the cash flow statement for the half-year ended 31st March 2003 are unaudited and have been prepared on the basis of accounting policies adopted in the accounts for the year ended 30th September 2002 and comply with International Accounting Standards and Luxembourg law. The Group changed its accounting policy at 30th September 2002 and the results of Zimbabwean subsidiaries are not consolidated. They have been included in the accounts as fixed asset investments. Comparative figures for the half year to March 2002 have been restated. The results for the year to 30th September 2002 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 turnover and operating profit is as follows: -

	Half years ended 31st March		Year ended		30th September	
	2003		2002		2002	
	US\$000	Restated US\$000	US\$000	US\$000	US\$000	US\$000
	Revenue	Result	Revenue	Result	Revenue	Result
Analysed by activity:-						
Import/distribution	15,854	849	7,541	644	19,342	1,628
Property	555	44	749	255	1,492	1,023
Food production and processing	198	(187)	35	(218)	192	13
Mining	-	20	-	32	-	57
Other	145	1,232	76	113	207	(254)
	<u>16,752</u>	<u>1,958</u>	<u>8,401</u>	<u>826</u>	<u>21,233</u>	<u>2,467</u>
Share of associated companies results:-						
Food production and processing	214	(22)	248	157	422	229
Mining	-	(118)	-	(123)	-	(389)
Group revenue including associates	<u>16,966</u>		<u>8,649</u>		<u>21,655</u>	
Interest paid		(303)		(251)		(674)
Profit before tax		<u>1,515</u>		<u>609</u>		<u>1,633</u>

The analysis for the year ended 30th September 2002 has been restated to re-allocate sundry income items, previously reported under Property, into Other.

3. The exceptional items arise from the surplus on disposal of investments and tangible fixed assets.

	31st March		30th
	2003	2002	September
	US\$000	US\$000	2002
Surplus on disposal of listed and unlisted investments	1,165	-	213
Surplus on disposals of tangible fixed assets	-	-	533
Provisions against investments	(264)	-	-
Share of associated company's proceeds from grant of option	339	-	-
Share of associated company's fair value adjustment to investments	54	288	(279)
Exceptional items – net income	<u>1,294</u>	<u>288</u>	<u>467</u>

4. Earnings per share are based on profits attributable to members and on the average of 6,300,000 shares in issue during the period, allowing for the shares held in Treasury. Headline earnings per share exclude extraordinary items after tax.
5. Net assets per share are based on Shareholders' funds, after allowance for proposed dividends, divided by the number of shares in issue of 6,300,000 at the period end.
6. There was no capital expenditure during the period and no contracted nor outstanding authorised capital expenditure at the balance sheet date.



**Monteagle**

**MONTAEGLE HOLDINGS SOCIETE ANONYME**  
Registered Office: 6 rue Adolphe Fischer, L-1520, Luxembourg  
(R.C. Luxembourg No. B19600)