



Monteagle

STRIVING FOR OPTIMUM PERFORMANCE



MONTEAGLE HOLDINGS

SOCIETE ANONYME

INTERIM REPORT 2005

MONTEAGLE HOLDINGS SOCIETE ANONYME

(Incorporated in Luxembourg. RC Number B19600)

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

30th June 2005

Dear Shareholder,

We are pleased to be able to report a successful half-year and further 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 20% to US\$36,689,000 for the six months to 31st March 2005, compared to US\$30,656,000.
- Profit before tax and exceptional items is up 5% to US\$1,569,000 from US\$1,493,000.
- Exceptional income has increased 109% to US\$1,340,000.
- Earnings per share have increased 28% to US 27c from US 21c last year.
- Headline Earnings per share for this half year were US 8c compared to US 2c for the second half of last year and US\$ 11c in the first half of last year.
- Net assets attributable to shareholders are up 9% to US\$5.55 per share from US\$5.11 at 30th September of which US\$4.08 are held outside Africa. Our remaining assets of US\$1.47 per share are now held entirely in South Africa.

Import, Export & Distribution

Turnover and volumes at our shipping and distribution businesses have increased considerably during the six month period under review. We are continuing our policy of building a broad spread of long-term partnerships with suppliers and customers on an international basis, driving substantial year on year growth in private label food and non-food product sales. Our primary focus is to be the global supplier of choice for private label business which is being achieved through the effective establishment of strategic customer focused partnerships with retailers and wholesalers in our core markets namely South Africa, Japan and Australia.

Our tool import and distribution businesses in South Africa and Australia have continued to show strong growth in sales and volumes during the six months under review with the successful implementation of improved supply chain lead times being a significant contributing factor. New product lines and ranges aligned to the ever changing market requirements are being developed on a continual basis to ensure that we remain competitive at all times in these markets.

Property Portfolio

Our multi-tenanted industrial property in California is fully let and producing satisfactory returns. The property market in California remains buoyant and we continue to search for another suitable property capable of generating the required yield. Rental income from South Africa improved in US dollar terms.

Investment Portfolio

The Group's diverse portfolio of equities appreciated in value during the past six months and dividend income increased. We remain invested in quality equities in the major first world markets. Our stance on equities is neutral for the remainder of the year.

Conafex (listed subsidiary 62% owned)

Conafex Holdings Société Anonyme ("Conafex") sold its 50% stake in Coffee, Tea and Chocolate Company (Pty) Limited, based in Cape Town during the period, realising a gain before tax of US\$543,000 on its cost in November 2003 of US\$1,114,000. US\$500,000 has been invested to acquire a 26.86% holding in Grassroots Group (Pty) Limited. The Grassroots Group, based in Cape Town, is uniquely positioned as a leader in the field of aromatic and medicinal plants indigenous to South Africa. It is structured into five divisions specialising in essential oils, plant propagation, medical plants, honeybush tea, and the harvesting, drying and packaging of natural products. Most of the group's products are exported.

Conafex's other main investment is 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. Our concert party partner, Katopé International Société Anonyme recently increased its shareholding to 35% of Intertrading, giving us joint control.

Halogen (listed associate 49.95% owned)

Halogen Holdings Société Anonyme (formerly Falcon Investment Holdings Société Anonyme) continues to seek an established profitable business in the United Kingdom in which it can re-invest its US\$3.8m cash balances.

The future of the gold mines in Zimbabwe remains dependent on that Government's policy for the amount that it pays to compulsorily acquire the gold that we produce.

Group Staff

Once again we would like to thank all our employees for their hard work and the contribution that they have made which has produced these excellent results.

Net Assets

Group net assets have increased substantially. They now stand at US\$5.55 per share (US\$34,950,000 at market value, net of minority interests and proposed dividends), compared to US\$5.11 per share (US\$32,166,000) at 30th September 2004, and US\$5.08 per share (US\$31,977,000) a year ago. Net assets outside Africa now stand at US\$25,682,000, which equates to US\$4.08 per share compared to US\$3.86 per share (ex-dividend) at September 2004.

Prospects

Our investment in import, export and distribution businesses continues to show good returns, and further progress is being made by Conafex and Halogen to broaden the base and diversity of their investments.

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
		2005 Unaudited US\$000	2004 Unaudited US\$000	2004 Audited US\$000
Group revenue	2	36,689	30,656	63,700
Operating costs		(35,421)	(29,283)	(60,756)
Operating profit		1,268	1,373	2,944
Share of associated companies' results		45	86	(1)
Income from Zimbabwean investments – dividends		7	–	131
Income from investments – dividends		149	89	308
– interest		129	114	306
		1,598	1,662	3,688
Interest paid and similar charges		(344)	(387)	(969)
Realised exchange gains/(losses)		315	218	139
Profit on ordinary activities before exceptional items and taxation		1,569	1,493	2,858
Exceptional items	3	1,340	640	1,539
Profit before taxation		2,909	2,133	4,397
Provision against investment in Zimbabwe		–	–	(8,444)
	2	2,909	2,133	(4,047)
Taxation		(567)	(422)	(1,168)
Profit after taxation		2,342	1,711	(5,215)
Attributable to outside shareholders		(617)	(418)	2,261
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		1,725	1,293	(2,954)
Dividend per share (US cents)		–	–	7.0c
Earnings/(loss) per share (US cents) – basic	4	27c	21c	(47)
Headline earnings per share (US cents)	4	8c	11c	13c
Reconciliation of headline earnings per share				
Basic earnings per share (US cents)		27c	21c	(47)c
Less exceptional items, net of tax and minority interests (US cents)		(19)c	(10)c	(60)c
Headline earnings/(loss) per share (US cents)		8c	11c	13c
Changes in equity				
Net profit/(loss) for the period		1,725	1,293	(2,954)
Exchange differences		754	630	(237)
Group share of unrealised gains on investments and property revaluations		746	809	6,092
Dividend approved for the prior year		(441)	(378)	(378)
Total recognised profits		2,784	2,354	2,523
Shareholders' funds at start of period		32,166	29,643	29,643
Shareholders' funds at end of period		34,950	31,977	32,166

Consolidated group balance sheet

	31st March 2005 Unaudited US\$000	2004 Unaudited US\$000	30th September 2004 Audited US\$000
Fixed assets			
Tangible fixed assets	14,572	11,855	14,244
Investments			
Listed associates	2,243	1,769	2,156
Listed – other	13,348	8,600	11,298
Unconsolidated subsidiary	–	8,444	–
Unlisted associates	799	1,172	259
Other unlisted	402	402	402
Intangibles – trade marks	–	295	296
	<u>31,364</u>	<u>32,537</u>	<u>28,655</u>
Current assets			
Inventories	10,471	7,903	9,841
Accounts receivable	13,981	12,594	13,231
Cash	6,284	7,226	7,857
	<u>30,736</u>	<u>27,723</u>	<u>30,929</u>
Current liabilities			
Accounts payable (falling due within one year)	(16,550)	(14,406)	(17,628)
Net current assets	<u>14,186</u>	<u>13,317</u>	<u>13,301</u>
Total assets less current liabilities	45,550	45,854	41,956
Accounts payable (falling due after more than one year)	(5,095)	(6,214)	(5,116)
Provisions for liabilities and deferred taxation	233	115	155
	<u>40,688</u>	<u>39,755</u>	<u>36,995</u>
Capital and reserves			
Share capital	9,450	9,450	9,450
Other reserves	12,536	9,475	11,349
Retained earnings	12,964	13,052	11,367
	<u>34,950</u>	<u>31,977</u>	<u>32,166</u>
Shareholders' funds	5,738	7,778	4,829
Minority interests	<u>40,688</u>	<u>39,755</u>	<u>36,995</u>
Net Assets per Share	US\$5.55	US\$5.08	US\$5.11

Consolidated group cash flow statement

	Half years ended		Year ended
	31st March	30th September	
	2005	2004	2004
	Unaudited	Unaudited	Audited
	US\$000	US\$000	US\$000
Operating activities			
Cash generated from operating activities	1,656	207	636
Interest paid	(344)	(387)	(969)
Taxation paid	(604)	(103)	(807)
Net cash inflow/(outflow) from operating activities	708	(283)	(1,140)
Investment activities			
Purchase of tangible fixed assets	(238)	(2,462)	(2,149)
Purchase of investments	(3,477)	(1,674)	(3,085)
Disposal of tangible fixed assets	179	1,298	1,254
Disposal of investments	901	627	3,243
Interest received and other investment income	278	203	614
Dividends received from Zimbabwe investments	7	–	131
Net cash outflow from investment activities	(2,350)	(2,008)	8
Net cash outflow before financing	(1,642)	(2,291)	(1,132)
Financing activities			
Net increase in long term debt	77	1,279	90
Dividend paid – group	–	–	(378)
– minority shareholders	–	(5)	(22)
Net cash inflow/(outflow) from financing activities	77	1,274	(310)
Net decrease in funds			
Net funds at start of period	4,957	6,314	6,314
Effect of foreign exchange rates	(279)	128	85
Net funds at end of period	3,113	5,425	4,957

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Transfer agents:

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Capita Registrars
The Registry, 34 Beckenham Road,
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South Africa:

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
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(PO Box 61051, Marshalltown, 2107)

Notes to the interim statement

1. The results and the cash flow statement for the half-year ended 31st March 2005 are unaudited and have been prepared on the basis of accounting policies adopted in the accounts for the year ended 30th September 2004 and comply with International Financial Reporting Standards and Luxembourg law. The results for the year to 30th September 2004 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				Year ended 30th September	
	2005		2004		2004	
	US\$000		US\$000		US\$000	
	Revenue	Result	Revenue	Result	Revenue	Result
Analysed by activity:						
Import/distribution	32,555	1,844	28,303	1,739	58,191	3,878
Property	707	71	512	164	1,197	212
Food production and processing	3,283	347	1,580	197	3,976	(176)
Other	144	939	261	409	336	501
	<u>36,689</u>	<u>3,201</u>	<u>30,656</u>	<u>2,509</u>	<u>63,700</u>	<u>4,415</u>
Income from Zimbabwean investment		7		–		131
Share of associated companies results:						
Food production and processing		45		11		(26)
Mining		–		–		846
Exceptional provision against Zimbabwean investment		–		–		(8,444)
Interest paid		(344)		(387)		(969)
Profit before tax		<u>2,909</u>		<u>2,133</u>		<u>(4,047)</u>

3. The exceptional items arise from the following:

	31st March	30th September
	2005	2004
	US\$000	US\$000
Surplus on disposal of listed and unlisted investments	1,049	208
Surplus on disposals of tangible fixed assets	2	65
Release of/(charge for) provisions against investments	326	367
Expenses of potential acquisitions	(37)	–
Share of associated company's exceptional item, less provision	–	–
Net exceptional items	<u>1,340</u>	<u>640</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. Headline earnings per share exclude extraordinary items after tax net of 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\$238,000 during the period (2004 – US\$2,462,000, including US\$1,717,000 in respect of the acquisition of new premises). There was no contracted, nor outstanding authorised capital expenditure at the balance sheet date.



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