



# **Conafex Holdings Société Anonyme**

**INTERIM REPORT 2008**

# Conafex Holdings Société Anonyme

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

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

20th June 2008

Dear Shareholder,

## Unaudited results for the half-year ended 31st March 2008

### 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

There is a strong seasonality to the businesses in which Conafex has invested and, as is the norm, we expect improved results in the second half of the financial year. The favourable rand exchange rate is assisting the businesses where there is an export bias and in particular the Grassroots Group. Grassroots grows, processes and markets a range of health and lifestyle products for export. Following a succession of good rainy seasons, the supply constraints on rooibos tea have eased considerably and Cape Natural Tea Products is poised for a stronger second half. The recently acquired coffee roasting, branding and trading businesses are performing better than expectation and we look forward to improving sales in the coming winter months. Despite the political upheavals, Kenya Highland Seeds benefited from a good rainy season in East Africa and is trading well.

Intertrading Limited, in which Conafex has a 17.5% stake, has completed its restructuring and has been streamlined into two wholly owned subsidiaries: Sky Services, the specialised airfreight and logistics provider, and Agrilink, which purchases and exports a range of fresh fruit and vegetables by air. Both businesses turned in a solid performance in the financial year ended 29th February 2008. The Intertrading Group has a strong balance sheet and for the first time in several years a dividend has been declared. Intertrading does not have sufficient scale in its current form to support a JSE listing and as a consequence that group is actively pursuing acquisitions and mergers in the agri sector.

### Financial

An operating loss before tax was incurred of R1,686,000 (2007 - operating loss R1,433,000) and a loss attributable to shareholders of R 1,949,000 (2006 – loss R1,516,000) for the six-month period.

### Prospects

Following the demise of the Group's agricultural businesses in Zimbabwe and as mentioned in the 2007 Annual Report, the value of the underlying businesses does not justify and cannot sustain the costs of remaining listed. Consequently Conafex continues to look at the possibility of delisting its shares from the Luxembourg and Johannesburg securities exchanges.

### Dividend

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

### C.P. JOUSSE

*Chairman*

**Directors:** C.P. Jousse (Chairman), C. Barrow, A.S. Haggie, L.H. Marshall, O.H. Marshall,  
The Hon. C.A. Pearson

## Consolidated profit and loss account

	Notes	Half years ended		Period ended
		2008	2007	30th September
		Unaudited	Unaudited	Audited
		R000	R000	R000
Group revenue, including share of associates	2	16,868	22,200	43,536
Less revenue of associates		(3,173)	(8,325)	(16,356)
Revenue		13,695	13,875	27,180
Operating costs		(15,381)	(15,308)	(28,258)
Operating loss		(1,686)	(1,433)	(1,078)
Share of associated companies results		(599)	(251)	2,151
Other dividends receivable		–	40	393
Interest receivable		257	104	564
Exchange gains		275	158	505
Interest paid and similar charges		(91)	(119)	(370)
(Loss)/Profit on ordinary activities before exceptional items and tax		(1,844)	(1,501)	2,165
Exceptional items	3	(72)	(57)	(4,069)
Loss before tax	2	(1,916)	(1,558)	(1,904)
Taxation on ordinary activities		(30)	(53)	(882)
Loss after tax		(1,946)	(1,611)	(2,786)
Minority interests		(3)	95	(193)
Loss attributable to shareholders		(1,949)	(1,516)	(2,979)
<b>Reconciliation of headline (losses)/earnings per share</b>				
Basic loss per share (SA cents)	4	(76)c	(81)c	(159)c
Less exceptional items, net of tax and minority interests (SA cents)		2c	3c	(217)c
Headline (loss)/earnings per share (SA cents)		(74)c	(78)c	58c
<b>Statement of changes in equity</b>				
Fair value adjustment of investments		(1,399)	64	294
Proceeds of new shares issued, net of costs		–	–	8,851
Exchange differences on translation of the financial statements of foreign entities		551	70	(2,308)
Net gain not recognised in the income statement		(848)	134	6,837
Net loss for the period		(1,949)	(1,516)	(2,979)
Total recognised (losses)/gains and change in shareholders' funds		(2,797)	(1,382)	3,858
Shareholders' funds at start of period		27,671	23,813	23,813
Shareholders' funds at end of period		24,874	22,431	27,671

## Consolidated group balance sheet

		31st March	30th September
		2008	2007
		Unaudited	Unaudited
Notes		R000	R000
			Audited
			R000
<b>Non current assets</b>			
Property, plant and equipment		3,879	2,093
Intangibles		1,482	1,501
Investments	5	9,657	9,062
		<u>15,018</u>	<u>12,656</u>
<b>Current assets</b>			
Inventories		7,013	7,704
Accounts receivable		6,938	12,666
Cash		9,153	10,182
		<u>23,104</u>	<u>30,552</u>
<b>Current liabilities</b>			
Accounts payable (falling due within one year)		<u>(10,789)</u>	<u>(18,370)</u>
<b>Net current assets</b>		<b>12,315</b>	12,182
<b>Accounts payable in more than one year</b>		–	(305)
<b>Deferred taxation</b>		<u>(125)</u>	<u>(98)</u>
<b>Total assets less current liabilities</b>		<u>27,208</u>	<u>24,435</u>
<b>Capital and reserves</b>			
Called up share capital		26,371	20,370
Share premium account		3,085	1,298
Other reserves		628	660
Retained earnings		(5,210)	13
		<u>24,874</u>	<u>22,341</u>
<b>Shareholders' funds</b>		<b>24,874</b>	27,671
Minority interests		2,334	2,094
		<u>27,208</u>	<u>24,435</u>
		<u>27,208</u>	<u>30,001</u>

## Consolidated cash flow statement

	Half years ended 31st March		Year ended 30th September
	2008	2007	2007
	Unaudited	Unaudited	Audited
	R000	R000	R000
<b>Operating activities</b>			
Cash (absorbed by)/generated by operations	(2,028)	9,216	172
Interest paid	(91)	(119)	(370)
Taxation paid	(29)	(135)	(233)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(2,148)</b>	<b>8,962</b>	<b>(431)</b>
<b>Investment activities</b>			
Purchase of property plant & equipment	–	(403)	(3,004)
Acquisition of further parts of minority interests	–	(698)	(647)
(Purchase)/Proceeds on disposal of investments	–	(419)	2,990
Proceeds on disposal of property plant & equipment	235	–	198
Interest received and other income	479	144	957
<b>Net cash inflow/(outflow) from investment activities</b>	<b>714</b>	<b>(1,376)</b>	<b>494</b>
<b>Net cash (outflow)/inflow before financing</b>	<b>(1,434)</b>	<b>7,586</b>	<b>63</b>
<b>Financing</b>			
Proceeds of issue of new shares	–	–	8,851
Increase/(decrease) in long term debt	–	32	(273)
<b>Net (decrease)/increase in funds</b>	<b>(1,434)</b>	<b>7,618</b>	<b>8,641</b>
Net funds at start of period	10,808	2,000	2,000
Effect of foreign exchange rate changes	(221)	(93)	167
<b>Net funds at end of period</b>	<b>9,153</b>	<b>9,525</b>	<b>10,808</b>

## Notes

- The results and the cash flow statement for the half year ended 31st March 2008 are unaudited and comply with IAS 34 – Interim Financial Reporting. They have been prepared on the basis of accounting policies adopted in the accounts for the year ended 30th September 2007 which comply with International Financial Reporting Standards in all respects and Luxembourg law. The results for the year to 30th September 2007 are an abridged version of the Group's full accounts for that year, which have been filed with the relevant authorities.
- The analysis of results is as follows:-

	Half years ended 31st March 2008			
	R000		R000	
	Revenue	Result	Revenue	Result
South Africa	13,695	(656)	6,894	(1,013)
United Kingdom	–	–	4,153	270
Luxembourg and other	–	(1,030)	2,828	(690)
	<u>13,695</u>	<u>(1,686)</u>	<u>13,875</u>	<u>(1,433)</u>
Share of associated companies	3,173	(599)	8,325	(251)
	<u>16,868</u>	<u>(2,285)</u>	<u>22,200</u>	<u>(1,684)</u>
Other dividends and interest received		257		144
Interest paid		(91)		(119)
Exchange gains/(losses)		275		158
Exceptional items		(72)		(57)
Loss before tax		<u>(1,916)</u>		<u>(1,558)</u>

- The exceptional item in the current period arises on notarial fees for changes in share capital. The exceptional item in the prior year was potential compliance costs of an acquisition/further investment in Simply Cereal.
- Loss per share is based on the net results attributable to members and the weighted number of shares in issue of 2,549,131 (2007 comparable period – 1,872,484; for the year – 1,878,045). Headline earnings per share are based on the result attributable to shareholders excluding exceptional items, net of minority interests and tax, where applicable.
- The investments are stated at fair value.
- There was no capital expenditure during the period (2007 – R403,000). There were no material capital expenditure commitments as at 31st March 2008 (2007 – nil).

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