

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

1. If you are in any doubt about the action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.
 2. If you have disposed of or otherwise transferred all of your ordinary shares in Conafex Holdings Société Anonyme (“Conafex”), please forward this circular, together with the accompanying notice convening an Extraordinary General Meeting of shareholders and a form of proxy to the purchaser or transferee of such ordinary shares or to the stockbroker banker or other agent through whom the disposal or transfer was effected.
 3. Certificated and dematerialised shareholders in South Africa with own-name registration who are unable to attend the Extraordinary General Meeting of shareholders of Conafex to be held at 10.00 a.m. on Thursday 7th August 2003, at the registered offices of Conafex and who wish to be represented thereat, should complete the attached form of proxy in accordance with the instructions contained therein.
 4. Dematerialised shareholders in South Africa, other than those shareholders with own-name registration who wish to attend the Extraordinary General Meeting or vote by way of proxy must contact their Central Securities Depository Participant (“CSDP”) or broker with the necessary instructions for attending or voting at the Extraordinary General Meeting in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by their CSDP or broker for instructions of this nature.
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Conafex Holdings Société Anonyme

(Incorporated in Luxembourg - RC Luxembourg No. B 17789)

(“Conafex” or “the Company”)

JSE CODE: CNX ISIN: LU0011857306

Circular to shareholders of Conafex relating to:

- **the sale of Barato Holdings Limited; and**
 - **notice of an Extraordinary General Meeting to approve the disposal**
- and incorporating the interim results for Conafex for the six months to 31st March 2003,**

JSE dispensation

As a result of Conafex having their primary listing on the LuxSE and their secondary listing on the JSE, the JSE have granted certain dispensations in terms of the secondary listing with regard to the Listings Requirements.

Date of issue: 15th July 2003

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Corporate information

Directors

M.W. Burrell (Chairman)
C. Barrow
D.C. Marshall
W.H. Marshall
The Hon. C.A. Pearson

Chief Executive

C.P. Jousse

Group Secretaries

City Group P.L.C.
25 City Road,
London, EC1Y 1BQ, U.K.

Group Offices

Luxembourg (Registered Office)

6 rue Adolphe Fischer,
L-1520 Luxembourg
(P.O. Box 1361, L-1013 Luxembourg)
Tel: +352 4025051

South Africa

11 Sunbury Park,
La Lucia 4051, Durban
(P.O. Box 4126, The Square, Umhlanga 4320)
Tel: +27 31 566 7600

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215 Fife Avenue/10th Street,
Harare (P.O. Box 2733, Harare)
Tel: +263 4 704949

United Kingdom

25 City Road,
London, EC1Y 1BQ
Tel: +44 20 7448 8950

Registrars

Maitland Management Services S.A.
6 rue Adolphe Fischer,
L-1520, Luxembourg
(P.O. Box 1361, L-1013 Luxembourg)

Listing and Paying Agents

Dexia-Banque Internationale à Luxembourg
69 route d'Esch,
L-1470, Luxembourg

Transfer Agents

Europe

Northern Registrars Limited
Northern House, Woodsome Park,
Fenay Bridge, Huddersfield, HD8 0LA
United Kingdom
Tel: +44 1484 600901

South Africa

Computershare Limited
70 Marshall Street,
Johannesburg 2001
(P.O. Box 61051, Marshalltown 2107)
Tel: +27 11 370 7700

Principal Bankers

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

Auditors and Commissaire

AGN Horsburgh & Co
Registered Auditors
15-17 avenue Gaston Diderich
L-1420, Luxembourg

South African Sponsor on the JSE

The Janus Corporation (Pty) Ltd
Ground Floor, West Wing
25 Wellington Road
Parktown, Johannesburg 2093
Tel: +27 11 484 6220

Definitions

In this circular, unless the context indicates otherwise, the following expressions bear the meanings assigned to them below:

“Ariston”	Ariston Holdings Limited, a company incorporated in Zimbabwe (registered number 104/47) and listed on the Zimbabwe Stock Exchange;
“Barato”	Barato Limited, a company incorporated in Jersey (registered number 71809), owned by Mr. C. Barrow, a Director of Conafex, and his family, and which has a 25.50% interest in Conafex;
“Blantyre”	Blantyre Assets Limited, a company incorporated in the British Virgin Islands (registration number 425516);
“BHL”	Barato Holdings Limited, a wholly owned subsidiary of Conafex and incorporated on 2nd July 1996 in Jersey (registered number 65643) as an investment holding company with their registered office at Langtry House, 40 La Motte Street, St. Helier, Jersey, JE4 8QR.
“the Board”	The Board of Directors of Conafex Holdings Société Anonyme
“Conafex” or “the Company”	Conafex Holdings Société Anonyme, a company incorporated on 12th September 1980 in Luxembourg with financial holding company status (RC Luxembourg No. B 17789), registered as an external company in South Africa (registration number. 1984/008591/10) and listed on the LuxSE and the JSE;
“the Directors”	the Directors of Conafex as listed on page 2 of this circular;
“the Group”	Conafex and its subsidiaries;
“the JSE”	the JSE Securities Exchange South Africa;
“the LuxSE”	the Luxembourg Stock Exchange;
“Monteagle”	Monteagle Holdings Société Anonyme, a company incorporated in Luxembourg with financial holding company status (RC Luxembourg No. B 19600), registered as an external company in South Africa (registration number. 1982/008014/10) and listed on the LuxSE, the London Stock Exchange and the JSE, and which has a 60.42% interest in Conafex.;
“South Africa”	the Republic of South Africa;
“Zimcor”	Zimcor Limited, a company incorporated in Zimbabwe (registration number 20/1964), which is a wholly owned subsidiary of Conafex.



Conafex Holdings Société Anonyme

(Registered in Luxembourg R.C. No. B17789)

(Republic of South Africa Reg. No. 1984/008591/10)

Circular to shareholders

Notice of Extraordinary General Meeting

On Monday 19th May 2003, the Conafex board announced that it had completed the sale of its wholly owned subsidiary, BHL to Blantyre for a consideration of US\$2,972,927. The rules of the JSE require that the Directors produce this circular and convene an Extraordinary General Meeting of the Company in order to obtain your retrospective consent for the sale.

An Extraordinary General Meeting of Conafex shareholders will be held at 10.00 a.m. on Thursday 7th August 2003 at the office of Maitland Management Services S.A. to consider and approve the resolution necessary to approve the sale of BHL.

A notice convening the Extraordinary General Meeting and a form of proxy for use by certificated and own-name registered dematerialised Conafex shareholders who are unable to attend the meeting are included herewith and form part of this circular. Duly completed forms of proxy must be received at the registered office of Conafex by 10.00 a.m. on Tuesday, 5th August 2003 or by the transfer agents, at the addresses shown on page 2, by 10.00 a.m. on Thursday, 31st July 2003.

Dematerialised shareholders in South Africa, other than those shareholders with own-name registration who wish to attend the Extraordinary General Meeting or vote by way of proxy must contact their Central Securities Depository Participant ("CSDP") or broker with the necessary instructions for attending or voting at the Extraordinary General Meeting in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by their CSDP or broker for instructions of this nature.

Directors' opinion and recommendation and Shareholders' undertaking

The Directors are of the opinion that the value obtained for BHL was fair and reasonable and that the sale and the generation of U.S. dollar sale proceeds will be beneficial to the Company and its shareholders. Accordingly, your Directors unanimously recommend that Conafex shareholders vote in favour of the sale and state that they intend to vote all shares that they own in favour of the disposal.

Monteagle and Barato have given undertakings to vote in favour of the resolution in respect of their holdings of 3,275,033 and 1,381,948 shares respectively representing 85.9% of the issued share capital of the Company.

Interim Results

On 27th June 2003 the Company announced its interim results for the six months to 31st March 2003. The Directors are pleased to include a copy of the Company's unaudited interim results in this circular on pages 13 to 16.

Yours faithfully

On behalf of the Board
City Group P.L.C.
Group Secretaries

15th July 2003

Sale of Barato Holdings Limited

Shareholders will be aware that the majority of the Group's earnings are derived from operations in Zimbabwe and that it has been the stated intention of Conafex to diversify its risk and dependence on Zimbabwe through a regional spread of investments.

Conafex's interests in Zimbabwe comprise its subsidiary, Zimcor, a general farming and investment holding company, and a 29.44% interest in Ariston (68,497,678 shares). The Ariston holding was made up of 26,396,800 shares held by Zimcor, 41,721,208 shares held by BHL and 379,670 shares owned directly by the Company.

Ariston is a horticultural company listed in Zimbabwe and operating entirely in Zimbabwe, where it has a number of estates, and comprises a large part of Conafex's operations. The principal products produced by Ariston include coffee, flowers, fruit, macadamia nuts and tea. Although the current environment in Zimbabwe has adversely affected many agricultural businesses, the Group's operations have been relatively unaffected and satisfactory results have been recorded in Zimbabwe dollar terms.

In view of the uncertain economic and political environment in Zimbabwe, the Company's policy is not to consolidate earnings and only account for dividends remitted to and received in Luxembourg from its operating subsidiaries and associates in Zimbabwe. In recent years the flow of dividend income from Zimbabwe has fallen significantly due to cash constraints caused by hyper-inflation, the shortage of foreign currency and regulation by the Zimbabwe authorities. Recent exchange control regulations prioritise the use of foreign currency and as such, it is unlikely that Conafex will receive dividends from its businesses in Zimbabwe for the foreseeable future.

In view of the above mentioned factors, and following an approach made by Blantyre, the Board decided to sell its entire shareholding in BHL and in so doing reduce its dependence on Zimbabwe. BHL was a wholly owned subsidiary whose sole asset was the holding of 41,721,208 shares in Ariston registered in BHL's name.

In terms of the sale agreement, Blantyre has a right of first refusal to acquire Zimcor's effective holding in Ariston on terms no less favourable than those offered to Blantyre at that time.

Conafex has given the following warranties as at the effective date:

- (a) The total issued share capital of BHL is 1,000 ordinary shares of £1.00 each;
- (b) BHL is the registered holder of 41,721,208 ordinary shares in Ariston;
- (c) There are no arrangements to alter the share capital of BHL;
- (d) BHL complies with the laws of Jersey;
- (e) BHL's sole asset is its shareholding in Ariston;
- (f) BHL has no liabilities, contingent or otherwise;
- (g) BHL is not party to any litigation;
- (h) BHL has no employees; and
- (i) BHL has no dividends outstanding.

After the transaction, Conafex retains a direct holding of 379,670 ordinary shares in Ariston.

In accordance with the terms of the JSE Listings Requirements, this transaction requires a circular to shareholders to obtain their prior approval for the sale. However, the Directors considered that due to the nature of the transaction and commercial sensitivities, any prior publicity may have had an adverse impact on the transaction. Nevertheless, before entering into the transaction the Company obtained the approval of the two principal shareholders, Monteagle and Barato, who between them own 85.9% of the issued share capital of Conafex.

The benefits of this transaction are substantial in that an investment which was not expected to produce any income in hard currency terms has been sold and the proceeds received in cash in US dollars in Luxembourg. Dividends received in relation to the Ariston shares disposed of during the period ended 30th September 2002 amounted to 1.81 US cents per Conafex share. These were dividends declared by Ariston for the year ended 30th September 2001. The book value at 30th September 2002 of the shares in BHL was US\$1,796,336 and the profit for the Company on this transaction is US\$1,176,610. Given the uncertainty in Zimbabwe and recent changes to exchange control regulations, the Board considers that it was prudent and beneficial for the Company to take advantage of this opportunity.

The earnings attributable to the shares disposed of have historically been included as dividends received. The table below shows the estimated historic financial effects per Conafex share. Shareholders are reminded that “recent exchange control regulations prioritise the use of foreign currency and as such it is unlikely that Conafex will receive dividends from its businesses in Zimbabwe for the foreseeable future”.

Accordingly your Directors believe that the effect of this transaction on future earnings will be beneficial. The figures in the table are based on the following assumptions about the historic situation:

- 5,420,152 Conafex shares of US\$1.50 each in issue following the consolidation in March 2003.
- The transaction had been concluded with effect from 1st October 2001 in respect of the earnings and headline earnings per share calculations and on 30th September 2002 in respect of net tangible and net asset value per share calculations; and
- No reinvestment return for the proceeds during the period to 30th September 2002.

<i>Item</i>	<i>Before the disposal (at 30th September 2002) US cents</i>	<i>After the disposal US cents</i>	<i>Change</i>	<i>% change</i>
Net tangible and net asset values	203.30	225.01	21.71	10.68
Earnings	(106.16)	(86.28)	19.88	18.72
Headline earnings	2.19	0.36	(1.83)	(83.56)

The Group continues to seek acquisition opportunities and there are a number of interesting prospects being considered. In recent years the Company has acquired a number of interests outside Zimbabwe, as listed below, and it is expected that the funds generated by the sale of BHL will be used to continue this strategy:

25th March 2001	40% interest in Cape Natural Tea Products (Pty.) Limited - a company based in Cape Town, South Africa which processes and markets rooibos, honeybush and other herbal teas;
20th September 2001	40% interest in Accord Services Limited - a niche, premium quality tea packing company based in the United Kingdom supplying over 80 different teas and unique packaging solutions to a range of exclusive clients in Europe. Subsequently, on 31st December 2002, the holding was increased to 52%;
14th November 2002	25% interest in Rose Blooms Zambia Limited - a producer of cut flowers operating close to Lusaka, Zambia.

General information

Summary financial information on BHL

The unaudited results of BHL for the three years ended 30th September 2002 are set out below:

INCOME AND EXPENDITURE ACCOUNT

Year ended 30th September

	Notes	2002 US\$	2001 US\$	2000 US\$
Income				
Investment Income	1	–	226,811	78,673
Deposit interest		–	210	457
		–	227,021	79,130
Management Expenses				
Directors' remuneration		–	1,102	1,109
Secretarial, administration and accountancy fees		–	1,837	2,292
Sundry expenses		5,487	194	204
Exchange		–	882	–
Exempt company fee	2	945	1,509	887
Taxation on dividends		–	34,021	11,801
		6,432	39,545	16,293
Surplus of (Expenditure)/Income		(6,432)	187,476	62,837
Dividend		(154,594)	(31,593)	(75,399)
(Deficit)/Surplus carried to Reserves	5	(161,026)	155,883	(12,562)

BALANCE SHEET

At 30th September

	Notes	2002 US\$	2001 US\$	2000 US\$
Fixed Asset				
Unquoted investment	3	4,997,000	4,997,000	4,997,000
Current Assets				
Accrued income		–	–	8,482
Dividend receivable		–	161,196	66,872
Cash at bank		–	2,528	6,814
		–	163,724	82,168
Creditors: amounts due within one year				
Due to Parent		–	1,522	75,399
Creditors and accrued expenses		–	1,176	1,626
		–	2,698	77,025
Net Current Assets		–	161,026	5,143
		4,997,000	5,158,026	5,002,143
Capital and Reserves				
Share Capital	4	1,647	1,647	1,647
Share premium account		4,838,736	4,838,736	4,838,736
Reserves	5	156,617	317,643	161,760
Shareholders' Funds	6	4,997,000	5,158,026	5,002,143

NOTES TO THE ACCOUNTS

1. Principal accounting policies

These accounts have been prepared in accordance with generally accepted accounting practice in accordance with local Jersey law on a basis consistent with the accounting policies applied in the previous year, except with regard to the recognition of dividend income where dividend income is now recognised when received as opposed to being recognised on the accrual system in previous years.

Dividend Income

Dividend income from listed investments is included in the accounts in the year for which it is declared, to the extent that it is received. Overseas income is accounted for net of collection charges and overseas tax deducted at source.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Gains and losses on exchange are transferred to the Income and Expenditure Account.

Investments

Investments are stated at cost unless there is a provision for permanent diminution in value which would be provided for through the Income and Expenditure Account.

2. Taxation

The Company is an Exempt Company within the meaning of the Income Tax (Jersey) Law 1961 as amended and its total liability is limited to an annual fee of £600.

3. Quoted Investment

	2002		2001		2000	
	<i>Cost</i>	<i>Market value</i>	<i>Cost</i>	<i>Market value</i>	<i>Cost</i>	<i>Market value</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Ariston Holdings Limited						
41,721,208 ordinary shares of Z\$0.50 each	<u>4,997,000</u>	<u>1,796,330</u>	<u>4,997,000</u>	<u>7,016,748</u>	<u>4,997,000</u>	<u>4,721,986</u>

BHL owns 17.93% of Ariston's issued share capital.

The market value of the Ariston shares is based on a price of Z\$31.00 converted at Z\$720:US\$1 (2001: Z\$9.25 converted at Z\$55:US\$1; 2000 : Z\$6.00 converted at Z\$55:US\$1). The company is quoted on the Zimbabwean Stock Exchange.

4. Share capital

	2002 US\$	2001 US\$	2000 US\$
Authorised 1,000 shares of £1 each	1,647,466	1,647,466	1,647,466
Issued and fully paid 1,000 shares of £1 each	1,647	1,647	1,647

5. Reserves

	Exchange Reserve US\$	Income and Expenditure Account US\$	Total US\$
At 1st October 1999	169,665	4,657	174,322
Deficit for the year	–	(12,562)	(12,562)
At 30th September 2000	169,665	(7,905)	161,760
At 1st October 2000	169,665	(7,905)	161,760
Surplus for the year	–	155,883	155,883
At 30th September 2001	169,665	147,978	317,643
At 1st October 2001	169,665	147,978	317,643
Transfer	(169,665)	169,665	–
Deficit for the year	–	(161,026)	(161,026)
At 30th September 2002	–	156,617	156,617

6. Reconciliation of shareholders' funds

	2002 US\$	2001 US\$	2000 US\$
(Deficit)/Surplus for the year	(6,432)	187,476	62,837
Opening shareholders' funds	5,158,026	5,002,143	5,014,705
Dividend paid	5,151,594 (154,594)	5,189,619 (31,593)	5,077,542 (75,399)
Closing shareholders' funds	4,997,000	5,158,026	5,002,143

7. Share premium

	2002 US\$	2001 US\$	2000 US\$
1,000 shares issued at a premium of US\$4,838.736 per share, paid at the date of issue	4,838,736	4,838,736	4,838,736

Goodwill

No goodwill arises in Conafex as a result of this transaction. There is no other goodwill in the records of the Company.

Indebtedness

At 11th July 2003, the latest practical date before the posting of this circular, Zimcor had an outstanding 180 day bill for Z\$100,000,000 at 15% p.a. maturing on 14th July 2003, issued by Barclays Bank of Zimbabwe Limited under the Reserve Bank of Zimbabwe productive sector finance facility.

The facility is unsecured, with no renewal terms or conversion rights and repayable out of operating cashflow. Zimcor expects the bill to mature on 14th July 2003 and that it will not be renewed.

There are no other material items of indebtedness in Conafex or BHL.

Major Shareholders

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

	<i>Shares</i>	<i>%</i>
Monteagle Holdings S.A.	3,275,033	60.4
Barato Limited	1,381,948	25.5

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 Luxembourg law or of over 5% as required by the JSE.

Directors' interests

The share interests of the Directors who held office as at 30th September 2002 and at 11th July 2003, the latest practical date before the posting of this circular, including those arising through Monteagle were as follows.

	<i>11th July 2003</i>		<i>30th September 2002 §</i>	
	<i>Beneficial</i>	<i>Non- beneficial</i>	<i>Beneficial</i>	<i>Non- beneficial</i>
M.W. Burrell	—	—	—	—
C. Barrow	1,381,948	—	1,381,948	—
D.C. Marshall	663,880	1,327,761 *	663,880	1,327,761 *
W.H. Marshall	—	—	—	—
C.A. Pearson	—	—	178,409	—

§ The comparative figures for September 2002 have been restated for the share consolidation mentioned below.

* This non-beneficial holding arises, wholly or partly, because the individual concerned is also a director or trustee of entities that hold shares in Conafex. Mr D.C. Marshall is also a director of Monteagle Holdings S.A.

On 22nd November 2002, The Honourable C.A. Pearson acquired a further 178,409 shares by way of a gift from his wife, increasing his holding to 356,818 shares. Subsequently, on 11th February 2003, he sold the entire holding to a trust established for his children. (Share holdings adjusted for consolidation).

Directors' interests (continued)

With effect from 28th March 2003, the share capital of the Company was consolidated on the basis that shareholders received 1 new share with a par value of US\$1.50 each for every 2.11875 shares of no par value previously held. The interests disclosed above have been reduced as a result of the share consolidation. Otherwise, there were no changes in Directors' interests between 30th September 2002 and the date of this circular.

None of the Directors had any direct or indirect interest in the transactions of the Company during the current or immediately preceding financial year, or during an earlier year and which remain in any respect outstanding or unperformed other than in respect of their share interests in the Company as disclosed in the table above.

Share capital

The authorised and issued share capital of Conafex is:

Authorised - 24,000,000 ordinary shares of US\$1.50 each	US\$36,000,000
Issued - 5,420,152 ordinary shares of US\$1.50 each	US\$8,130,228

Conafex have their primary listing on the Luxembourg Exchange and a secondary listing on the JSE. Other than as advised in the table above, the Company has no other class of shares authorised.

Litigation

There are no legal or arbitration proceedings which may have or during the 12 months preceding this circular have had a material effect on the financial position of Conafex, the Group or BHL. Neither Conafex nor its subsidiaries are aware that any such proceedings are pending or threatened.

Working capital

The Directors are of the opinion that the Group has sufficient working capital available for its current and foreseeable future requirements.

Material changes

Other than in respect of the sale of BHL, the Directors report that since the date of the interim report for the six months ended 31st March 2003, there have been no material changes in the financial and trading position, assets or liabilities of Conafex and/or its subsidiaries, including BHL.

Change in control

There has been no change in the history of the controlling shareholders and trading objects of Conafex and its subsidiaries during the previous five years.

Material and significant contracts

No Group company has entered into any material or significant contracts other than in the ordinary course of business within two years prior to the date of this circular other than the agreement for the disposal of BHL which is the subject matter of this circular.

Director's service contract

None of the directors of the Company have a service contract.

Group Prospects Statement

The Directors are of the opinion that this transaction has considerably benefited the Group by substantially increasing the Company's cash balances in Luxembourg. The Company will be able to use these funds to look for opportunities to acquire new investments or increase existing investments, and so enhance its position as a specialised horticultural and agricultural company. It is envisaged that any such investments will be made in countries where there are no restrictions on the free remittance of dividends to Luxembourg.

Your attention is also drawn to the paragraph on prospects in the interim statement on page 13 of this circular.

Prospects on Ariston

Ariston is a horticultural company listed in Zimbabwe and operating entirely in Zimbabwe, where it has a number of estates, and comprises a large part of Conafex's operations. The principal products produced by Ariston include coffee, flowers, fruit, macadamia nuts and tea. In recent years the flow of dividend income from Zimbabwe has fallen significantly due to cash constraints caused by hyper-inflation, the shortage of foreign currency and regulation by the Zimbabwe authorities. Recent exchange control regulations prioritise the use of foreign currency and as such, it is unlikely that Conafex will receive dividends from its businesses in Zimbabwe for the foreseeable future.

In view of the uncertain economic and political environment in Zimbabwe, the prospects for Ariston are uncertain.

Directors' responsibility statement

The directors, whose names are given on page 2 of this document, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts.

Advisers consent

The Janus Corporation (Pty) Ltd, the South African JSE Sponsor and Computershare Limited, the South African transfer agent to Conafex, have not withdrawn their written consent to act as Sponsor and transfer agent respectively to Conafex on the sale prior to the posting of this circular

Documents available for inspection

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of the Company at 6 rue Adolphe Fischer, L-1520, Luxembourg, the office of the Group Secretaries, City Group P.L.C., 25 City Road, London, EC1Y 1BQ, U.K. and at the offices of Monteagle Merchant Group Limited 11 Sunbury Park, La Lucia Ridge Office Estate, La Lucia 4051, Durban:

- (a) the Articles of Incorporation of the Company;
- (b) a copy of the agreement between the Company and Blantyre;
- (c) audited annual financial statements of the Company for each of the preceding three years; and
- (d) BHL's unaudited financial statements for the previous three years.



Conafex Holdings Société Anonyme

(Incorporated in Luxembourg R.C. No. B17789)

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

27th June 2003

Dear Shareholder,

Results for the six months ended 31st March 2003

Profile

Conafex is a pan-African agri-resource group listed on the Luxembourg and Johannesburg stock exchanges and focused on horticulture, niche and value added agriculture.

Financial

The major portion of the Group's operations are located in Zimbabwe and as there is a lack of clarity in respect of exchange rates pertaining there, your Directors have deemed it prudent not to consolidate earnings derived from Zimbabwe. As such the financial results include only United States dollar receipts. This accounting treatment is consistent with the audited results in 2002 financial statements. Prior year comparatives have been restated on the same basis. Earnings from operations located in other countries are consolidated in the normal manner.

A loss of US\$209,000 was incurred before tax and exceptional items and profits were US\$853,000 after tax and exceptional items for the six-month period ending 31st March.

An exceptional profit of US\$1,177,000 arises on the disposal for cash of a wholly owned subsidiary, Barato Holdings Limited, which in turn owned some 18% of Ariston Holdings Limited, a company listed on the Zimbabwe Stock Exchange. Total cash received from the sale was US\$2.97m.

Operations

Rainfall distribution on the Group's agricultural operations in Zimbabwe was poor but increased commodity prices will compensate for the lower volumes. All enterprises operated relatively normally despite periodic shortages of essential inputs.

Cape Natural Tea Products, a herbal tea processor based in Cape Town experienced a poor six months due to the strengthening South African Rand. A high proportion of its turnover is generated from exports to Europe and Japan. The cost of raw materials remains high in the face of unprecedented demand and competition for South African herbal teas.

Accord Services, which provides unique premium quality tea packaging solutions in the United Kingdom, suffered from the uncertain economic climate in Europe exacerbated by the uncertainties in the Gulf region and the resulting decline in tourism. Trading patterns are expected to return to normal in the second half of the year.

It is too early to judge the recent investment in Rose Blooms Zambia Limited but the rehabilitation programme is on target and prospects in the Zambian horticultural sector appear promising.

Prospects

Conafex continues to seek investment opportunities and funds generated from the recent disposal of Barato will be deployed within this strategy.

Dividend

Your Directors do not propose to pay a dividend at the interim stage but it is anticipated that a final dividend will be recommended.

M W BURRELL

Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	<i>Half years ended</i>		<i>Year ended</i>
		<i>31st March</i>		<i>30th</i>
		2003	2002	2002
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
		<i>Restated</i>		
		<i>US\$000</i>	<i>US\$000</i>	<i>US\$000</i>
Group Revenue, including share of associates		412*	263	614
Less revenue of associates		(214)	(248)	(422)
Revenue		198	15	192
Operating costs		(385)	(233)	(473)
Operating loss		(187)	(218)	(281)
Share of associated companies results	2	(22)	16	38
Income from investments in Zimbabwean subsidiary-dividend		–	–	293
Income from investment in Zimbabwean associates- dividend		–	141	191
Interest receivable		1	2	4
Interest paid and similar charges		(1)	(1)	(8)
(Loss)/Profit on ordinary activities before exceptional items and tax		(209)§	(60)	237
Exceptional items	3	1,073	(6,717)	(5,873)
Profit/(Loss) before tax		864	(6,777)	(5,636)
Taxation on ordinary activities		(11)	(48)	(118)
Profit/(Loss) after tax		853	(6,825)	(5,754)
Minority interests		–	–	–
Profit/(Loss) attributable to shareholders		853	(6,825)	(5,754)
Dividend per share (US cents)		–	–	–
Earnings/(Loss) per share (US cents)	4	15.7c	(125.9)c	(106.2)c
Headline (loss)/earnings per share (US cents)	4	(4.1)c	(2.0)c	2.2c
Reconciliation of headline earnings per share				
Basic earnings/(loss) per share (US cents)		15.7c	(125.9)c	(106.2)c
Less exceptional items, net of tax and minority interests (US cents)		(19.8)c	123.9c	108.4c
Headline (loss)/earnings per share (US cents)		(4.1)c	(2.0)c	2.2c

* Group revenue for 2003 comprises US\$255,000 relating to continuing activities and US\$157,000 relating to acquisitions in the year.

§ Loss before exceptional items and tax for 2003 comprises a loss of US\$208,000 from continuing activities and a loss of US\$1,000 relating to acquisitions in the year.

STATEMENT OF CHANGES IN EQUITY

	<i>Half years ended</i>		<i>Year ended</i>
	<i>31st March</i>		<i>30th</i>
	2003	<i>2002</i>	<i>2002</i>
Unaudited	<i>Unaudited</i>	<i>Audited</i>	
	US\$000	<i>US\$000</i>	<i>US\$000</i>
Exchange differences on translation of the financial statements of foreign entities	39	126	(8)
Net gain/(loss) not recognised in the income statement	39	126	(8)
Net profit/(loss) for the period	853	(6,825)	(5,754)
Total recognised profits/(losses) and change in shareholders' funds	892	(6,699)	(5,761)
Shareholders' funds at start of period	11,020	16,781	16,781
Shareholders' funds at end of period	11,912	10,082	11,020

CONSOLIDATED GROUP BALANCE SHEET

	<i>Notes</i>	<i>31st March</i>		<i>30th</i>
		2003		<i>2002</i>
		Unaudited	<i>Unaudited</i>	<i>Audited</i>
		US\$000	<i>US\$000</i>	<i>US\$000</i>
Fixed assets				
Tangible fixed assets		54	–	–
Investments	2	11,781	9,928	10,783
		11,835	9,928	10,783
Current assets				
Inventories		135	–	–
Debtors		117	419	126
Cash		402	280	643
		654	699	769
Current liabilities				
Creditors (falling due within one year)		(344)	(445)	(433)
Net current assets		310	254	336
Total assets less current liabilities		12,145	10,182	11,119
Creditors (falling due after more than one year)		(100)	(100)	(100)
Provisions for liabilities and charges				
Deferred taxation		(2)	–	–
		12,043	10,082	11,019
Capital and reserves				
Share capital	5	8,130	16,743	16,743
Special reserve	5	2,573	–	–
Other reserves		36	36	36
Retained earnings	5	1,173	(6,697)	(5,760)
Assets attributable to shareholders		11,912	10,082	11,019
Minority interests		131	–	–
		12,043	10,082	11,019

CONSOLIDATED CASH FLOW STATEMENT

	<i>Half years ended</i> <i>31st March</i>		<i>Year ended</i> <i>30th</i> <i>September</i>
	2003	2002	2002
	Unaudited	<i>Unaudited</i>	<i>Audited</i>
	US\$000	<i>US\$000</i>	<i>US\$000</i>
		<i>Restated</i>	
Operating activities			
Cash utilised in operations	(214)	(376)	(287)
Interest paid	(7)	(1)	(8)
Taxation paid	(7)	(41)	(109)
Net cash outflow from operating activities	(228)	(418)	(404)
Investment activities			
Net proceeds on disposal of tangible assets	32	–	–
Purchase of investments	(30)	–	–
Acquisition of subsidiary	(16)	–	–
Disposal of investments	–	–	2
Dividend received from Zimbabwean subsidiary	–	–	293
Interest received and other investment income	1	2	4
Dividends received from associates	–	141	191
Net cash (outflow)/inflow from investment activities	(13)	143	490
Net cash (outflow)/inflow before financing	(241)	(275)	86
Net (decrease)/increase in funds	(241)	(275)	86
Net funds at start of period	643	555	555
Effect of foreign exchange rate changes	–	–	2
Net funds at end of period	402	280	643

NOTES

- The results and the cash flow statement for the half year ended 31st March 2003 and the balance sheet as at that date, which are unaudited, have been prepared on the basis of accounting policies adopted for the year to 30th September 2002, and comply with International Accounting Standards in all respects, and with Luxembourg legal requirements. The Group changed its accounting policy at 30th September 2002 and the results of Zimbabwean subsidiaries are not consolidated. They have been included in the accounts as fixed asset investments. Comparative figures for the half year to March 2002 have been restated.
- The investments in the non-consolidated subsidiary and associated companies are stated at fair value.
- The exceptional items in the current period are the fair value adjustment to reverse a proportion of the fair value provisions against that part of the investment in Ariston which was sold in May 2003 and the write down of goodwill on consolidation of our investment in Accord Services Limited. In the previous period and year the exceptional items were the adjustments of our investments in Zimbabwe to fair value.
- Earnings per share are based on the net profit attributable to members and the 5,420,152 shares in issue following the share consolidation approved at the Annual General Meeting. Headline earnings per share are based on the result attributable to shareholders excluding exceptional items, net of minority interests and tax, where applicable. Following the share consolidation, comparative figures have been restated onto a comparable basis.
- At the AGM on 28th March 2003, shareholders approved the consolidation of the company's share capital, the creation of a special reserve and a transfer from share capital to profit and loss account.
- There was no capital expenditure during the period (2002 – same). There were no material capital expenditure commitments as at 31st March 2003 (2002 – same).

Independent Accountant's Report on the Pro Forma Financial Effects

1st July 2003

The Directors
Conafex Holdings Société Anonyme
P.O. Box 1361
L-1013 Luxembourg

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL EFFECTS OF THE DISPOSAL OF BARATO HOLDINGS LIMITED ("BHL")

Introduction

We report on the pro forma financial effects set out in the circular to shareholders of Conafex Holdings Société Anonyme ("Conafex") to be issued on or about 15th July 2003 ("the Circular"). The pro forma financial effects have been prepared, for illustrative purposes only, to provide information on how the disposal might have affected Conafex. Because of their nature, the unaudited pro forma financial effects may not give a fair reflection of Conafex's financial position or the effect on income going forward.

At your request, and for purposes of the disposal, we present our report on the unaudited pro forma financial effects of Conafex in compliance with the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE").

Responsibilities

The directors of Conafex are solely responsible for the preparation of the unaudited pro forma financial effects to which this independent reporting accountant's report relates, and for the financial statements and financial information from which it has been prepared.

It is our responsibility to form an opinion on the pro forma financial effects and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial effects beyond that owed to those to whom these reports were addressed at their dates of issue.

Basis of opinion

Our work, which did not involve any independent examination of any of the underlying financial information, consisted primarily of agreeing the unadjusted financial information to the published financial results of Conafex for the year ended 30th September 2002, considering the evidence supporting the adjustments to the unaudited pro forma financial effects, recalculating the amounts based on the information obtained and discussing the unaudited pro forma financial effects with the management of Conafex.

Because the above procedures constitute neither an audit nor a review made in accordance with International and South African Auditing Standards, we do not express any assurance on the fair presentation of the pro forma financial effects.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with statements of International and South African Auditing Standards, other matters might have come to our attention that would have been reported to you.

Opinion

In our opinion:

- The unaudited pro forma financial effects as set out in the circular have been properly compiled on the basis stated;
- Such basis is consistent with the accounting policies of Conafex; and
- The adjustments are appropriate for the purposes of the unaudited pro forma financial effects, as disclosed.

Yours faithfully

AGN HORSBURGH & CO SA
Réviseur d'entreprises
15-17 avenue Gaston Diderich,
L-1420 Luxembourg

K. Horsburgh
Partner

Notice of Extraordinary General Meeting

NOTICE is hereby given that an Extraordinary General Meeting of Conafex Holdings Société Anonyme will be held at the offices of Maitland Management Services S.A., 6 rue Adolphe Fischer, L-1520, Luxembourg on Thursday, 7 August 2003 at 10.00 a.m. for the following purposes:-

ORDINARY RESOLUTION

1. To approve the sale of the Company's subsidiary, Barato Holdings Limited, to Blantyre Assets Limited for a consideration of US\$2,972,270.

The approval of a simple majority of the votes cast by shareholders present or represented by proxy at this meeting is required for the resolution above to become effective.

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

6 rue Adolphe Fischer,
Luxembourg,
15th July 2003

Notes:

- (i) **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 Extraordinary General Meeting.**
- (ii) Dematerialised shareholders in South Africa, other than those shareholders with own-name registration who wish to attend the Extraordinary General Meeting or vote by way of proxy must contact their Central Securities Depository Participant ("CSDP") or broker with the necessary instructions for attending or voting at the Extraordinary General Meeting in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by their CSDP or broker for instructions of this nature.
- (iii) 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.
- (iv) 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, Northern Registrars Limited, or the South African transfer agents, Computershare Limited, whose addresses can be found on page 2 of this report, of any change of address.



Proxy for Extraordinary General Meeting for certificated and own-name registered dematerialised shareholders

Form of proxy for the Extraordinary General Meeting of shareholders to be held at the offices of Maitland Management Services S.A., 6 rue Adolphe Fischer, Luxembourg on Thursday, 7 August 2003 at 10.00 a.m.

The undersigned being the holder of _____ shares in the Company hereby appoints as his special attorney at the above mentioned meeting the chairman of the meeting or _____ to whom he gives all powers to represent him at the said meeting, to take part in all deliberations and to vote in his name according to the instructions set out below and to perform all acts necessary to give effect to the resolution contained in the agenda as follows:-

No.	Ordinary Resolution	For	Against	Abstention
1.	To approve the sale of the Company's subsidiary, Barato Holdings Limited, to Blantyre Assets Limited for a consideration of US\$2,972,270.			

Notes

- (i) 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 corporation being a shareholder of the Company may execute a form of proxy under the hand of a duly authorised officer.
- (ii) 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.
- (iii) Shareholders should indicate with a cross (X) in the space provided above how they wish their votes to be cast. In the absence of specific instructions their special attorney may vote as he thinks fit.
- (iv) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names stand in the Register of members in respect of joint holdings.
- (v) Dematerialised shareholders in South Africa, other than those shareholders with own-name registration who wish to attend the Extraordinary General Meeting or vote by way of proxy must contact their Central Securities Depository Participant ("CSDP") or broker with the necessary instructions for attending or voting at the Extraordinary General Meeting in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by their CSDP or broker for instructions of this nature.

Name of registered shareholder

Address

Signature

(Please add before your signature, in your own handwriting, the words "Good for Proxy")

