

# HALOGEN

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Holdings Société Anonyme

(formerly Falcon Investment Holdings Société Anonyme)

**INTERIM REPORT 2005**

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

*Registered Office:*  
6 rue Adolphe Fischer,  
L-1520, Luxembourg  
24th June 2005

Dear Shareholder,

The results for the half-year ended 31st March 2005 are attached.

During the last six months, we have looked at a number of potential acquisitions but have not yet identified one that we feel could be recommended to shareholders. Our investment criteria call for a well established, profitable, cash generative business with a competent management team in place.

Following shareholder approval at the AGM, the Group's accounts have been restated in Sterling and unrealised exchange gains and losses on current assets and liabilities expressed in foreign currencies have been recalculated. The loss for the period has been reduced substantially to £8,000 (2004: loss £123,000) mainly as a result of the winding up of operations in Chile and the elimination of exchange losses. In the balance sheet we have written back into shareholders funds £17,000 of dividends declared prior to 1997 which have remained unclaimed. Net assets, almost all of which are cash balances in Europe, remain at £1.14 per share.

**Zimbabwe**

Prospects in Zimbabwe remain unclear 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 prospect 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 31st March 2005 £000	31st March 2004 Restated £000	Year ended 30th September 2004 Restated £000
Revenue	–	–	–
Operating costs	<u>(80)</u>	<u>(122)</u>	<u>(177)</u>
Operating loss before interest and taxation	<b>(80)</b>	(122)	(177)
Interest received	<b>58</b>	44	83
Exchange gains/(losses)	<u>16</u>	<u>(53)</u>	<u>75</u>
Loss before exceptional items and taxation	<b>(6)</b>	(131)	(169)
Exceptional item (note 4)	<u>–</u>	<u>–</u>	<u>(153)</u>
Loss before taxation	<b>(6)</b>	(131)	(322)
Taxation	<u>(2)</u>	<u>9</u>	<u>(181)</u>
Loss after taxation	<b>(8)</b>	(122)	(503)
Attributable to outside shareholders	<u>–</u>	<u>(1)</u>	<u>115</u>
Retained loss for the period	<u><b>(8)</b></u>	<u>(123)</u>	<u>(388)</u>
<b>Reconciliation of loss per share</b>			
Loss per share (pence) – basic	<b>(0.4)p</b>	(7.0)p	(21.0)p
Add back exceptional items, net of tax and minority interests (pence)	<u>–</u>	<u>–</u>	<u>12.0p</u>
Headline loss per share (pence)	<u><b>(0.4)p</b></u>	<u>(7.0)p</u>	<u>(9.0)p</u>

## Statement of changes in equity

Net loss for the period	<b>(8)</b>	<b>(123)</b>	(388)
Exchange differences	<b>(17)</b>	<b>(140)</b>	(22)
Prior years dividends unclaimed, now forfeit	<b>17</b>	–	–
	<u><b>(8)</b></u>	<u><b>(263)</b></u>	<u>(410)</u>
Shareholders' funds at start of the period	<b>2,130</b>	<b>2,540</b>	2,540
Shareholders' funds at end of the period	<u><b>2,122</b></u>	<u><b>2,277</b></u>	<u>2,130</u>

## Unaudited consolidated group balance sheet

	31st March 2005 £000	31st March 2004 Restated £000	30th September 2004 Restated £000
Non current assets			
Investments	<u>69</u>	<u>71</u>	<u>72</u>
	<u>69</u>	<u>71</u>	<u>72</u>
Current assets			
Accounts receivable	31	14	388
Cash and bank balances	<u>2,146</u>	<u>2,896</u>	<u>1,750</u>
	<u>2,177</u>	2,910	2,138
Current liabilities			
Accounts payable	<u>(124)</u>	<u>(214)</u>	<u>(80)</u>
Net current assets	<u>2,053</u>	<u>2,696</u>	<u>2,058</u>
Total assets, less current liabilities	<u>2,122</u>	<u>2,767</u>	<u>2,130</u>
Capital and Reserves			
Share capital	1,090	1,090	1,090
Legal resources	213	213	213
Revenue reserve	<u>89</u>	<u>974</u>	<u>827</u>
Shareholders' funds	<u>2,122</u>	2,277	2,130
Outside shareholders' interests	<u>-</u>	<u>490</u>	<u>-</u>
	<u>2,122</u>	<u>2,767</u>	<u>2,130</u>
Net assets per share	<b>£1.14</b>	£1.22	£1.14

### Offices:

Luxembourg (Registered Office)	United Kingdom	South Africa	Zimbabwe
6 rue Adolphe Fischer L-1530 Luxembourg (PO Box 1361, L-1013 Luxembourg)	25 City Road, London, EC1Y 1BQ	11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia 4051, Durban	1st Floor, KPMG House, 133 Josiah Tongogara Street, Bulawayo

### Transfer Agents

Europe	South Africa	Zimbabwe
Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU	Computershare Investor Services 2004 (Pty) Limited 70 Marshall Street, Johannesburg, 2001 (P.O. Box 61051, Marshalltown 2107)	Syfrets Corporate and Merchant Bank Financial Services, P.O. Box 2540, 46 Speke Avenue, Harare

## Unaudited consolidated group cash flow statement

	Half years ended		Year ended
	31st March 2005	31st March 2004	30th September 2004
		Restated	Restated
	£000	£000	£000
<b>Operating activities</b>			
Cash absorbed by normal trading activities	(61)	(661)	(611)
Interest received and other investment income	58	44	83
Taxation	(3)	(1,071)	(1,094)
	<u>(6)</u>	<u>(1,688)</u>	<u>(1,622)</u>
<b>Investment activities</b>			
Liquidation of subsidiary	402	–	(1,063)
Arbitration settlement	–	–	(166)
Net cash inflow/(outflow) from investment activities	<u>402</u>	<u>–</u>	<u>(1,229)</u>
Net cash inflow/(outflow) before financing	<u>396</u>	<u>(1,688)</u>	<u>(2,851)</u>
<b>Financing activities</b>			
Dividend and capital repaid to outside shareholders	–	(480)	(262)
Net cash outflow from financing	<u>–</u>	<u>(480)</u>	<u>(262)</u>
<b>Net increase/(decrease) in cash</b>	<b>396</b>	<b>(2,168)</b>	<b>(3,113)</b>
<b>Net funds at start of period</b>	<b>1,750</b>	<b>4,867</b>	<b>4,867</b>
Effect of foreign exchange rate changes	–	197	(4)
<b>Net funds at end of period</b>	<b><u>2,146</u></b>	<b><u>2,896</u></b>	<b><u>1,750</u></b>

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## Notes

### 1. Accounting Policy

The results for the half year ended 31st March 2005 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 2004, and comply with International Financial Reporting Standards and Luxembourg law.

### 2. Change in currency of measurement

Following approval by shareholders at the Annual General Meeting held on 24th March 2005, the accounting currency of the Group was changed to Sterling. The results for the half-year are presented in Sterling and the comparative figures have been restated from US dollars to Sterling at average rates of exchange for the Profit & Loss and Cash flow, and at the closing rates for the relevant period for the Balance Sheet. Unrealised exchange gains and losses have been restated to exclude those arising on Sterling balances and to include those arising on US dollar balances.

### 3. Loss per share

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

### 4. Exceptional items

The exceptional items in the previous year were the arbitration costs on the liquidation of Minera Falcon de Chile SCM in Chile and costs of aborted acquisition projects, reduced by the receipt of an option fee over the investments in subsidiaries.

### 5. Capital Expenditure

There was no capital expenditure authorised but not contracted, and none contracted at 31st March 2005 (2004 – nil)

### 6. Segmental analysis

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

