



# MONTEAGLE HOLDINGS SOCIETE ANONYME

(Incorporated in Luxembourg. RC Number B19600)

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

24th June 2004

Dear Shareholder,

We are pleased to be able to report a successful half year and continuing significant growth in our import, export and distribution businesses, while income from our investment portfolios in the form of dividends and interest also increased.

## Results

- Group revenue is up 83% to US\$30,656,000 for the six months to 31st March 2004, compared to US\$16,752,000, mainly because of a substantial increase in the volumes handled by our import, export and distribution businesses.
- Profit before interest, tax and exceptional items is up 217% to US\$1,662,000 from US\$525,000.
- Interest charges have increased 29% to US\$387,000 reflecting increased funding costs for these higher volumes of business.
- Headline earnings per share for this half year have increased to US 11c compared to US 6c for the second half of last year and a loss in the first half of last year of US\$ 1c.
- Earnings per share have increased 62% to US 21c from US 13c last year
- Net assets attributable to shareholders are up 9% to US\$5.08 from US\$4.64 at 30th September of which US\$3.27 are held outside Africa

## Import, Export & Distribution

As noted above, turnover and volumes have increased significantly over the last year as a result of our long term policy of building a broad spread of suppliers and customers on an international basis. We are now sourcing product for our international trade in private label food and non-food businesses from an even more varied range of countries throughout Europe, the Far East, Southern Africa and South America. These products are being sold in an equally wide ranging number of countries including Australia, Japan, South Africa, the United Kingdom and the United States of America.

The tool import and distribution businesses in South Africa and Australia have continued to reflect solid growth in both turnover and volumes during the first six months and prospects for the second half of the financial year look positive with a number of new product ranges being launched during this period.

## Property Portfolio

Our remaining multi-tenanted property in California is fully let and producing satisfactory returns. The property market in California is buoyant and we continue to search for another suitable property capable of generating the required yield. In the meantime we have an investment of US\$2.9 million in US Treasury bills. Rental income from South Africa improved in US dollar terms and the Group has recently invested in increased warehouse capacity in Durban financed by a fixed interest rate, 10 year, reducing mortgage in SA Rands.

## Investment Portfolio

The Group's diverse portfolio of equities achieved good gains during the past six months and dividend income increased. We remain invested in quality equities in the major first world markets. While the outlook currently looks favourable, higher oil and energy costs may have a tempering effect in the year ahead.

## Food Production and Processing

Our subsidiary, Conafex Holdings Société Anonyme ("Conafex") made two significant and strategic acquisitions in South Africa during the period under review. On 19th November 2003, a 50% stake was acquired in Coffee, Tea and Chocolate Company (Pty) Limited ("CTC"), based in Cape Town. CTC is a well established and dynamic business that adds value to primary agricultural produce, mainly black and herbal teas and coffee, through packaging, branding and marketing into leading supermarkets in South Africa. CTC is benefiting from the strength of the SA Rand as much of its raw material is imported from the rest of Africa.

On 4th November 2003, Conafex acquired a 17.5% stake in Intertrading Limited, a company listed on the JSE Securities Exchange South Africa. Intertrading procures a range of fresh South African agricultural produce that it markets internationally, and also provides freight forwarding and logistic services for the export of perishable cargo from South Africa. In concert with Conafex, Katopé International Société Anonyme simultaneously acquired 17.5% of Intertrading. Katopé is European based and is a specialist in the production, packaging, export, logistics, distribution and marketing of tropical, exotic fruit and citrus to global markets. We expect synergies to flow from this strategic alliance with Katopé. Intertrading has declared a dividend for its year ended 29th February 2004 and Conafex expects to receive a dividend of R87,250 in July.

The farming activities in Zimbabwe are under review and the outlook there remains grim.

#### **Mining**

We have a 49.9% interest in Falcon Investment Holdings Société Anonyme (“Falcon”) whose subsidiary in Chile, having sold its iodine project, is in the process of being liquidated. Once the necessary tax and exchange control formalities have been completed the remaining funds will be returned to Europe. Falcon is seeking to re-invest these proceeds in an established profitable business in a hard currency area.

The fortunes of our mines in Zimbabwe continue to fluctuate widely depending on changes in the Government’s policy for the amount that it pays to compulsorily acquire the gold that we produce.

#### **Zimbabwe**

As in previous periods, the Group does not consolidate the results of its Zimbabwean operations, bringing into account only dividend income received in Luxembourg. There have been no such remittances during the half year. Our thanks continue to go to our staff for maintaining operations under severe economic and political circumstances.

We particularly wish to send our condolences to the family of Graham Parsons, a long term contributor to the Group’s operations, after his sudden death in May this year.

#### **Net Assets**

Group net assets have increased substantially. They now stand at US\$5.08 per share (US\$31,977,000 at market value, net of minority interests and proposed dividends), compared to US\$4.64 per share (US\$29,643,000) at 30th September 2003, and US\$4.40 per share (US\$27,720,000) a year ago. Net assets outside Africa now stand at US\$20,958,000 which equates to US\$3.27 per share compared to US\$2.88 per share (ex-dividend) at September 2003.

#### **Prospects**

It is pleasing to see the success of our investment in import, export and distribution businesses, and the progress being made by Conafex and Falcon to broaden the base and diversity of their investments. The Group, on current trends, is on course for its trading results for its second half year to be very satisfactory.

**J.M. Robotham,**  
*Chairman*

**D.C. Marshall**  
*Chief Executive*

## Consolidated group profit and loss account

		Half years ended 31st March <b>2004</b>	2003	Year ended 30th September 2003
	Notes	Unaudited US\$000	Unaudited US\$000	Audited US\$000
Group revenue	2	<b>30,656</b>	16,752	37,046
Operating costs		<b>(29,483)</b>	(16,304)	(35,762)
Operating profit		<b>1,173</b>	448	1,284
Share of associated companies' results		<b>86</b>	(140)	(8)
Income from Zimbabwean investments – dividends		–	20	53
Income from investments – dividends		<b>289</b>	134	256
– interest		<b>114</b>	63	160
		<b>1,662</b>	525	1,745
Interest paid and similar charges		<b>(387)</b>	(303)	(534)
Realised exchange gains/(losses)		<b>218</b>	(1)	(22)
Profit on ordinary activities before exceptional items and taxation		<b>1,493</b>	221	1,189
Exceptional items	3	<b>640</b>	1,294	2,451
Profit before taxation	2	<b>2,133</b>	1,515	3,640
Taxation		<b>(422)</b>	(157)	(1,316)
Profit after taxation		<b>1,711</b>	1,358	2,324
Attributable to outside shareholders		<b>(418)</b>	(526)	(743)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>1,293</b>	832	1,581
Dividend per share (US cents)		–	–	6.0c
Earnings per share (US cents) – basic	4	<b>21c</b>	13c	25c
Headline earnings/(loss) per share (US cents)	4	<b>11c</b>	(1)c	5c
<b>Reconciliation of headline earnings per share</b>				
Basic earnings per share (US cents)		<b>21c</b>	13c	25c
Less exceptional items, net of tax and minority interests (US cents)		<b>(10)c</b>	(14)c	(20)c
Headline earnings/(loss) per share (US cents)		<b>11c</b>	(1)c	5c
<b>Changes in equity</b>				
Net profit for the period		<b>1,293</b>	832	1,581
Exchange differences		<b>618</b>	21	944
Group share of unrealised gains on investments and property revaluations		<b>809</b>	1,009	1,260
Dividend approved		<b>(378)</b>	(315)	(315)
Total recognised profits		<b>2,342</b>	1,547	3,470
Shareholders' funds at start of period		<b>29,643</b>	26,173	26,173
Shareholders' funds at end of period		<b>31,985</b>	27,720	29,643

## Consolidated group balance sheet

	31st March <b>2004</b> Unaudited US\$000	2003 Unaudited US\$000	30th September 2003 Audited US\$000
<b>Fixed assets</b>			
Tangible fixed assets	11,855	9,932	10,798
Investments			
Listed associates	1,769	3,828	1,338
Listed – other	8,600	7,094	6,970
Unconsolidated subsidiary	8,444	8,444	8,444
Unlisted associates	1,172	348	360
Other unlisted	402	–	402
Intangibles – trade marks	295	–	269
	<u>32,537</u>	<u>29,646</u>	<u>28,581</u>
<b>Current assets</b>			
Inventories	7,903	5,338	7,264
Debtors	12,594	4,946	10,839
Cash	7,226	4,315	7,710
	<u>27,723</u>	<u>14,599</u>	<u>25,813</u>
<b>Current liabilities</b>			
Creditors (falling due within one year)	(14,406)	(6,773)	(12,946)
Net current assets	<u>13,317</u>	<u>7,826</u>	<u>12,867</u>
<b>Total assets less current liabilities</b>	<b>45,854</b>	37,472	41,448
Creditors (falling due after more than one year)	(6,214)	(3,736)	(4,890)
Provisions for liabilities and deferred taxation	115	113	102
	<u>39,755</u>	<u>33,849</u>	<u>36,660</u>
<b>Capital and reserves</b>			
Share capital	9,450	9,450	9,450
Other reserves	9,475	7,044	8,056
Retained earnings	13,052	11,226	12,137
Shareholders' funds	<u>31,977</u>	<u>27,720</u>	<u>29,643</u>
Minority interests	7,778	6,129	7,017
	<u>39,755</u>	<u>33,849</u>	<u>36,660</u>

## Consolidated group cash flow statement

	Half years ended		Year ended
	31st March	30th September	2003
	2004	2003	2003
	Unaudited	Unaudited	Audited
	US\$000	US\$000	US\$000
<b>Operating activities</b>			
Cash generated from operating activities	207	199	959
Interest paid	(387)	(304)	(534)
Taxation paid	(103)	(298)	(694)
Net cash outflow from operating activities	(283)	(403)	(269)
<b>Investment activities</b>			
Purchase of tangible fixed assets	(2,462)	–	(388)
Purchase of investments	(1,674)	(577)	(1,106)
Investment in joint venture	–	–	(871)
Disposal of tangible fixed assets	1,298	26	12
Disposal of investments	427	72	3,478
Interest received and other investment income	403	197	416
Dividends received from Zimbabwe investments	–	20	53
Net cash(outflow)/inflow from investment activities	(2,008)	(262)	1,594
Net cash (outflow)/inflow before financing	(2,291)	(665)	1,325
<b>Financing activities</b>			
Net increase/(decrease) in long term debt	1,279	(33)	977
Dividend paid – group	–	–	(315)
– minority shareholders	(5)	–	(28)
Net cash inflow/(outflow) from financing activities	1,274	(33)	634
<b>Net (decrease)/increase in funds</b>	<b>(1,017)</b>	<b>(698)</b>	<b>1,959</b>
Net funds at start of period	6,314	4,531	4,531
Effect of foreign exchange rates	128	(9)	(176)
<b>Net funds at end of period</b>	<b>5,425</b>	<b>3,824</b>	<b>6,314</b>

### Offices:

#### United Kingdom:

25 City Road,  
London, EC1Y 1BQ

#### South Africa:

11 Sunbury Park,  
La Lucia 4051,  
Durban

### 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  
(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 2004 are unaudited and have been prepared on the basis of accounting policies adopted in the accounts for the year ended 30th September 2003 and comply with International Accounting Standards and Luxembourg law. The results for the year to 30th September 2003 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 2004		Year ended 30th September 2003		Year ended 30th September 2003	
	US\$000		US\$000		US\$000	
	Revenue	Result	Revenue	Result	Revenue	Result
Analysed by activity:						
Import/distribution	<b>28,303</b>	<b>1,739</b>	15,854	849	34,962	2,065
Property	<b>512</b>	<b>164</b>	555	44	1,107	181
Food production and processing	<b>1,580</b>	<b>197</b>	198	(187)	738	(356)
Mining – dividend income	–	–	–	20	–	53
Other	<b>261</b>	<b>409</b>	145	1,232	239	1,337
	<b>30,656</b>	<b>2,509</b>	16,752	1,958	37,046	3,280

Share of associated companies' operating results:

Food production and processing	<b>11</b>	(22)	11
Mining	–	(118)	883
Group revenue including associates			
Interest paid	<b>(387)</b>	(303)	(534)
Profit before tax	<b>2,133</b>	1,515	3,640

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

	31st March 2004	30th September 2003	30th September 2003
	US\$000	US\$000	US\$000
Surplus on disposal of listed and unlisted investments	<b>208</b>	1,165	1,053
Surplus on disposals of tangible fixed assets	<b>65</b>	–	6
Release of/(charge for) provisions against investments	<b>367</b>	(264)	–
Share of associated company's exceptional item, less provision	–	393	1,392
Exceptional items – net income	<b>640</b>	1,294	2,451

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 which were cancelled on 14th April 2004. Headline earnings per share exclude extraordinary items after tax and minority interests.

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 capital expenditure of US\$2,462,000 during the period (2003 – nil). There was no contracted, nor outstanding authorised capital expenditure at the balance sheet date.

