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CONAFEX

Holdings Société Anonyme
Annual Report 2008

CONTENTS

Conafex Holdings Société Anonyme

(Incorporated in Luxembourg with R.C. Luxembourg No. B 17789)

Group Directors

C.P. JOUSSE, B Econ. age 60 *Executive Chairman* †*

Chris Jousse, after graduating from the University of Natal, has been employed within the Group in various capacities since 1970. He was largely responsible for the reorganisation of the Group's investments in Zimbabwe and the diversification into South Africa. He resides in South Africa and is a non-executive director of several listed companies outside of the Conafex group.

C. BARROW, OBE, age 78 *Non-Executive Director*

Christopher Barrow resides in Malawi and served as a member of the Malawi Parliament for seven years after Independence. He has over 55 years' experience in the tea industry and, for 14 years until March 2001, he was the chairman of the Tea Research Foundation in Malawi. In addition, he holds a number of directorships in various institutions and corporations.

A.S. HAGGIE, age 57 *Non-Executive Director*

Anthony Haggie lives in South Africa. He has a degree in Mechanical Engineering from the University of Cape Town and an MBA from INSEAD. He has held executive positions in a range of private and listed businesses in Zimbabwe and South Africa. He is currently a non-executive director of several companies in South Africa.

L.H. MARSHALL, age 37 *Non-Executive Director* †*

Lloyd Marshall, representing our largest shareholder, Marshall Monteagle Holdings S.A., is a director of City Group P.L.C., Conafex's secretaries, and of Heartstone Investments Limited. He is responsible for banking and investment portfolio administration within the Monteagle Group and is a director of various subsidiary companies of that group in Europe, U.S.A. and South Africa.

O.H. MARSHALL, age 34 *Executive Director*

Oliver Marshall was educated in South Africa and is the managing director of Global Coffee Exports Limited and commercial director of the Conafex group. He has 10 years experience in the coffee industry and is the Managing Director of our coffee roasting business and is responsible for the growth of the Group's coffee manufacturing plant including the export and importation of all coffee related products.

† Member of the Audit Committee

* Member of the Remuneration Committee

Shareholder Information

Financial Calendar

Financial year-end	30th September 2008
Preliminary announcement of results	22nd December 2008
Annual General Meeting	27th March 2009 at 3.30 p.m.
Half-year	31st March 2009
Announcement of half-year results	May 2009

Share Information

The Company has 2,549,131 shares in issue. The shares are listed on the following stock exchanges and the respective share prices at 3rd February 2009, the latest practical date, are shown below.

Luxembourg	US$ 1.26
Johannesburg	ZAR 13.00

Group Offices

Luxembourg (Registered Office)
58 rue Charles Martel
L-2134 Luxembourg
(P.O. Box 1361, L-1013 Luxembourg)
Tel: +352 402505 1

South Africa
18 Dacres Avenue
Epping 2
Cape Town
Tel: +27 21 534 2271

United Kingdom
30 City Road
London EC1Y 2AG
Tel: +44 20 7448 8950
E-mail: conafex@city-group.com

Registrars
Maitland Luxembourg S.A.
58 rue Charles Martel
L-2134 Luxembourg
(P.O. Box 1361, L-1013 Luxembourg)

Listing and Paying Agents
Dexia-Banque Internationale à Luxembourg S.A.
69 route d'Esch
L-1470 Luxembourg

Transfer Agents

Europe
Capita Registrars
The Registry, 34 Beckenham Road
Beckenham, Kent
BR3 4TU
E-mail: shareholder.services@capitaregistrars.com
Tel: UK resident shareholders 0871 664 0300
Calls cost 10p per minute plus network extras
Non-UK resident shareholders +44 20 8639 3399

South Africa
Computershare Investor Services (Pty.) Limited
70 Marshall Street, Johannesburg 2001
(P.O. Box 61051, Marshalltown 2107)
Tel: +27 11 370 5000

Independent Auditors and Statutory Auditors
International Audit Services S.à r.l.
Réviseurs d'Entreprises
15-17 avenue Gaston Diderich
L-1420 Luxembourg

Principal Bankers
Credit Suisse (Luxembourg) S.A.
56 Grand Rue
L-1660 Luxembourg

Chairman's Review

FOR THE YEAR ENDED 30th SEPTEMBER 2008

Group Profile

Conafex is an African agri-resource group listed on the Luxembourg and Johannesburg stock exchanges. Conafex takes strategic stakes in businesses focused on horticulture, niche and value-added agriculture.

Overview

All subsidiaries and associates made a contribution to the operating results but this was eroded by the costs associated with maintaining the dual listings on the Luxembourg and Johannesburg stock exchanges.

The performance of the subsidiary Cape Natural Tea Products was substantially above the previous year, however the associate, Grassroots Group, had a poor year by comparison. Our recently expanded coffee roasting, branding and trading subsidiary achieved the targets set but Kenya Highlands Seeds suffered from the political upheavals in that country. After a major restructuring, the investment in listed Intertrading Limited is now stable and that group has a strong balance sheet and is actively seeking acquisitions.

Most of the businesses in the Conafex Group have a strong export bias but the recent and substantial decline in the rand rate of exchange against trading partners came too late to have any meaningful impact on the overall 2008 results. Throughout the year the rand rate of exchange declined, albeit gradually, however this was insufficient to cover the impact of producer price inflation and margins suffered accordingly.

The investment in Simply Cereal was disposed of during the year.

Financial

The Group incurred an operating loss of R1,696,000 (2007 – R1,078,000) and a loss attributable to shareholders of R1,656,000 (2007 – R2,979,000). The exceptional item relates to the sale of the minority stake in Simply Cereal.

Dividend

As a result of the losses incurred the Company is unable to pay a dividend for the year ended 30th September 2008.

Prospects

Following the compulsory acquisition of Conafex's agricultural enterprises by the Government of Zimbabwe the current scale of the underlying businesses cannot sustain the regulatory costs associated with being a listed entity. Accordingly approval has been granted by the Luxembourg Stock Exchange to delist and delisting from the JSE Limited has reached an advanced stage. Shareholders will be advised early in 2009 by way of a circular of an offer by the Company to all shareholders.

Chris Jousse
Chairman

22nd December 2008

Consolidated Income Statement

Year ended 30th September	Notes	2008 R000	2007 R000
Group revenue including share of associates	3	**45,957**	43,536
Less share of revenue of associates		**(11,569)**	(16,356)
Revenue – including discontinued activities – nil (2007 – R3,509,000)		**34,388**	27,180
Operating costs		**(36,084)**	(28,258)
Operating loss	4	**(1,696)**	(1,078)
Share of associated companies' results		**(282)**	1,579
Dividends receivable		**336**	393
Interest receivable		**494**	564
Exchange (losses)/gains		**(906)**	505
Interest paid and similar charges		**(273)**	(370)
(Loss)/Profit on ordinary activities before exceptional items and tax		**(2,327)**	1,593
Exceptional items	5	**1,495**	(4,069)
Loss before tax and minority interests	3	**(832)**	(2,476)
Profit before tax on discontinued activities		**–**	225
Loss before tax on continuing activities		**(832)**	(2,701)
Taxation on ordinary activities	6	**(410)**	(310)
Loss after tax before minority interests		**(1,242)**	(2,786)
Minority interests		**(414)**	(193)
Loss attributable to shareholders of the Group		**(1,656)**	(2,979)
Loss per share SA cents	7	**(65)c**	(159)c
Headline (loss)/earnings per share SA cents	7	**(124)c**	58c

The notes on pages 8 to 20 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Ordinary share capital R000	Share premium account R000	Legal reserve* R000	Retained earnings R000	Total R000
For the year ended 30th September 2007					
Balance at start of year	21,819	1,390	707	(103)	23,813
Exchange differences on translation of the financial statements and net losses not recognised in the Income Statement	(2,448)	(156)	(79)	375	(2,308)
Shares issued during year	7,000	1,851	–	–	8,851
Fair value adjustment	–	–	–	294	294
Net loss for the year	–	–	–	(2,979)	(2,979)
Balances at end of year	26,371	3,085	628	(2,413)	27,671
For the year ended 30th September 2008					
Balance at start of year	**26,371**	**3,085**	**628**	**(2,413)**	**27,671**
Exchange differences on translation of the financial statements and net losses not recognised in the Income Statement	**–**	**–**	**–**	**46**	**46**
Fair value adjustment	**–**	**–**	**–**	**(427)**	**(427)**
Net loss for the year	**–**	**–**	**–**	**(1,656)**	**(1,656)**
Balances at end of year	**26,371**	**3,085**	**628**	**(4,450)**	**25,634**

* Luxembourg law requires that an appropriation of at least 5% of a Luxembourg company's own annual distributable profit be made to legal reserve until such time as the reserve attains 10% of its issued share capital. Consequently the directors are not required to transfer to legal reserve from the retained loss for the year. Distribution of this reserve is restricted.

The notes on pages 8 to 20 form part of these financial statements.

Consolidated Balance Sheet

At 30th September	Notes	2008 R000	2007 R000
Assets			
Non-current assets			
Intangible assets	8	**1,482**	1,482
Property, plant and equipment	9	**3,938**	4,266
Investments	10	**10,064**	11,098
		15,484	16,846
Current assets			
Inventories	11	**6,194**	8,895
Trade and other accounts receivable	12	**7,136**	6,770
Cash and bank balances		**8,587**	10,996
		21,917	26,661
Current liabilities			
Accounts payable falling due within one year	13	**(8,563)**	(13,381)
Net current assets		**13,354**	13,280
Total assets less current liabilities		**28,838**	30,126
Creditors due after more than one year		**(277)**	–
Deferred taxation		**(184)**	(125)
		28,377	30,001
Capital and reserves			
Called-up share capital	14	**26,371**	26,371
Share premium account		**3,085**	3,085
Legal reserve		**628**	628
Retained earnings		**(4,450)**	(2,413)
Shareholders' funds		**25,634**	27,671
Minority interests		**2,743**	2,330
		28,377	30,001

Approved by the Board on 20th February 2009

C.P. JOUSSE
Chairman

The notes on pages 8 to 20 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30th September

	Notes	**2008 R000**	2007 R000
Cash Flows from operating activities			
Cash (utilised)/generated by operating activities	15(a)	**(2,690)**	172
Interest paid		**(273)**	(370)
Taxation paid		**(15)**	(233)
Net cash outflow from operating activities		**(2,978)**	(431)
Investment activities			
Purchase of tangible assets		**(829)**	(3,004)
Proceeds on disposal of non-current fixed assets		**403**	198
Proceeds on disposal of investments		**–**	2,990
Further acquisition of minority interest in Accord Tea Services		**–**	(647)
Interest received and other investment income		**830**	957
Net cash inflow from investment activities		**404**	494
Net cash (outflow)/inflow before financing		**(2,574)**	63
Financing			
Proceeds of new shares issued, net of costs		**–**	8,851
Increase/(Decrease) in long term debt		**277**	(273)
Net cash inflow from financing		**277**	8,578
Net (decrease)/increase in funds		**(2,297)**	8,641
Net funds at start of year	15(c)	**10,808**	2,000
Effect of foreign exchange rate changes		**30**	167
Net funds at end of year	15(c)	**8,541**	10,808

The notes on pages 8 to 20 form part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30th SEPTEMBER 2008

1. GENERAL

The Company is incorporated as a société anonyme, with financial holding company status under the Law of 31st July 1929, as amended, in the Grand Duchy of Luxembourg. In view of the nature of the Group's operations, and as permitted by Luxembourg law, the amounts shown in these consolidated financial statements are presented in South African Rand (R).

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). The principal accounting policies of the Group, which are set out below, have been applied consistently and comply with Luxembourg legal requirements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant estimates relate to unquoted investments, which, due to uncertainty, are valued at cost less impairment provisions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision in future periods if applicable. The most significant techniques for estimation are described in the accounting policies below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

At the date of authorisation of these financial statements the IASB and the IFRIC have issued new standards and interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1st July 2008 or on or after 1st January 2009. The majority of these have not been adopted by the EU and the Company has not opted for early adoption for those which have been endorsed. The Directors do not expect that the adoption of these, where applicable, would have a material impact on the Company's financial statements in the period of initial application.

(a) Basis of Preparation

The consolidated financial statements are prepared under the historical cost convention, with the exception of investments which have been included at revalued amounts in accordance with IAS 39, and on the going concern basis.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings (all of which are companies), being those companies in which the Group, directly or indirectly, has an interest of more than one-half of the voting rights and is able to exercise control over the operations. Separate disclosure is made of minority interests.

The results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal, respectively. On acquisition, the purchase consideration is allocated over the fair values of net tangible assets. All inter-group transactions and balances are eliminated on consolidation.

2. ACCOUNTING POLICIES (continued)

(c) Associated Companies

An associated company is one in which the Group's interest is considered to be long term, is substantial and which the Group does not have control but over which it is able to exercise a significant influence, having due regard to the disposition of the other shareholdings. The Consolidated Income Statement includes the Group share of the results (equity accounting) of associates, which are accounted for as investments. The results of associates acquired during the year are included from the date of acquisition. The results of associates disposed of during the year are included up to the date of disposal. The carrying value of associates in the Consolidated Balance Sheet comprises the fair value on acquisition plus the Group share of post acquisition undistributed reserves. Provision is made against cost, when, in the opinion of the Directors, there has been a permanent decline in value.

In prior years the Group share of the taxation charge of associates was included in taxation. In accordance with IAS 28 this is now included in the share of results and the comparative figures have been adjusted.

(d) Quoted Investments

Quoted investments are stated at market value. Unrealised gains and losses on quoted investments are taken directly to equity and shown in the Consolidated Statement of Changes in Equity and in Retained Earnings.

(e) Intangible Fixed Assets

Goodwill is reviewed annually for any impairment, consequently it is not amortised.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for the cost of storage, obsolete and slow moving items.

(g) Revenue

Revenue comprises the value receivable for the sale of goods. Revenue is stated after eliminating any sales within the Group.

(h) Taxation

Tax payable on distributions to the Company from the retained earnings of subsidiaries or associates is provided for where there is a current intention to remit such distributions.

Deferred taxation is provided at current rates using the balance sheet liability method. Full provision is made for all temporary differences between the taxation base of assets and liabilities and their balance sheet carrying values. Assets are not raised in respect of the deferred taxation on assessed losses unless it is probable that future taxable income will be available against which the deferred tax asset can be realised in the foreseeable future.

(i) Foreign Currencies

All exchange gains and losses on settlement of foreign currency transactions or the translation of monetary assets and liabilities at year-end exchange rates are included in the income statement of the relevant Group company.

On consolidation, income statements of companies expressed in a currency other than Rand are translated at average rates of exchange for the year. Balance sheets are translated at the rates of exchange at the end of the financial year.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2008

2. **ACCOUNTING POLICIES (continued)**

Differences on translation arising in changes from the beginning of the accounting year in the Rand value of net assets expressed in other currencies are shown as a movement in reserves. The exchange gain or loss arising from the difference in rates used for income statement and balance sheet purposes are also taken to reserves.

	Profit & Loss Account		Balance Sheet	
	2008	2007	**2008**	2007
The rates used are: R1 =				
Euro – €	**0.089**	0.105	**0.086**	0.102
United States Dollar – US$	**0.134**	0.140	**0.121**	0.145
Pound Sterling – £	**0.068**	0.071	**0.068**	0.071

(j) Funds

For the purposes of the cash flow statement, funds comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the Balance Sheet, bank overdrafts are included in accounts payable.

(k) Financial instruments

Financial Assets

The principal financial assets are investments in subsidiaries and associates, cash and bank balances and accounts receivable. The latter two are stated at their nominal value. Investments in subsidiaries, associates, quoted investments and intangible assets are stated in accordance with accounting policy notes 2(b), (c), (d) and (e).

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. The principal financial liabilities are bank overdrafts and accounts payable.

3. **SEGMENTAL REPORTING**

Primary reporting format – geographical segments

The Group is organised on a worldwide basis in distinct geographical areas:

Africa	herbal tea and coffee processing and marketing through our subsidiaries and associate.
Jersey	coffee roasting
Luxembourg	the non-trading, registered office of the parent company.

There are no sales or other transactions between segments. Segment assets consist of property, plant and equipment, inventories and receivables and exclude cash balances, which are included as unallocated assets. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings, which are included as unallocated liabilities. Capital expenditure comprises additions to property, plant and equipment.

3. SEGMENTAL REPORTING (continued)

Segmental analysis of results	**2008 R000 Revenue**	**2008 R000 Result**	2007 R000 Revenue	2007 R000 Result
Africa	**41,871**	**1,463**	32,376	(2,288)
Jersey	**4,086**	**(35)**	11,160*	1,290*
Luxembourg and other	**–**	**(1,911)**	–	(2,570)
	45,957	**(483)**	43,536	(3,568)
Exchange (losses)/gains		**(906)**		505
Dividends receivable		**336**		393
Interest received		**494**		564
Interest paid		**(273)**		(370)
Loss before tax		**(832)**		(2,476)

Revenue excludes the proceeds of sales of fixed assets. Sales revenue is based on the country in which the order is received. It would not be materially different if based on the country in which the customer is located.

* Includes Accord Tea Services Limited which was disposed of in 2007 – Revenue R3,509,000, Result R1,287,000.

	Assets R000	Liabilities R000	Net assets/ (liabilities) R000	Capital Expenditure R000	Depreciation Charge R000
Segmental analysis of net assets – 30th September 2008					
Africa	**24,643**	**(4,639)**	**20,004**	**829**	**809**
Jersey	**140**	**(1,105)**	**(965)**	**–**	**–**
Luxembourg	**3,956**	**(2,604)**	**1,352**	**–**	**–**
Unallocated *	**8,662**	**(676)**	**7,986**	**–**	**–**
Consolidated total	**37,401**	**(9,024)**	**28,377**	**829**	**809**
Segmental analysis of net assets – 30th September 2007					
Africa	26,070	(8,924)	17,146	2,981	255
United Kingdom and Jersey	134	(974)	(840)	23	61
Luxembourg	6,295	(3,098)	3,197	–	52
Unallocated *	11,008	(510)	10,498	–	–
Consolidated total	43,507	(13,506)	30,001	3,004	368

* Unallocated assets and liabilities are cash balances, taxation and borrowings

Secondary Format

No business segmental information is provided as the Group operations arise from one business sector.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2008

4. OPERATING LOSS & EMPLOYEES

	2008	2007
	R000	R000
Operating loss is stated after deducting		
Depreciation	**809**	368
Independent Auditors' fees of the Company and its subsidiaries		
Audit related	**667**	543
Other	**13**	–
Staff costs		
Salaries and wages	**4,136**	3,771
Social security costs	**5**	13
Pension costs	**–**	22
and after charging/(crediting) for inventories absorbed/(generated)	**2,701**	(3,108)

The key management team of C.P. Jousse, O.H. Marshall and D.J. de Villiers received total remuneration of R1,438,000 (2007 – R1,333,000) in the year.

At the end of the year there were 12 managerial and 42 administration and production employees of the Group, including directors, excluding those of the associates (2007 – 12 managerial and 33 administration and production).

Related party transactions		
Interest paid	**4**	38
Revenue from sales to related parties	**4,473**	–

Interest was paid on monies held on behalf of ZRC Limited, which, through board representation, is classified as a related party. The sales revenue arises from trading with the Marshall Monteagle Holdings S.A. group.

5. EXCEPTIONAL ITEMS

Surplus on disposal of investments	**–**	946
Deficit on sale of tangible non-current assets	**(5)**	(5)
Project costs	**–**	(56)
Release of provision on sale/(provisions for impairment)	**1,500**	(4,954)
Exceptional items	**1,495**	(4,069)

6. TAXATION

	2008	2007
	R000	R000
Capital tax – current year	**77**	46
Corporation tax – current year	**324**	255
Withholding tax	**9**	9
	410	310

Reconciliation of the expected tax charge of Group companies to the actual tax charge is as follows:

Expected tax charge/(credit) at statutory rates	**166**	(674)
Withholding taxes	**9**	9
Capital taxes	**77**	46
Unrelieved losses	**(451)**	1,494
Permanent differences	**609**	(565)
	410	310

The taxation charge of the Group companies includes not only taxes of general application, but also taxes at special rates levied on particular forms of income.

7. LOSS PER SHARE

	2008	2007
Based on the loss attributable to shareholders of the Company and the weighted average number of shares in issue during the year – 2,549,131 (2007 – 1,878,045).	**(65)c**	(159)c
Adjustments for:		
Exceptional items, less taxation	**59c**	(217)c
Headline (loss)/earnings per share are based on the results for the year attributable to shareholders, excluding exceptional items, net of minority interests and tax.	**(124)c**	58c

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2008

8. INTANGIBLE ASSETS

	2008	2007
	R000	R000
Goodwill arising on consolidation		
Balance brought forward	**1,482**	1,501
Arising on disposal	**–**	(19)
Balance carried forward	**1,482**	1,482

9. PROPERTY, PLANT & EQUIPMENT

	Leasehold improvements	Motor Vehicles	Plant, equipment, etc.	**Total**	Total
	R000	R000	R000	**R000**	R000
At cost					
Brought forward at 1st October	509	534	3,819	**4,862**	4,579
Translation difference	–	69	–	**69**	(425)
Additions	40	228	561	**829**	3,004
Disposals	–	(502)	–	**(502)**	(2,296)
Carried forward 30th September	549	329	4,380	**5,258**	4,862
Depreciation					
Brought forward at 1st October	328	112	156	**596**	2,666
Translation difference	–	14	–	**14**	(345)
Charge for the year	51	33	725	**809**	368
Disposals	–	(99)	–	**(99)**	(2,093)
Carried forward 30th September	379	60	881	**1,320**	596
Net book value at 30th September	170	269	3,499	**3,938**	4,266

Rates of depreciation on the straight-line basis:

Leasehold improvements	20.0% – 33.3%
Plant and equipment	6.7% – 33.3%
Motor vehicles	20.0%

10. INVESTMENTS

	Listed Companies R000	Unlisted Associated Companies R000	Other Unlisted Companies R000	**2008 Total R000**	2007 Total R000
Brought forward at 1st October					
Cost	6,181	3,244	311	**9,736**	9,456
Fair value adjustments	(2,402)	–	–	**(2,402)**	(2,255)
Share of accumulated profits	–	3,764	–	**3,764**	2,069
	3,779	7,008	311	**11,098**	9,270
Translation adjustment	759	(37)	62	**784**	(334)
	4,538	6,971	373	**11,882**	8,936
Additions	–	–	–	**–**	311
Fair value adjustment	(1,484)	–	–	**(1,484)**	294
Share of result for the year, net of tax	–	(282)	–	**(282)**	1,579
Translation	–	(52)	–	**(52)**	(22)
Carried forward at 30th September	3,054	6,637	373	**10,064**	11,098
Market value of listed investments at 30th September	3,054			**3,054**	3,779
Directors' valuation of unlisted investments at 30th September		6,637	373	**7,010**	7,319
Analysis of net book value:					
Intertrading Limited				**3,054**	3,779
Grassroots Group (Pty.) Limited				**6,637**	6,571
Other				**373**	748
				10,064	11,098

The following investment is included in the above Group figures.

	Group percentage of equity held **2008**	2007
Equity accounted:		
Unlisted		
Grassroots Group (Pty.) Limited	**30.96%**	30.96%

Incorporated and operating in South Africa
Activity – Aromatic and medicinal plants
Profit for the year to 30th September 2008 R666,000 (2007 – R4,554,000)
Reserves: 30th September 2008 R27,042,000 (2007 – R26,518,000)

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2008

11. INVENTORIES

	2008 R000	2007 R000
Raw materials and consumables	**3,284**	4,033
Finished goods	**2,910**	4,862
	6,194	8,895

12. TRADE AND OTHER ACCOUNTS RECEIVABLE

	2008 R000	2007 R000
Associated companies	**2,875**	1,453
Trade debtors	**3,480**	3,752
Other debtors	**523**	1,458
Taxation recoverable	**75**	15
	6,953	6,678
Prepayments and accrued income	**183**	92
	7,136	6,770

Trade debtors of R2,375,000 are pledged to secure bank overdraft facilities of R952,000.

13. ACCOUNTS PAYABLE

	2008 R000	2007 R000
Amounts falling due within one year:		
Associated companies	**334**	4,582
Bank overdrafts	**46**	188
Trade creditors	**4,848**	5,160
Other creditors	**687**	1,503
Taxation	**446**	242
Accruals	**2,202**	1,706
	8,563	13,381

14. SHARE CAPITAL

		2008 R000	2007 R000
Authorised:			
36,000,000	Shares of US$1.50 – US$54,000,000		
Issued and fully paid:			
2,549,131	Shares of US$1.50	**26,371**	21,819
–	Translation adjustment	**–**	(2,448)
–	2007 – shares issued on exercise of options	**–**	7,000
2,549,131		**26,371**	26,371

ZRC Limited holds 2,823,353 options over Conafex shares exercisable at the average price of Conafex shares on the Luxembourg Stock Exchange for the three business days prior to the exercise date. The grant of these options was approved at the Company's AGM held on 24th February 2006 and, if not exercised, the options expire on 29th February 2016.

Warrants – there are 482,640 warrants in issue. Each warrant gives the holder the right to subscribe in cash for one share of US$1.50 each in Conafex at a price of US$2.41 on each date falling 28 days after the dispatch of the interim report and annual report of the Company for each of the financial periods ending in 2006 to 2009.

15. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of loss before tax to cash utilised by operations

	2008 R000	2007 R000
Loss before tax	**(832)**	(2,476)
Adjustments for items not involving cash flow		
Provisions	**(1,500)**	4,980
Share of associated companies' results	**282**	(1,579)
Income from investments and loans	**(830)**	(957)
Interest paid	**273**	370
Depreciation	**809**	368
(Outflow)/Inflow from operations before working capital changes	**(1,798)**	706
Net increase in working capital (refer to note 15(b))	**(892)**	(534)
Cash (utilised)/generated by operations	**(2,690)**	172

(b) Net decrease/(increase) in working capital

	2008 R000	2007 R000
Decrease/(Increase) in inventories	**2,701**	(3,108)
Decrease in debtors	**1,046**	1,135
(Decrease)/Increase in creditors	**(4,639)**	1,439
	(892)	(534)

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2008

15. NOTES TO CASH FLOW STATEMENT (continued)

(c) Analysis of funds

	2007 R000	Exchange Movement R000	Cash Flow Movement R000	**2008** **R000**
Cash at bank and in hand	10,996	30	(2,439)	**8,587**
Bank overdrafts (note 13)	(188)	–	142	**(46)**
	10,808	30	(2,297)	**8,541**
United States Dollars	4,558	9	(2,865)	**1,702**
Euros	–	–	4,121	**4,121**
South African Rand	798	–	672	**1,470**
Pounds Sterling	5,452	21	(4,225)	**1,248**
	10,808	30	(2,297)	**8,541**

16. CREDIT RISK

Concentrations of credit risk consist principally of accounts receivable and cash at bank. Cash and cash equivalents include all cash balances and highly liquid deposits with maturity of three months or less and are maintained with high quality financial institutions. Surplus cash balances are placed on deposit at market rates. An analysis by currency is set out in Note 15(c).

17. GROUP COMMITMENTS

The Group had no material commitments for authorised capital expenditure contracted (2007 – nil).

18. OPERATING LEASE COMMITMENTS

	2008 **R000**	2007 R000
The Group, as lessee, had the following lease commitments:		
Future operating lease charges for premises and office equipment:		
Payable within one year		
Premises	**1,913**	440
Payable not later than five years		
Premises	**5,643**	849
Total commitments	**7,556**	1,289

At 30th September 2008 the Group, as lessor, had projected future rental income within one year of US$876,000 (2007 – Nil) and within two to five years of US$3,366,000 (2007 – nil) under non-cancellable operating leases.

19. CONTINGENCIES

The Company has given a general deed of suretyship in the form of a deposit of R668,610 for the bank facilities of a subsidiary. The Company has also pledged assets to cover a guarantee for a subsidiary company of R2,500,000 and assurances to a subsidiary in respect of continued financial support amounting to US$43,000. A subsidiary has pledged trade debtors as security for bank overdraft facilities.

20. FINANCIAL RISK MANAGEMENT

Financial instruments

The Report of the Directors provides an explanation of the role that financial instruments have had during the year in creating or changing the risks the Company faces in its activities. The explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving the objectives that have been followed during the year. The Company monitors its performance against these objectives on a continuous basis. Reviews for indications of permanent impairment are carried out at least annually.

The categories of financial instruments used by the Company are:

	2008	2007
	R000	R000
Financial assets		
Available for sale		
Investments	**3,427**	4,090
Loans and receivables		
Trade and other receivables	**7,136**	6,770
Cash at bank	**8,587**	10,996
Financial liabilities		
Trade and other payables – due with one year	**8,517**	13,193
– due after more than one year	**277**	–
Bank overdrafts	**46**	188

Credit risk management

Concentration of credit risk consists principally of accounts receivable and cash at bank. At the year-end the Directors do not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Currency risk

The group currency risk arising on the portion of purchases transacted in foreign currencies is monitored on an ongoing basis with forward cover being arranged for significant transactions.

Interest rate risk profile

Exposure to interest rate risk arises in the normal course of the Group's business and applies mainly to cash deposits and financing. The Group's objective is to achieve the best rates available, adopting a policy of ensuring that its exposure to changes in interest rates on surplus funds is short-term. There were no significant external borrowings during the year.

Fair value of financial instruments

The carrying amounts of the accounts receivable and liabilities reported in the Balance Sheet are their fair values.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2008

21. RESERVES

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	**Description and purpose.**
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Legal reserve	Non-distributable reserve of accumulated statutory transfers from Retained Earnings.
Retained earnings	Cumulative net gains and losses recognised in the Income Statement.

The Company considers its capital to comprise its ordinary share capital and reserves as detailed above. The Company's primary objective in managing its capital is to provide, over the long term, real growth in value for shareholders through a combination of capital growth and, when appropriate, distributions. The Company has no significant borrowings and consequently there is no gearing ratio.

Financial Statements

CONAFEX HOLDINGS SOCIETE ANONYME

INCOME STATEMENT

Year ended 30th September	2008 US$000	2007 US$000
INCOME		
Income from non-current assets	**–**	112
Income from current assets	**47**	92
Loss for the year	**657**	168
	704	372
EXPENSES		
Administration and other charges	**376**	362
Interest payable and similar charges	**14**	10
Exceptional charge – provision against subsidiary	**314**	–
	704	372

BALANCE SHEET

At 30th September	Notes	2008 US$000	2007 US$000
ASSETS			
Non-current assets			
Investments	(c)	**3**	596
Current assets			
Accounts receivable		**2,715**	2,291
Cash and bank balances		**917**	1,295
Loss for the year		**657**	168
		4,292	4,350
LIABILITIES			
Capital and Reserves			
Called-up share capital	(d)	**3,824**	3,824
Share premium account	(e)	**447**	447
Legal reserve	(f)	**91**	91
Retained losses	(g)	**(379)**	(458)
		3,983	3,904
Accounts payable falling due within one year	(h)	**309**	446
		4,292	4,350

The notes on pages 22 to 24 form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30th SEPTEMBER 2008

(a) GENERAL

The Company is incorporated as a société anonyme, with financial holding company status under the Law of 31st July 1929, as amended, in the Grand Duchy of Luxembourg. As permitted by Luxembourg law, the amounts shown in these financial statements are presented in United States Dollars.

(b) ACCOUNTING POLICIES

The significant accounting policies of the Company, which are set out below, comply with Luxembourg law, regulations and generally accepted accounting practices and have been consistently followed.

(i) Fixed Asset Investments

Unquoted investments are stated at cost less amounts written off, where, in the opinion of the Directors, a permanent decline in value has arisen.

(ii) Dividends

Dividends are accounted for when received, other than dividends from subsidiaries, which are accounted for when the directors are confident that the dividend will be paid.

(iii) Foreign Currencies

Foreign exchange losses and gains realised on settlement of foreign currency transactions or on the translation of monetary assets and liabilities at year-end exchange rates are accounted for through the Income Statement.

(c) NON CURRENT ASSETS – INVESTMENTS

	Subsidiaries See (j) below US$000	Listed investment companies US$000	Unlisted Investment US$000	**2008 Total US$000**	2007 Total US$000
Cost brought forward	3	795	45	**843**	833
Fair value adjustments	–	(247)	–	**(247)**	(290)
	3	548	45	**596**	543
Addition at cost	–	–	–	**–**	45
Disposals at cost	–	(795)	(45)	**(840)**	(35)
Fair value adjustments (note (g))	–	247	–	**247**	43
Balance carried forward	**3**	**–**	**–**	3	596

(d) SHARE CAPITAL

		2008 US$000	2007 US$000
Authorised:			
36,000,000 shares of US$1.50		**54,000**	54,000
Issued and fully paid			
2,549,131	shares of US$1.50	**3,824**	2,809
–	2007 – shares issued on exercise of options	**–**	1,015
2,549,131		**3,824**	3,824

ZRC Limited holds 2,823,353 options over Conafex shares exercisable at the average price of Conafex shares on the Luxembourg Stock Exchange for the three business days prior to the exercise date. The grant of these options was approved at the Company's AGM held on 24th February 2006 and, if not exercised, the options expire on 29th February 2016.

Warrants – there are 482,640 warrants in issue. Each warrant gives the holder the right to subscribe in cash for one share of US$1.50 each in Conafex at a price of US$2.41 on each date falling 28 days after the dispatch of the interim report and annual report of the Company for each of the financial periods ending in 2006 to 2009.

(e) SHARE PREMIUM ACCOUNT

	2008	2007
Balance brought forward	**447**	179
Premium arising on shares issued during the year	**–**	268
Balance carried forward	**447**	447

(f) LEGAL RESERVE

	2008	2007
Balance brought forward and carried forward	**91**	91

Luxembourg law requires that appropriations of at least 5% of a company's own annual distributable profit be made to legal reserve until such time as the reserve attains 10% of the issued share capital. Consequently the directors are not required to transfer to legal reserve from the retained loss for the year. Distribution of this reserve is restricted.

(g) RETAINED EARNINGS

	2008	2007
Balance brought forward	**(458)**	139
Loss of the preceding period	**(168)**	(640)
Fair value adjustment (note c)	**247**	43
	(379)	(458)

(h) ACCOUNTS PAYABLE

	2008	2007
Amounts due to group companies	**10**	70
Other	**299**	376
	309	446

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2008

(i) CONTINGENCIES

The Company has given a general deed of suretyship in the form of a deposit of R668,610 for the bank facilities of a subsidiary. The Company has also pledged assets to cover a guarantee for a subsidiary company of R2,500,000 and assurances to a subsidiary in respect of continued financial support amounting to US$43,000.

(j) SUBSIDIARIES

The following companies are the principal active subsidiaries of Conafex Holdings Société Anonyme and have been included in the consolidated financial statements of the Group.

	Principal activities
(i) Incorporated in British Virgin Islands and operating internationally:	
Conafex International Finance Limited	Management services
(ii) Incorporated in Jersey, Channel Islands and operating internationally:	
Conafex Africa Holdings Limited	Investment holding
The following Guernsey company is a 100% subsidiary of Conafex Africa Holdings Limited	
Coffee Roasters International Limited	Coffee roasting
The following South African company is a 100% subsidiary of Conafex Africa Holdings Limited	
Conafex Cape Holdings Limited	Investment holding
The investments in the following South African companies are held by Conafex Cape Holdings Limited	
Cape Natural Tea Products (Pty) Limited – 52.37% interest – subsidiary company	Herbal tea processor
Global Coffee Exports Limited – wholly owned	Importer/distributor

All subsidiaries have year-ends coterminous with that of the Company.

Report of the Directors

FOR THE YEAR ENDED 30th SEPTEMBER 2008

The Directors submit their report and the audited financial statements for the year ended 30th September 2008.

PRINCIPAL ACTIVITIES

The Company is incorporated as a société anonyme in the Grand Duchy of Luxembourg with financial holding company status. Its activities comprise the central management and control of the Group's investments in its operating subsidiaries, associates and other undertakings. The Company's shares are listed on the Luxembourg Stock Exchange and the JSE Limited.

RESULTS

A loss of R1,656,000 was recorded for the year, after exceptional items, tax and minority interests, compared to a loss of R2,979,000 for the previous year. Results for the year include the exceptional items detailed below. The loss per share is 65 SA cents, compared to a loss of 159 SA cents per share in 2007. A detailed review of the Group operations is made in the Chairman's Review.

EXCEPTIONAL ITEMS

Of the exceptional items, R1,500,000 arises from a surplus on disposal of the investment in Simply Cereal. In the previous year, the exceptional item included an impairment provision against the investment and loan notes in Simply Cereal, following its poor performance during that year.

DIVIDEND

The directors are unable to recommend the payment of a dividend for the year ended 30th September 2008 as the Company does not have sufficient reserves.

DIRECTORS

A list of the present Directors of the Company is shown on page 1. Subsequent to the year end, on 10th February 2009, Mr. C.A. Pearson resigned from the Board in order to concentrate on his other business interests. The Board thanks him for his contribution to the Company over the last 10 years. In accordance with the Articles of Incorporation, all of the Directors retire at the forthcoming Annual General Meeting and stand for re-election with the exception of Mr. C.A. Pearson.

The share interests of the Directors, who held office during the year, excluding those arising through Marshall Monteagle Holdings S.A., were as follows.

	30th September 2008		30th September 2007	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
C.P. Jousse (appointed 28th March 2008)	**–**	**67,752***	–	–
C. Barrow	**500,952**	**–**	500,952	–
A. S. Haggie	**91,189†**	**–**	91,189†	–
L.H. Marshall (appointed 28th March 2008)	**–**	**43,535***	–	–
O.H. Marshall (appointed 28th March 2008)	**–**	**43,535***	–	–
C.A. Pearson	**–**	**140,793***	–	140,793*
M. W. Burrell (retired 28th March 2008)			–	–
D. C. Marshall (retired 28th March 2008)			–	44,232*

† These shares are owned by a trust of which Mr. Haggie is a beneficiary.

* These non-beneficial holdings arise because the individuals concerned are directors and/or trustees and/or potential beneficiaries of entities that hold shares in Conafex.

Report of the Directors (continued)

FOR THE YEAR ENDED 30th SEPTEMBER 2008

The remuneration paid to, or receivable by, the directors for the year and the previous year, is as follows:

			2008 R000	2007 R000
C.P. Jousse	Executive	(appointed 28th March 2008)	358	–
C. Barrow	Non-executive		56	27
A. S. Haggie	Executive		56	–
L.H. Marshall	Non-executive	(appointed 28th March 2008)	–	–
O.H. Marshall	Executive	(appointed 28th March 2008)	132	–
C.A. Pearson	Non-executive		56	27
M.W. Burrell		(retired 28th March 2008)	–	36
D.C. Marshall		(retired 28th March 2008)	–	36
Total			658	126

Other than shown above, no other payments or benefits were paid to, or receivable by, the Directors.

SUBSTANTIAL INTERESTS
At the date of this report, the following holdings represented 5% and over of the issued share capital of the Company:

	Shares	%
Marshall Monteagle Holdings S.A.	1,185,021	46.49
Barato Limited	500,952	19.65
Maitland Nominees Limited	333,334	13.08
Fortis Banque S.A. For Clearstream	148,487	5.82

The Company has not been notified of any other shareholdings that exceeded or fell below the thresholds of 10%, 20%, 33.33%, 50% or 66.66% in the capital of the Company, as required by the Luxembourg Stock Exchange.

FINANCIAL INSTRUMENTS
The financial instruments of the Company are its investments, trade and other receivables and payables, and cash. The Company has no significant borrowings at the balance sheet date.

The main risks arising from the Company's financial instruments are interest rate risk, market price risk and liquidity risk. There is limited credit risk as the principal investments are in associated companies or are listed on a recognised stock exchange, registered in the Company's name; detailed procedures are in place for vetting and monitoring trade receivables, and cash and cash equivalents are with independently rated banks. The Board reviews and agrees policies, which have remained unchanged for the year under review, for managing these risks. The policies are summarised below.

Currency Risk – The group currency risk arising on the portion of purchases transacted in foreign currencies is monitored on an ongoing basis with forward cover being arranged for significant transactions.

Interest Rate Risk – The Company finances its operations through a mixture of share capital, share premium, reserves and retained profits. The Company's policy is to keep any of its borrowings at floating rates of interest.

Market Price Risk – The Company is exposed to market risk through the equity investments in other companies. The Company monitors performance continuously. Associated companies are valued in accordance with Note 2(c)). The future values of these investments will fluctuate because of changes in their profitability, interest rates and other market factors.

Liquidity Risk – The Company's policy is that any borrowings should be flexible and available over the medium term. The Company had no significant borrowings during the year or at the balance sheet date.

For further details of the Company's management of its financial instruments, please refer to Note 20 to the financial statements.

INDEPENDENT AUDITORS AND STATUTORY AUDITORS

Our Independent Auditors and Statutory Auditors, International Audit Services S.à r.l., are willing to continue as the Independent Auditors and Statutory Auditors of the Company and a resolution will be proposed at the Annual General Meeting for their re-appointment as such.

SPECIAL BUSINESS

Authority to issue shares – In terms of the Law of 10th August 1915 on commercial companies, as amended, and the Listings Requirements of the JSE Limited, the Board of Directors of the Company proposes to renew the general authority to issue shares for cash as and when suitable situations arise, subject to the limitations as set out in resolution 6 in the Notice of Meeting. At present there are no plans to make any issues of shares, however the Board believes that the renewal of this authority will give it flexibility for any future share issues that may be required.

By Order of the Board,

CITY GROUP P.L.C.
Group Secretaries

20th February 2009

Corporate Governance, Internal Financial Control, Directors' Responsibilities and Going Concern

CORPORATE GOVERNANCE

The Directors have reviewed the Company's compliance with the requirements of the King Report on Corporate Governance, which applies to all companies listed on the JSE Limited.

The Directors have adopted procedures within the context of the Conafex Group and the financial and human resources currently available to the Group.

The Board comprises the Chairman, Mr. C.P. Jousse, and Mr. O.H. Marshall who are executive Directors and Mr. C. Barrow, Mr. A.S. Haggie and Mr L.H. Marshall, who are non-executive Directors. The Audit Committee comprises Mr. C.P. Jousse and Mr. L.H. Marshall, and independent experts are co-opted, and their report on internal financial control is set out below. The Remuneration Committee comprises Mr. Jousse and Mr. L.H. Marshall. Details of the Directors' interests in the Company and of their remuneration are set out in the Report of the Directors.

The Board meets regularly and retains full and effective control over the Group. The nomination of Directors is a matter for the entire Board and there is therefore no nomination committee. Each Director is required to retire every year in accordance with the Articles of Incorporation and Luxembourg law and re-appointment is not automatic.

INTERNAL FINANCIAL CONTROL

The Group's system of internal financial control is established to provide for the safeguarding of the Group's assets, the maintenance of proper accounting records and the reliability of financial information. Such a system of control can provide only reasonable and not absolute assurance against material misstatement or loss. Procedures are established which are designed to provide an effective system of internal financial control including the segregation of duties and management authorisation and review. In addition, the Company safeguards its interests in the Group by appointing directors to the boards of subsidiary and associated companies.

The Audit Committee meets periodically to review accounting, auditing, internal control and related matters of the Group. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of the controls, procedures and systems has occurred during the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation, integrity and objectivity of the financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the respective results for that year. The Directors consider that appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements have been made and accounting standards applicable to the operations of the Company and of the Group have been followed.

The Directors are responsible for maintaining accounting records in accordance with Luxembourg law and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, and detect and prevent fraud and other irregularities.

GOING CONCERN

The accounts have been prepared on the going concern basis since the Directors are satisfied that the parent company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Report of the Independent Auditors

TO THE SHAREHOLDERS OF CONAFEX HOLDINGS SOCIETE ANONYME

Report on the financial statements
Following our appointment at the Annual General Meeting of shareholders held on 28th March 2008, we have audited the accompanying consolidated Financial Statements of Conafex Holdings Société Anonyme which comprise the Consolidated Balance Sheet at 30th September 2008 and the Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement and a summary of significant policies and other explanatory notes.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Independent Auditors
Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Luxembourg *Institut des Réviseurs d'Entreprises*. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the judgement of the Independent Auditors, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Independent Auditors consider internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Without qualifying our opinion in any way, we draw your attention to the fact that the Directors have presented these Financial Statements in South African Rands rather than in United States Dollars. We have reviewed the translations of the current and comparative figures and are satisfied with the presentation.

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of Conafex Holdings Société Anonyme as at 30th September 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The Report of the Directors, which is the responsibility of the Board of Directors, is consistent with the consolidated Financial Statements.

International Audit Services S.à r.l.
Réviseurs d'Entreprises
15-17 avenue Gaston Diderich, L-1420 Luxembourg

K. Horsburgh
Partner

23rd February 2009

Report of the Statutory Auditors

TO THE SHAREHOLDERS OF CONAFEX HOLDINGS SOCIETE ANONYME

Following our appointment by the General Meeting of the Shareholders dated 28th March 2008, we have audited the Financial Statements of Conafex Holdings Société Anonyme for the year ended 30th September 2008 as set out on pages 21 to 24. These Financial Statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the Financial Statements are free from material misstatement. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements, the assessment of the accounting principals used and significant estimates made by management, and the evaluation of the overall Financial Statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements give, in conformity with legal and regulatory requirements in Luxembourg, a true and fair view of the assets, liabilities and financial position of the Company at 30th September 2008 and the results of its operations for the year then ended.

International Audit Services S.à r.l.
Réviseurs d'Entreprises
15-17 avenue Gaston Diderich, L-1420 Luxembourg

K. Horsburgh
Partner

23rd February 2009

Notice of Annual General Meeting

CONAFEX HOLDINGS SOCIETE ANONYME

R.C. Luxembourg No. B 17789

NOTICE is hereby given that the twenty-seventh ANNUAL GENERAL MEETING of Conafex Holdings Société Anonyme will be held at the offices of Maitland Luxembourg S.A., 58 rue Charles Martel, L-2134 Luxembourg on Friday 27th March 2009 at 3.30 p.m. for the following purposes:

1. To receive and adopt the reports of the Directors, Independent Auditors and Statutory Auditors for the year ended 30th September 2008.
2. To receive and adopt the Balance Sheet of the Company at 30th September 2008 and the Income Statement for the year ended on that date.
3. To receive and adopt the Consolidated Balance Sheet of the Group at 30th September 2008 and the Consolidated Income Statement for the year ended on that date.
4. To grant discharge to the Directors, Independent Auditors and Statutory Auditors in respect of the execution of their mandates to 27th March 2009.
5. To receive and act on the statutory nomination of the Directors, Independent Auditors and Statutory Auditors for a new term of one year ending at the next Annual General Meeting to be held in 2010.

SPECIAL BUSINESS

6. To give, in terms of the Law of 10th August 1915 on commercial companies, as amended, and the Listings Requirements of the JSE Limited, the Board of Directors of the Company general authority to issue ordinary shares of US$1.50 each for cash as and when suitable situations arise, subject to the following limitations:
   – that this authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting and is renewable at the next annual general meeting;
   – that issues in the aggregate in any one year may not exceed 10% of the number of shares of that class of the Company's issued share capital, including instruments which are compulsorily convertible into shares of that class, provided further that such issues shall not in aggregate in any three-year period exceed 15% of the Company's issued share capital of that class, including instruments which are compulsorily convertible into shares of that class; and
   – that in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the shares in question, as determined over the 30 days prior to the date that the price of the issue is determined or agreed by the directors.

By order of the Board,
CITY GROUP P.L.C.
Group Secretaries

58 rue Charles Martel,
Luxembourg.

20th February 2009

Notes:

1. **A proxy form is enclosed with this document. You are requested to complete and return the form whether or not you intend to attend the Annual General Meeting.**
2. In terms of Article 24.4 of the Company's Articles of Incorporation, a shareholder may appoint a proxy who need not be a shareholder of the Company. Any company being a shareholder of the Company may execute a form of proxy under the hand of a duly authorised officer.
3. To be effective, the form of proxy, duly completed, must arrive at the registered office of the Company not less than forty-eight hours before the time fixed for the meeting. Proxies sent to the office of a transfer agent for forwarding to the Company at shareholders' risk must be received by the transfer agent not less than seven days before the meeting.

CHANGE OF ADDRESS

Shareholders are requested to advise the European transfer agents, Capita Registrars, or the South African transfer agents, Computershare Investor Services (Pty.) Limited, whose addresses can be found on page 2 of this report, of any change of address.

CONAFEX

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