



Conafex Holdings Société Anonyme

INTERIM REPORT 2007

Conafex Holdings Société Anonyme

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

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

27th June 2007

Dear Shareholder,

Unaudited results for the half-year ended 31st March 2007

Profile

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

Trading Update

Associates and Subsidiaries A high proportion of the income accrues in the second half of the year due to the seasonality of the main businesses in which Conafex has invested. Export oriented businesses based in South Africa experienced a slow start but are expected to improve in the latter part of the year provided the exchange rate adjusts to compensate for producer price inflation. Cape Natural Tea Products, the herbal tea business is expected to show better growth following an easing in the supply of rooibos tea as a result of a succession of good rainy seasons in the Cape. The coffee business is performing satisfactorily and Kenya Highlands Seeds benefited from a good rainy season in East Africa and is well ahead of budget.

Investments JSE listed Intertrading Limited, in which Conafex has a 17.5% stake, is in the final stages of a major restructuring to return it to sustainable earnings. We expect this company to enter into a growth phase following the closing down of non-performing and the sale of non-strategic business units. Simply Cereal is performing to expectation in a highly competitive market and has developed an exciting range of new products in the health food sector.

Financial

An operating loss before tax was incurred of R1,433,000 (2006 – operating loss R1,563,000) and a loss attributable to shareholders of R1,516,000 (2006 – loss R1,836,000) for the six-month period.

Prospects

As mentioned in the 2006 review, the Conafex strategy is to concentrate investment in businesses located in Southern Africa. As a consequence, Accord Tea Services, the United Kingdom based tea packing business, was sold for £250,000 (R3,545,000) on 3rd April 2007.

ZRC Limited, the company to which all Conafex's Zimbabwe interests were transferred in February 2006, has indicated that it intends to exercise some of the options to subscribe for shares in Conafex that were granted to it as part of the reconstruction of the Conafex group in 2006. The shares in ZRC were distributed to Conafex shareholders at the time by way of a dividend in specie and similarly the Conafex shares arising from the exercise of the options will be distributed in specie to ZRC's shareholders. The resultant injection of additional capital into Conafex will provide opportunities for organic growth of existing businesses and acquisitions.

Dividend

Your Directors do not propose to pay a dividend at the interim stage.

M W BURRELL

Chairman

Directors: M.W. Burrell (Chairman), C. Barrow, A.S. Haggie, D.C. Marshall,
The Hon. C.A. Pearson

Chief Executive Officer: C.P. Jousse

Consolidated profit and loss account

		Half years ended 31st March 2007 Unaudited R000	28th February 2006 Unaudited R000	Period ended 30th September 2006 Audited R000
Group Revenue, including share of associates	Notes 3	22,200	16,064	45,012
Less revenue of associates		<u>(8,325)</u>	<u>(5,901)</u>	<u>(16,212)</u>
Revenue		13,875	10,163	28,800
Operating costs		<u>(15,308)</u>	<u>(11,726)</u>	<u>(30,795)</u>
Operating loss		(1,433)	(1,563)	(1,995)
Share of associated companies results		(251)	349	2,255
Dividend income Zimbabwean subsidiary		–	38	41
Other dividends receivable		40	–	68
Interest receivable		104	178	342
Exchange gains/(losses)		158	(172)	(63)
Interest paid and similar charges		<u>(119)</u>	<u>(197)</u>	<u>(359)</u>
(Loss)/Profit on ordinary activities before exceptional items and tax		(1,501)	(1,367)	289
Exceptional items	4	<u>(57)</u>	<u>(95)</u>	<u>(1,856)</u>
Loss before tax	3	(1,558)	(1,462)	(1,567)
Taxation on ordinary activities		<u>(53)</u>	<u>(457)</u>	<u>(1,072)</u>
Loss after tax		(1,611)	(1,919)	(2,639)
Minority Interests		95	83	(268)
Loss attributable to shareholders		<u>(1,516)</u>	<u>(1,836)</u>	<u>(2,907)</u>
Basic loss per share (SA cents)		(81)c	(127)c	(189)c
Headline loss per share (SA cents)	5	(78)c	(120)c	(69)c
Reconciliation of headline earnings/(losses) per share				
Basic loss per share (SA cents)		(81)c	(127)c	(189)c
Less exceptional items, net of tax and minority interests (SA cents)		3c	7c	120c
Headline loss per share (SA cents)		<u>(78)c</u>	<u>(120)c</u>	<u>(69)c</u>
Statement of changes in equity				
		R000	R000	R000
Fair value adjustment of investments		64	(796)	(2,572)
Proceeds of new shares issued, net of costs		–	–	6,335
Exchange differences on translation of the financial statements of foreign entities		<u>70</u>	<u>(900)</u>	<u>1,935</u>
Net gain/(loss) not recognised in the income statement		134	(1,696)	5,698
Net loss for the period		<u>(1,516)</u>	<u>(1,836)</u>	<u>(2,907)</u>
Total recognised (losses)/gains and change in shareholders' funds		(1,382)	(3,532)	2,791
Shareholders' funds at start of period		<u>23,813</u>	<u>21,022</u>	<u>21,022</u>
Shareholders' funds at end of period		<u>22,431</u>	<u>17,490</u>	<u>23,813</u>

Consolidated group balance sheet

	31st March 2007 Unaudited R000	28th February 2006 Unaudited R000	30th September 2006 Audited R000
Non current assets			
Property, plant and equipment	2,093	1,030	1,913
Goodwill	–	1,123	–
Intangibles	1,501	105	1,501
Investments	9,062	10,037	9,270
	<u>12,656</u>	<u>12,295</u>	<u>12,684</u>
Current assets			
Inventories	7,704	4,355	5,787
Accounts receivable	12,666	4,739	14,517
Cash	10,182	6,971	2,557
	<u>30,552</u>	<u>16,065</u>	<u>22,861</u>
Current liabilities			
Accounts payable (falling due within one year)	(18,370)	(8,588)	(8,380)
	<u>12,182</u>	<u>7,477</u>	<u>14,481</u>
Net current assets			
	<u>12,182</u>	<u>7,477</u>	<u>14,481</u>
Accounts payable in more than one year	(305)	(345)	(273)
Deferred taxation	(98)	56	(180)
	<u>24,435</u>	<u>19,483</u>	<u>26,712</u>
Total assets less current liabilities			
	<u>24,435</u>	<u>19,483</u>	<u>26,712</u>
Capital and reserves			
Called up share capital	20,370	13,400	21,819
Share premium account	1,298	–	1,390
Other reserves	660	561	707
Retained earnings	13	3,529	(103)
	<u>22,341</u>	<u>17,490</u>	<u>23,813</u>
Shareholders' funds			
Minority interests	2,094	1,993	2,899
	<u>24,435</u>	<u>19,483</u>	<u>26,712</u>

Consolidated group cash flow statement

	Half years ended		Year ended
	31st March	28th February	30th September
	2007	2006	2006
	Unaudited	Unaudited	Audited
	R000	R000	R000
Operating activities			
Cash generated/(used) by operations	9,216	235	(6,328)
Interest paid	(119)	(191)	(358)
Taxation paid	(135)	(616)	(693)
Net cash inflow/(outflow) from operating activities	8,962	(572)	(7,379)
Investment activities			
Purchase of tangible assets	(403)	(99)	(614)
Purchase of investments	(419)	–	(4,847)
Acquisition of subsidiaries/further parts of minority interests	(698)	(2,437)	(1,902)
Proceeds on disposal of investments	–	–	1,513
Interest received and other income	144	178	543
Dividends received from Zimbabwean subsidiary	–	38	41
Net cash outflow from investment activities	(1,376)	(2,320)	(5,266)
Net cash inflow/(outflow) before financing	7,586	(2,892)	(12,645)
Financing			
Proceeds of issue of new shares	–	–	6,335
Increase in long term debt	32	43	–
Net increase/(decrease) in funds	7,618	(2,849)	(6,310)
Net funds at start of period	2,000	8,271	8,271
Effect of foreign exchange rate changes	(93)	(530)	39
Net funds at end of period	9,525	4,892	2,000

Notes

1. The results and the cash flow statement for the half year ended 31st March 2007 and the balance sheet at that date, which are unaudited, have been prepared on the basis of accounting policies adopted for the period ended 30th September 2006, and comply with International Financial Reporting Standards in all respects, and with Luxembourg legal requirements.
2. Following the decision last year to change the reporting currency, the results for the comparable period last year have been restated into South African Rands.
3. The analysis of results is as follows:-

	Half years ended			
	31st March 2007		28th February 2006	
	Revenue	Result	Revenue	Result
South Africa	6,894	(1,013)	6,434	(273)
United Kingdom	4,153	270	3,335	121
Luxembourg and other	2,828	(690)	394	(1,411)
	<u>13,875</u>	<u>(1,433)</u>	<u>10,163</u>	<u>(1,563)</u>
Share of associated companies	8,325	(251)	5,901	349
	<u>22,200</u>	<u>(1,684)</u>	<u>16,064</u>	<u>(1,214)</u>
Dividend from Zimbabwean subsidiary		-		38
Other dividends and interest received		144		178
Interest paid		(119)		(197)
Exchange gains/(losses)		158		(172)
Exceptional items		(57)		(95)
Loss before tax		<u>(1,558)</u>		<u>(1,462)</u>

4. The exceptional item in the current period arises on potential compliance costs of an acquisition/further investment in Simply Cereal. The exceptional item in the prior year was the costs arising in connection with the capital restructuring, goodwill on acquisitions, less profits on disposals of non current assets by a subsidiary.
5. Loss per share is based on the net results attributable to members and the weighted number of shares in issue of 1,872,484 (2006 comparable period 1,448,038; for the year 1,536,038). Headline earnings per share are based on the result attributable to shareholders excluding exceptional items, net of minority interests and tax, where applicable.
6. The investments are stated at fair value.
7. There was capital expenditure of R403,000 during the period (2006 – R99,000). There were no material capital expenditure commitments as at 31st March 2007 (28th February 2006 – nil).

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