

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the action you should take, please consult your Central Securities Depository Participant (“CSDP”), broker, banker, legal advisor, accountant or other professional adviser immediately.

**ACTION REQUIRED**

1. If you have disposed of all your shares in Conafex Holdings S.A., please forward this circular together with the attached notice of general meeting to the broker, banker or other agent through whom you disposed of such shares.
2. Certificated shareholders and “own name” dematerialised shareholders who are unable to attend the Extraordinary General Meeting to be held at the offices of Maitland Luxembourg S.A., 58 rue Charles Martel, L-2134, Luxembourg at 10.00 a.m. on Friday 20 March 2009 but wish to be represented thereat, must complete and return the attached form of proxy (green) in accordance with the instruction therein and lodge it at the registered office of the Company, 58 rue Charles Martel, L-2134, Luxembourg to be received by no later than 10.00 a.m. on Wednesday 18 March 2009. Alternatively it may be delivered to City Group P.L.C., 30 City Road, London, EC1Y 2AG, United Kingdom or Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) South Africa to be received by no later than 10.00 a.m. on Friday 13 March 2009.
3. Dematerialised shareholders (other than “own name” dematerialised shareholders) who are unable to attend the Extraordinary General Meeting to be held at 10.00 a.m. on Friday 20 March 2009, but wish to be represented thereat, should contact their CSDP or broker and furnish them with their voting instruction in order for the CSDP or broker to vote at the general meeting in accordance with such instructions. This must be effected in terms of the agreement entered into between such shareholder and their CSDP or broker.
4. Dematerialised shareholders who wish to attend the general meeting or to send a proxy to represent them at the general meeting must timeously advise their CSDP or broker of such, in order to obtain the necessary letter or authority to enable them or their nominated proxy to attend. This must be effected in terms of the agreement entered into between such shareholders and their CSDP or broker.
5. All acceptances of the Offer, once received by Conafex, are irrevocable and may not be withdrawn.
6. No receipt will be issued for a Form of Acceptance and Surrender, except that the lodging agents for any Certificated Shareholders who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the document/s lodged.

Note: In order to comply with FICA requirements, the Transfer Secretaries will be unable to record any changes of address or payment mandates unless the following documentation is received from the relevant shareholder:

- (a) A certified true copy of an original identification document (in respect of change of address and payment mandate); and
- (b) A certified true copy of an original Bank Statement (in respect of bank mandate).

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**CONAFEX**  
**Conafex Holdings Société Anonyme**  
*(Incorporated in Luxembourg R.C. Luxembourg No. B17789)*

**(“Conafex” or “the Company”)**

JSE CODE: CNX      ISIN: LU0243998001

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**CIRCULAR TO SHAREHOLDERS**

Regarding:

- an offer by the Conafex to its shareholders to acquire their Shares for R11.60 each;
- notice to warrant holders of their entitlement to exercise their subscription rights; and
- an Extraordinary General Meeting convened to approve the cancellation of the listing of the Conafex’s shares on the JSE

and incorporating

- a notice of Extraordinary General Meeting and a form of proxy (green) for completion by certificated and own-name registered dematerialised shareholders;
- Form of surrender and acceptance (blue) for completion by certificated shareholders only; and
- Form of exercise of Warrants (pink) [sent to Warrant holders only].

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**Offer opens at 09.00 a.m. on**

**26 February 2009**

**Offer closes at 12.00 noon on**

**3 April 2009**

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This circular is only available in English and copies hereof may be obtained from the offices of the sponsor, registrar and the paying and listing agent at the addresses which are set out in the “Corporate Information” on page 3 of this circular.

Date of issue: 26 February 2009

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<b>Form of surrender and acceptance (blue)</b>	Enclosed
<b>Form of exercise of Warrants (pink) (Warrant holders only)</b>	Enclosed

## CORPORATE INFORMATION

### Offices of Conafex

*Luxembourg (Registered office)*  
58 rue Charles Martel,  
L-2134,  
Luxembourg  
(Boîte Postale 1361, L-1013, Luxembourg)  
Tel: +352 40 25 05 1

*United Kingdom (Group Secretaries)*  
City Group P.L.C.  
30 City Road  
London  
EC1Y 2AG  
Tel: +44 20 7448 8950  
E-mail: Conafex@City-Group.com

*South Africa*  
18 Dacres Avenue,  
Epping Industria 2,  
Cape Town 7460  
Tel: +27 21 534 2271

### Registrars

Maitland Luxembourg S.A.  
58 rue Charles Martel,  
L-2134,  
Luxembourg  
(Boîte Postale 1361, L-1013, Luxembourg)

### Paying and Listing Agent

Dexia-Banque Internationale à Luxembourg  
69 Route d'Esch,  
L-2953,  
Luxembourg

### Transfer Agents

*Europe*  
Capita Registrars  
The Registry, 34 Beckenham Road,  
Beckenham, Kent, BR3 4TU  
United Kingdom  
Tel: UK resident shareholders 0871 664 0321  
Calls cost 10p per minute plus network charges  
Non-UK resident shareholders +44 20 8639 3399

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

### Warrant Registrars

City Group Registrars Limited  
30 City Road,  
London,  
EC1Y 2AG, UK

### International Counsel and Corporate Advisor

Maitland Luxembourg S.A.  
58 rue Charles Martel,  
L-2134,  
Luxembourg

### Principal Banker

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

### Sponsor and Independent Professional Expert

Sasfin Capital  
Sasfin Place,  
13-15 Scott Street,  
Waverley 2090,  
(P.O. Box 95104, Grant Park 2051)  
South Africa

### Independent Reporting Accountants

BDO Spencer Steward (Cape) Incorporated  
BDO House  
119 Hertzog Boulevard,  
Foreshore,  
Cape Town 8001  
South Africa

**sasfin**  
CAPITAL

**BDO** BDO Spencer Steward  
Chartered Accountants  
A relationship at work

## IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this circular have been used below.

**2009**

Circular and notice of EGM posted on	Thursday 26 February
<b>Opening date of Offer at 09.00 a.m. on</b>	<b>Thursday 26 February</b>
Form of proxy for the EGM to be lodged at Conafex's registered office by no later than 10.00 a.m. (CET) on	Wednesday 18 March
EGM to be held at 10.00 a.m. (CET) on	Friday 20 March
Offer is expected to become unconditional after the EGM on	Friday 20 March
Results of the EGM on SENS and LuxSE on	Friday 20 March
Results of the EGM to be published in the press in South Africa on	Monday 23 March
Last day to trade in Conafex Shares on	Friday 27 March
Shares are "ex" the Offer on	Monday 30 March
Conafex shares are suspended on the JSE trading system commencement of business day on	Monday 30 March
Record date for participating in the Offer on	Friday 3 April
<b>Closing date of the Offer at 12.00</b>	<b>Friday 3 April</b>
Results of the offer announced on SENS on	Friday 3 April
Payments to shareholders	see note 5 below
Conafex shares are delisted on the JSE and LuxSE commencement of business day on	Thursday 9 April

### *Notes:*

1. The above dates and times are subject to change. Any change will be released to the LuxSE and the JSE on SENS and published in the press in South Africa.
2. Shareholders may not dematerialise or rematerialise their shares after the last day to trade.
3. Dematerialised Shareholders are required to notify their CSDP or broker, as the case may be, of their intention to accept the offer in the manner and time stipulated in the agreement entered into between such Dematerialised Shareholders and their CSDP or broker.
4. Certificated Shareholders accepting the offer are required to complete and return the Form of acceptance and surrender (blue) in accordance with the instructions therein, to be received by 12.00 on the Closing Date.
5. The Consideration will be posted at the risk of the Shareholder concerned by no later than five Business Days after the later of:
  - (i) The announcement that the offer has become unconditional; or
  - (ii) Receipt of the Document(s) of Title and the Form of Acceptance and Surrender, or advice of acceptance of the offer being received from the CSDP or broker, as the case may be.

## DEFINITIONS

In this circular and the annexures hereto, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa and the following expressions bear the meanings assigned to them below:

“the Act” or “the Companies Act”	in South Africa, the Companies Act, 1973 (Act 61 of 1973), as amended from time to time;
“the Articles”	the Articles of Incorporation of Conafex;
“Business Day”	any day other than a Saturday or Sunday or official public holiday in Luxembourg and South Africa;
“CET”	Central European Time;
“certificated shareholders”	shareholders holding certificated shares;
“certificated shares”	shares which have not yet been dematerialised in terms of Strate and title to which is represented by a share certificate or other physical document of title;
“Circular”	all the documents contained in this bound circular, dated 26 February 2009;
“Closing Date”	the closing date of the Offer, to be 12.00 on 3 April 2009 or such later date as determined by Conafex in its sole discretion;
“Common Monetary Area”	South Africa, the Kingdoms of Lesotho and Swaziland and the Republic of Namibia;
“the Company’s subsidiaries”	those companies in which the Company, directly or indirectly, has an interest of more than one half of the voting rights and is able to exercise control over the operations;
“Conafex” or “the Company”	Conafex Holdings Société Anonyme, a company incorporated on 12 September 1980 in Luxembourg with financial holding company status (RC Luxembourg No. B 17789), listed on the JSE and admitted on the official list of the LuxSE and traded on the Euro MTF market of the LuxSE;
“Conafex shareholders” or “Shareholders”	collectively all certificated and dematerialised holders of Conafex shares;
“Conafex shares” or “Shares”	an ordinary share or shares in the capital of the Company with a par value of US\$1.50 each;
“Conafex warrants” or “Warrants”	warrants entitling the holders to subscribe for one Share in Conafex for each Warrant held at a fixed price of US\$2.41 each;
“Consideration”	the consideration payable to Shareholders accepting the Offer, being R11.60 for every Share held by Shareholders on the South African branch of the Company’s share register, being the trading price at the last practicable date, and, for Shareholders on the European branch of the Company’s share register, the Sterling equivalent of R11.60 at the closing rate of exchange on the Closing Date;
“Controlling Shareholder”	Monteagle and or its subsidiaries and/or associates;

“CSDP”	Central Securities Depository Participant;
“dematerialisation”	the process by which shares held by certificated shareholders are converted to an electronic form as dematerialised shares and recorded in the sub-register of shareholders maintained by a CSDP;
“dematerialised shareholders”	Shareholders who have dematerialised their Shares in terms of Strate;
“dematerialised shares”	Conafex shares that have been incorporated into the Strate system and which are held on the South African sub-register in electronic form in terms of Act 36 of the Securities Services Act of 2004;
“de-list” or “de-listing”	the proposed termination of the listing of the Shares on the LuxSE and/or the JSE as the case may be;
“Directors” or “Board”	the Directors of Conafex as listed on page 8 of this Circular;
“document(s) of title”	share certificates and/or certified transfer deeds and/or balance receipts or any other document(s) of title to Shares;
“EGM”	the Extraordinary General Meeting of the Company to be held at 58 rue Charles Martel, L-2134, Luxembourg at 10.00 a.m. on 20 March 2009;
“Exchange Control Authority”	Exchange Control Authority of the South African Reserve Bank;
“Exchange Control Regulations”	the South African Exchange Control Regulations of 1961;
“Form of Acceptance and Surrender”	the form of acceptance and surrender enclosed with this Circular, which form is to be completed by certificated Shareholders who wish to accept the offer and which must be returned in accordance with the instructions detailed in paragraph 8 on page 13 of this Circular;
“FICA”	Financial Intelligence Centre Act;
“Group”	the Company, the Company’s subsidiaries for the time being and any company which is controlled by the Company, whether directly or indirectly, for which purpose the word “controlled” includes the right to direct or otherwise control of the votes attaching to the majority (or one-half in the case of joint control) of the voting shares or other voting instruments or voting rights in that company;
“IAS”	International Accounting Standards;
“Independent professional expert”	Sasfin Capital;
“the JSE”	JSE Limited, a public company duly registered and incorporated with limited liability in terms of the Act, under registration number 2005/022939/06, licensed as an exchange under the Securities Services Act, 2004;
“last practicable date”	23 February 2009, being the last practicable date prior to the finalisation of this Circular;

“the Law”	the Luxembourg law of 10 August 1915 on commercial companies, as amended;
“Listings Requirements”	the Listings Requirements of the JSE;
“the LuxSE”	the Luxembourg Stock Exchange;
“Monteagle”	Marshall Monteagle Holdings Société Anonyme, a company incorporated in Luxembourg with financial holding company status (RC Luxembourg No. B 19600), admitted to the official list of the LuxSE and traded on the Euro MTF market of the LuxSE and listed on the London Stock Exchange and the JSE and which has a 46.49% interest in Conafex;
“Offer”	the offer made by Conafex to Shareholders to acquire their Shares for the Consideration;
“Opening Date”	the date of this Circular, being 26 February 2009;
“R”	South African Rand, the lawful currency of South Africa;
“Record date”	the last date for Conafex shareholders to be recorded in the register of shareholders in order to participate in the offer, being 3 April 2009;
“Sasfin Capital”	A division of Sasfin Bank Limited, incorporated in the Republic of South Africa under registration number 1951/002280/06;
“SENS”	Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (registration number 1998/022242/06), an electronic custody, clearing and settlement system for all share transactions concluded on the JSE and off-market;
“Sub-register”	the European and/or South African sub-register of Conafex shareholders;
“Transfer Secretaries”	Capita Registrars Limited (registration number 2605568), a company duly incorporated in accordance with the laws of England and Wales and Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a company duly incorporated in accordance with the laws of South Africa;
“VAT”	Value-Added Taxation in terms of the Value-Added Tax Act, 1991 (Act 89 of 1991);
“US\$” and “US cents”	United States dollars and United states cents respectively, the lawful currency of the United States of America.



**CONAFEX**  
**Conafex Holdings Société Anonyme**

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

**(“Conafex” or “the Company”)**

JSE CODE: CNX      ISIN: LU0243998001

**Directors of Conafex**

C.P. Jousse (*Chairman*)

C. Barrow

A.S. Haggie

L.H. Marshall

O.H. Marshall

**CIRCULAR TO SHAREHOLDERS AND WARRANT HOLDERS**

**1. Introduction**

It was announced on 21 August and 25 February 2009 that the Board of Conafex proposes to cancel the listing of its shares on the LuxSE and JSE in order to minimise costs and allow the Company to more fully utilise its funds for the development of its subsidiaries and investments.

The rules of the LuxSE allow the Board to resolve to cancel the listing in Luxembourg. The Board has so resolved and a letter was submitted to the LuxSE on 29 July 2008 requesting the cancellation of the Company’s listing with effect from 9 April 2009. In accordance with the Committee of the LuxSE it was decided, on 20 August 2008, to de-list all shares of Conafex which are currently admitted to trading on the LuxSE and on the JSE with effect from the date on which the Shares will be de-listed from the JSE. The Listings Requirements require that the Company makes an offer to shareholders to acquire their holdings and obtain the approval of shareholders in general meeting for the de-listing.

**2. Purpose of this circular**

The purpose of this circular is to provide Shareholders and Warrant holders with information on the Offer; to inform Warrant holders of their right, should they so wish, to exercise their subscription rights in order to accept the Offer; to record the terms and conditions of the Offer in compliance with the Listings Requirements; to advise Shareholders of the Board’s recommendation regarding the Offer; to provide Shareholders with an independent professional expert opinion regarding the Offer and to convene an EGM in order to approve the de-listing.

**3. Rationale for de-listing**

Historically Conafex’s operations were based in Zimbabwe where it was focused on agriculture, horticulture and plantation crops. However the compulsory acquisition without compensation of a substantial portion of the Company’s assets by the Government of Zimbabwe has placed the Group in a position where it does not have the asset base and therefore income base on which to operate as a company listed on the LuxSE and the JSE. Following the confiscation of the agricultural assets, the Group ceased its core operations of producing agricultural produce in Zimbabwe and other agriculturally based assets were disposed of in haste to avoid further compulsory acquisitions. The consequence of this action by the Government of Zimbabwe was the impairment of US\$14,336,000 from an asset value (at 30 September 2001) of US\$21,441,000. The Company wrote off US\$5,875,000 in 2002, US\$6,444,000 in 2004 and US\$2,017,000 in 2005.

In recent years the Company was able to diversify in a limited way in Southern Africa after disposing of its Zimbabwe assets and now holds a number of investments, predominantly in South Africa. The

scale of these investments does not justify a listing and the Board feels that the Company should de-list from both the LuxSE and JSE in order to conserve its limited funds to grow the businesses.

Furthermore, Conafex does not comply with the requirements of a JSE Main Board listing, which require, *inter alia*, a minimum of 300 public shareholders and 20 per cent. of the issued share capital to be held in public hands and a satisfactory audited profit history, before tax, of not less than R8 million.

The board feels that it is unlikely that it will meet the Listings Requirements in the foreseeable future.

#### **4. Terms of the Offer**

Conafex hereby offers to acquire on the terms set out in this Circular, all of the Shares from its Shareholders. The Conafex shares in respect of which the Offer is accepted will be acquired free from all liens, charges, encumbrances and other interest together with all rights attaching thereto, for the Consideration described in paragraph 4.1 below. The Offer is conditional upon the satisfaction of the conditions set out in paragraph 4.2 below. The Offer opens at 09.00 on 26 February 2009 and closes at 12.00 on 3 April 2009, both dates inclusive and will not be extended beyond that date.

All acceptances of the Offer, once received by Conafex, are irrevocable and may not be withdrawn.

##### **4.1 Offer Consideration**

4.1.1 In terms of the Offer, each Shareholder accepting the Offer will receive the Consideration for every Share held.

4.1.2 The maximum amount of Consideration payable in terms of the Offer amounts to R1,259,134

##### **4.2 Conditions precedent**

The Offer will be subject to the fulfilment or waiver, as allowed, of the following conditions precedent by no later than 20 March 2009:

###### **4.2.1 Luxembourg Stock Exchange**

The de-listing of the Shares on the LuxSE is conditional on the shares being de-listed on the JSE.

###### **4.2.2 JSE Limited**

The de-listing of the shares on the JSE is conditional upon:

- (a) the Company making a fair offer to shareholders; and
- (b) the suspension and termination of the listing of the Conafex shares on the JSE being approved in

terms of an ordinary resolution of Conafex shareholders, in respect of which ordinary resolution the controlling shareholders shall not be entitled to vote.

4.2.3 All regulatory approvals and consents necessary in respect of the Offer being obtained, including but not limited to approvals from the JSE and the Exchange Control Authority, as the case may be.

If the conditions precedent to the Offer referred to in this paragraph are not fulfilled, the Offer will lapse and all advance acceptances of the Offer will be null and void. Documents of title already surrendered will be returned to the relevant Shareholders, by registered post, at the risk of the Shareholders concerned.

#### 4.3 General terms

All acceptances of the offer once received by the transfer secretaries and treated as valid by them are irrevocable and may not be withdrawn.

The offer and its acceptance will be governed by the laws of South Africa. The offer is not to be construed as an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this circular shall be regarded as having been sent for information purposes only and any person affected as aforesaid may direct any inquiries regarding the offer to the transfer secretaries.

#### 4.4 Irrevocable undertakings

Shareholders, whose names are set out below, collectively holding 95.74 per cent. of the shares, have given written irrevocable undertakings not to accept the offer and, where permitted by the JSE, to vote in favour of all resolutions necessary to effect the de-listing.

<i>Shareholder</i>	<i>Shares held</i>
Barato Limited	500,952
Fortis Banque S.A. for Clearstream	129,373
Grimes Associates Limited	67,752
HSBC Global Custody Nominee (UK) Limited a/c 813529	43,525
Idaho Trust	91,189
IFG Trust Company (Channel Islands) Limited	93,000
Maitland Nominees Limited	333,334
Marshall Monteaagle Holdings S.A.	800,985
Monteaagle Merchant Group Limited	380,475
Total	<u>2,440,585</u>

All holders of Conafex shares will be entitled to attend and, apart from the controlling shareholder and its associates as defined in the definitions section of this circular, will be entitled to vote at the general meeting.

#### 4.5. Cash confirmation

The board has given confirmation that Conafex has sufficient funds to honour its commitments in terms of the offer. The funds required for the offer proceeds will come from the Company's bank account with Credit Suisse (Luxembourg) S.A.

#### 4.6. Working Capital

After considering the effect of the offer within the stated parameters, the directors are of the view that for a period of at least 12 (twelve) months after the date of the EGM:

- Conafex and the group will be able in the ordinary course of business to pay its debts;
- the assets of Conafex and the group, fairly valued in accordance with accounting policies used in the latest audited report, will be in excess of the liabilities of the company and the group;
- the ordinary capital and reserves of Conafex and the group will be adequate for the purposes of the company's and the group's businesses respectively; and
- the working capital of Conafex and the group will be adequate for their requirements.

### 5. Information on Conafex

#### 5.1 Incorporation and listings

Conafex is a company organised and existing under Luxembourg law, with limited liability in the form of a société anonyme under the Law, and functions as a holding company, with financial holding company status, under the Luxembourg law of 31 July 1929. Conafex was incorporated in Luxembourg on 12 September 1980 as Erconolux Société Anonyme. Its name was changed to

its present name on 31 March 2000. Conafex was listed on the LuxSE and on the JSE on 1 July 1985 and with effect from 19 April 2006 the trading of the listed shares was transferred from the regulated market operated by the LuxSE to the Euro MTF market. Conafex is currently a 46.49 per cent. associate of Monteagle, which has the same registered office as the Company.

## 5.2 History and nature of business of Conafex

Conafex was incorporated and registered in Luxembourg. Conafex was restructured in 1998 into an African agri-resource group which takes controlling and private equity stakes in businesses focused in horticulture, niche and value-added agriculture. In 1998, all of Conafex's investments were located in Zimbabwe and operations were carried out through its subsidiary in that country, Zimcor Limited, and an associate, Ariston Holdings Limited. Zimcor Limited owned and operated three large agricultural estates producing a diverse range of food and other produce on a substantial scale. Ariston Holdings Limited is a Zimbabwean holding company, listed in that country, with significant interests in tea, coffee, macadamia nuts, deciduous fruit and exotic cut flowers.

Owing to the growing sensitivity of land ownership and the political uncertainty in Zimbabwe, a major portion of the shareholding in Ariston Holdings Limited owned by an offshore subsidiary, Barato Holdings Limited, was disposed of in 2003 for a consideration of US\$2,972,927. In 2005, the balance of the shares owned by Zimcor Limited were disposed of within Zimbabwe.

In 2004, the Government of Zimbabwe compulsorily acquired Zimcor Limited's agricultural estates and all operations had to be terminated and the estates vacated within 90 days. To date, the offer of compensation for the fixed improvements only on the estates made by the Government of Zimbabwe is substantially below their value by any measurement and the offers have therefore been rejected by Conafex. The Government of Zimbabwe has refused to compensate for the land and therefore no offer of compensation has been forthcoming.

The "Zimbabwe factor" has undoubtedly impeded Conafex's ability to raise capital and fulfil its strategy of growth by acquisition of agri-related businesses in the region. In order to excise Zimbabwe from Conafex it was decided to distribute all the Zimbabwean assets, held in an offshore subsidiary, to the shareholders of Conafex by way of a dividend in specie. As a consequence the "new look" Conafex no longer has any exposure to Zimbabwe. This reconstruction was approved by shareholders on 24 February 2006.

Over the years, since 1998, Conafex has taken equity stakes in a number of agri-related businesses outside Zimbabwe which are listed in Annexure 7 on page 49.

## 5.3 Prospects for Conafex post the successful implementation of the Offer and de-listing

The Conafex Group has been in a transitional phase since it was reorganised in 1998 and has been encumbered by its exposure to Zimbabwe and the Board have looked at a number of options for the Company, none of which came to fruition. The Board believes that the only feasible way to develop the Company is to de-list it, thus saving the costs associated with the listings. This has the added advantage that the Company will be free to undertake future corporate activity without the costs normally required to comply with various stock exchange requirements.

## 5.4 Information on Directors

The full names, ages, nationalities, functions and addresses of each of the current Directors of the Company are set out below:

<i>Name, age and nationality</i>	<i>Function</i>	<i>Address</i>
Christopher Paul Jousse, 60 South African/Irish	<i>Executive Chairman</i>	18 Dacres Avenue, Epping Industria 2, Cape Town 7460, South Africa
Christopher Barrow, 78 Malawian	<i>Non-executive director</i>	Naming'omba Tea Estates Limited P.O. Box 2, Thyolo, Malawi
Anthony Stewart Haggie, 57 South African	<i>Non-executive director</i>	18 Dacres Avenue, Epping Industria 2, Cape Town 7460, South Africa
Lloyd Hugh Marshall, 37 South African/British	<i>Non-executive director</i>	City Group P.L.C., 30 City Road, London, EC1Y 2AG, United Kingdom

Oliver Hugh Marshall, 34     *Executive director*  
South African/British

18 Dacres Avenue, Epping Industria 2,  
Cape Town 7460, South Africa

## 5.5 Financial information

5.5.1 The pro forma consolidated balance sheet and the pro forma consolidated income statement of Conafex and the independent reporting accountants' report thereon are set out in Annexure 1 on page 21.

5.5.2 Extracts from the audited consolidated financial statement of the Group for the three periods ended 30 September 2006, 2007 and 2008 are set out in Annexure 3 on page 25.

## 5.6 Price history of Conafex's shares on the JSE

The price history of the Shares on the JSE is included in Annexure 7 on page 47.

## 5.7 Major shareholders

On the last practicable date, Conafex's records showed that the following shareholders held 5 per cent. or more of Conafex's issued share capital:

<i>Shareholder</i>	<i>Number of shares held</i>	<i>% of issued share capital</i>
Monteagle	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

Save as indicated above the Directors are not aware of the existence of any Shareholder who is interested in 5 per cent. or more of the issued share capital of the Company.

## 6. Special arrangements

There are no special arrangements entered into by either Conafex or its directors in the preceding twelve months, or with persons who were holders of Conafex shares within the preceding twelve months relating to the offer, other than those disclosed in this circular.

## 7. Pro forma financial effects of the Offer

The tables below set out the unaudited pro-forma financial effects of the offer. The pro forma financial information has been prepared in accordance with guidance on pro-forma financial information provided by SAICA and is for illustrative purposes only to provide information on how the offer might have affected the financial position of Conafex and its shareholders. Because of its nature, the pro forma financial information may not give a fair reflection of Conafex's results and financial position. The compilation, contents and presentation of this circular including the pro forma financial information are the responsibility of the directors of Conafex.

## Pro forma financial effects of the offer on the shareholder who accepts the offer

	<i>Before acceptance of the offer (cents)</i>	<i>After acceptance of the offer (cents)</i>	<i>% change if the offer is accepted</i>
Market value per share	1300 <sup>(1)</sup>	1300	0
Offer price	1160	1160	0
Net asset value (“NAV”)	1006 <sup>(2)</sup>	1160	15
Net tangible asset value (“NTAV”)	154 <sup>(2)</sup>	1160	651
Loss per share	(65) <sup>(3)</sup>	99 <sup>(3)</sup>	252
Headline loss per share	(124) <sup>(3)</sup>	99 <sup>(3)</sup>	180

### Notes:

1. Based on the volume weighted average price of Conafex shares for the 60 trading days up to and including 29 July 2008, being the last trading day before the cautionary announcement was published on SENS and on the closing price of Conafex shares on 29 July 2008, being the trading day prior to the publication of the cautionary announcement on SENS.
2. Based on the NAV and NTAV of a Conafex share as at 30 September 2008.
3. Based on earnings and headline earnings per share for the year ended 30 September 2008 assuming an average interest rate on call accounts of 9.01 per cent. and an after tax rate of 5.41 per cent., on the proceeds of the offer.

## Pro forma financial effects of the offer on the Company

	<i>Before the Offer (cents)</i>	<i>After the Offer (cents)</i>	<i>Change %</i>
Loss per share	(65)	(76)	(10.53)
Headline loss per share	(124)	(137)	(9.46)
Net asset value per share (cents)	1006	960	(5.12)
Net tangible asset value	154	161	4.6
Number of shares in issue	2,549,131	2,440,585	(4.3)

### Notes:

1. The ‘Before the Offer’ financial information is based on the published and unaudited interim financial results for the year ended 30 September 2008.
2. The headline and basic loss per share calculations have been based on the assumption that the Offer was implemented on 1 October 2007 and that it was effective for the year ended 30 September 2008. Headline and basic earnings per share have been adjusted to include 100 per cent. of the attributable earnings of Conafex for the year ended 30 September 2008. The interest paid has been calculated at 10 per cent. based on the assumption that the transaction will be financed through this existing loan agreement that bears interest at 10 per cent., and not through cash balances.
3. The net asset values per share calculations have been based on the assumption that the Offer was implemented on 30 September 2008 and this assumption is based on the fact that the shareholders referred to in 4.4 on page 10 and holding between then 2,440,585 shares have irrevocably undertaken NOT to accept the offer.
4. Net asset values per share have been adjusted to include 100 per cent. of Conafex’s net asset value at 30 September 2008. Net asset value per share includes estimated costs relating to the Offer of R750,000.
5. The pro forma consolidated balance sheet and pro forma consolidated profit and loss account after implementation of the Offer are included in Annexure 1 to this circular.
6. The pro forma financial effects of the offer have been prepared on the basis that no Warrants will be exercised as their exercise price is significantly higher than the Consideration that will be received by a warrant holder who exercises their warrants in order to accept the offer for the shares.

## 8. Procedure for acceptance of the Offer

### 8.1 Period of the Offer

The Offer opens on Thursday 26 February 2009 and closes on Friday 3 April 2009. No action is required from Shareholders who do not wish to accept the Offer.

## 8.2 Procedure for certificated Shareholders

Certificated Shareholders who wish to accept the Offer must complete and sign the Form of acceptance and surrender (blue) attached, in accordance with the instructions contained therein, and which Form of Acceptance and Surrender, together with their Documents of Title, must, on or before 12.00 on the Closing Date, be:

### Shareholders on the European branch register

Deliver by hand (during normal business hours only) or post to:

Capita Registrars  
Corporate Actions  
The Registry,  
34 Beckenham Road,  
Beckenham  
Kent, BR3 4TU,  
United Kingdom

### Shareholders on the South African branch register

*Deliver to:*

Computershare Investor Services (Pty) Ltd  
70 Marshall Street  
Johannesburg  
2001

*Post to:*

Computershare Investor Services (Pty) Ltd  
PO Box 61763  
Marshalltown  
2107

Acceptances of the Offer sent through the post are sent at the risk of the Shareholder concerned. If any person who is not a registered Shareholder surrenders Documents of Title in respect of Shares, together with a transfer form for the registration of such shares purporting to have been properly completed by the registered holder thereof, such person shall be entitled to receive the Consideration pursuant to acceptance of the Offer, provided that:

- such person proves to the satisfaction of Conafex that the relevant stamp duty payable has in fact been paid in respect of the proposed registration of transfer of such Shares; and
- the Consideration has not already been delivered or posted to the registered holder of such Shares.

Any person who is not a registered Shareholder and who surrenders Documents of Title in respect of Shares, together with a transfer form for the registration of such share purporting to have been properly completed by the registered holder thereof, may be required by Conafex, in its sole discretion, to furnish an indemnity in a form and on terms acceptable to Conafex, against any loss or damage, payment or expense which Conafex may suffer or incur by reason of or arising from the delivery of the Consideration to such person.

If the Form of Acceptance and Surrender is rejected due to non-compliance with the instructions contained therein, then the Shareholder concerned will be deemed not to have accepted the Offer. Conafex may nevertheless, in its sole discretion, condone the non-observance by any Shareholder of any of the instructions contained within.

## 8.3 Procedure for Dematerialised Shareholders

Dematerialised Shareholders who wish to accept the Offer must advise their CSDP or broker, as the case may be, in this regard by the stipulated date and cut-off time for the receipt of such instruction. Such shareholders should confirm with their CSDP or broker, as the case may be, what the stipulated date and cut-off time will be. This must be done in terms of the agreement entered into between such shareholder and his CSDP or broker. Dematerialised Shareholders must not complete the Form of Acceptance and Surrender (blue).

## 8.4 Procedure for Warrant holders

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 years 2006 to 2009.

Any Warrant holder who wishes to exercise their right to exercise their Warrants, at the exercise price is US\$2.41 each, in order to accept the Offer should refer to Annexure 5 on page 43.

The pro forma financial effects of the offer have been prepared on the basis that no Warrants will be exercised as their exercise price is significantly higher than the Consideration that will be received by a warrant holder who exercises their warrants in order to accept the offer for the shares.

## **8.5 Acceptances treated as irrevocable**

8.5.1 Conafex reserves the right, at its discretion, to:

- treat as invalid, forms of acceptance and surrender not accompanied by valid Documents of Title; and
- require proof of authority of the person signing the Form of Acceptance and Surrender where such proof has not yet been lodged with or recorded by the Transfer Secretaries.

8.5.2 All acceptances of the Offer received by the Transfer Secretaries and treated by them as valid shall be irrevocable.

8.5.3 Those shareholders who do not wish to accept the offer will remain with Conafex as shareholders in an unlisted company.

## **8.6 Amendment to or variation of the Offer**

No amendment to or variation of the Offer will be valid unless made in writing and signed by Conafex and such amendment or variation has received the prior approval of the JSE.

## **8.7 Lost or destroyed Documents of Title**

If the Documents of Title relating to any Shares to be surrendered are lost or destroyed, Conafex may dispense with the requirement for the surrender of such Documents of Title, upon production, by no later than 12.00 on the day prior to the Closing Date, of evidence satisfactory to Conafex that the Documents of Title have been lost or destroyed and upon delivery to Conafex of a duly executed indemnity form which is obtainable from the Transfer Secretaries on request (which will constitute the only suitable form of indemnity in such event).

## **8.8 Exchange Control Regulations**

This section relates to Shareholders on the South African branch of the Company's share register only.

### **8.8.1 Emigrants from the Common Monetary Area**

The Rand Consideration due to certificated offer shareholders who are emigrants from South Africa, and whose documents of title have been restrictively endorsed under the Exchange Control Regulations of South Africa, and who accept the offer, will be deposited in a blocked Rand account with the authorised dealer in foreign exchange in South Africa controlling such emigrants' remaining blocked assets.

The authorised dealer releasing the documents of title must countersign the relevant form of acceptance and surrender, thereby indicating that the Rand Consideration will be placed directly under its control. The Consideration is not freely transferable from South Africa and may only be dealt with in terms of the Exchange Control Regulations of South Africa.

Any cash in respect of the Conafex Consideration due to a dematerialised shareholder will be credited directly to their blocked Rand account by their duly appointed CSDP or broker

and held to the order of the authorised dealer in foreign exchange in South Africa, controlling such shareholder's blocked assets.

If emigrant offer shareholders do not provide the name of an authorised bank, the amount concerned will be held on deposit in a non-interest bearing account under the control of the transfer secretaries, who will complete the transaction on behalf of the shareholders concerned.

#### **South African resident shareholders**

Persons who are regarded as South African residents for exchange control purposes will receive their Consideration by means of a cheque payable to the Shareholder, or Shareholders if a joint account.

#### **8.8.2 All other non-residents of the Common Monetary Area**

The Rand Consideration due to certificated offer shareholders:

- who are non-residents; or
- who have never resided in the Common Monetary Area; or
- whose registered address is outside the Common Monetary Area; or
- whose documents of title have been restrictively endorsed under the Exchange Control Authority,

and who accept the offer will be freely payable to such shareholders provided that the Rand consideration due to such shareholders may only be paid to the credit of a non-resident account with an authorised dealer in South Africa. Non-resident certificated offer shareholders should provide, in the space provided in the relevant form of acceptance and surrender, details of the non-resident account that should be credited with the Rand consideration due. If such non-resident shareholders do not provide the required details, the amount concerned will be held in trust by the transfer secretaries' bankers, in a non-resident suspense account in the names of the non-resident shareholders concerned.

The Consideration due to all other non-resident dematerialised offer shareholders will be credited directly to nominated bank accounts of the shareholders by their duly appointed CSDPs or brokers.

Should any cheques posted or payment made to offer shareholders in terms of the offer not be presented for payment, the amounts payable in respect of such cheques shall be held in trust by the transfer secretaries with interest accruing for the benefit of the Company until such amounts are claimed by the offer shareholders concerned, or their CSDP or broker in the case of dematerialised shareholders.

Conafex shareholders who are not resident in, or have a registered address outside, South Africa must satisfy themselves as to the full observance of the laws of any relevant territory concerning the receipt of the offer consideration, including obtaining any requisite governmental or other consents, observing any other formalities and paying any issue, transfer or other taxes due in such territory.

### **8.9 Settlement of the Consideration**

#### **8.9.1 No set-off of consideration**

Settlement of the Consideration to which a Conafex shareholder becomes entitled in terms of the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which any person may be entitled.

#### **8.9.2 Other jurisdictions**

The Offer and its acceptance will be governed by the laws of South Africa. This Circular does not constitute an Offer in any area of jurisdiction in which it is illegal to make such an Offer. In such circumstances, this Circular is sent for information purposes only.

### 8.9.3 Certificated Shareholders

The Consideration will be posted to a certificated shareholder who has accepted the Offer in terms of the provisions of paragraph 8.2 above and surrendered his relevant Documents of Title, at his risk, as soon as possible after, but at least within five Business Days of the later of:

- the announcement that the Offer has become unconditional; and
- the day on which the valid Form of Acceptance and Surrender and relevant Documents of Title were received.

### 8.9.4 Dematerialised Shareholders

The holdings of a dematerialised shareholder who has accepted the Offer in terms of the provisions of paragraph 8.3 above, will be withdrawn from his account at the CSDP or broker, as the case may be, and the Consideration will be credited to his account at the CSDP or broker, as the case may be, as soon as possible, but at least within five Business Days of the later of:

- the announcement that the Offer has become unconditional; and
- the date on which the Offer was validly accepted.

## 8.10 Tax implications for Shareholders

The disposal of Shares may have taxation implications for Shareholders. The nature of the tax implications will vary from one Shareholder to another. The jurisdiction in which the Shareholder resides may also have a bearing on the tax implications.

In light of the above, Shareholders are advised to seek professional advice as to their appropriate tax treatment.

## 9. Board of directors of Conafex

The names and the functions of the Board are set out on page 11. There have been no changes to the composition of the Board since the publication of the financial results for the year ended 30 September 2008.

### 9.1 Directors' interests

#### 9.1.1 Details of Shares held by Directors

On the last practicable date the Directors held Conafex shares beneficially directly and Conafex shares indirectly as follows:

	<i>Number of Conafex shares held</i>	
	<i>Direct Beneficial</i>	<i>Indirect Beneficial</i>
C.P. Jousse	–	67,752*
C. Barrow	500,952	–
A.S. Haggie	–	91,189*
L.H. Marshall	–	43,535*
O.H. Marshall	–	43,535*

\* These holdings arise because the individuals are beneficiaries or potential beneficiaries of trusts that hold shares in Conafex.

† This non-beneficial holding arises because Mr. Pearson is a trustee of an entity that holds shares in Conafex.

9.1.2 None of the directors hold or are entitled to share options.

9.1.3 There have been no director's dealings in shares in the past six months preceding the Last Practicable Date.

9.1.4 No Director is or has been interested in any transactions which are significant in relation to the business of Conafex and which were effected in the current financial year, the financial year ended 30 September 2008, the financial year ended 30 September 2007 or in any earlier financial period which remain outstanding or unperformed.

## 9.2 Director's service agreements and remuneration

9.2.1 At the Last Practicable date, there were no service agreements with any of the Directors of the Company.

### 9.2.2 Remuneration

The remuneration paid to the directors who were in office for the last financial year ended 30 September 2008 is shown below. At the Company's Annual General Meeting on 28 March 2008, Mr. Burrell and Mr. D.C. Marshall retired as directors of the Company and Mr. C.P. Jousse, Mr. L.H. Marshall and Mr. O.H. Marshall were appointed to the Board.

			<i>R000</i>
C.P. Jousse	<i>Executive</i>	(appointed 28 March 2008)	358
C. Barrow	<i>Non-executive</i>		56
A.S. Haggie	<i>Executive</i>		56
L.H. Marshall	<i>Non-executive</i>	(appointed 28 March 2008)	–
O.H. Marshall	<i>Executive</i>	(appointed 28 March 2008)	132
C.A. Pearson	<i>Non-executive</i>	(retired 10 February 2009)	56
M.W. Burrell		(retired 28 March 2008)	–
D.C. Marshall		(retired 28 March 2008)	–
Total			<u>658</u>

The remuneration of the directors is allocated by the Annual General Meeting of the Company and the directors are not permitted to vote remuneration, including pensions or other benefits, to themselves without such approval. Other than shown above, no other payments or benefits were paid to, or receivable by, the Directors.

The remuneration receivable by the directors will not be varied as a consequence of the delisting and the offer.

## 10. Share capital

The authorised and issued share capital of the Company is as follows:

	<i>US\$000</i>
<i>Authorised</i>	
36,000,000 shares of US\$1.50 each	<u>54,000</u>
<i>Issued</i>	
2,549,131 shares of US\$1.50 each	3,824
Share premium	<u>447</u>

## 11. Significant contracts

There are no material contracts in existence which have been entered into by the Group in the ordinary course of business within the three years immediately preceding the date of this circular.

## 12. Material loans

There are no material loans made to Conafex and/or its subsidiaries that were outstanding at the date of this circular.

### 13. Litigation

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which Conafex is aware, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the Group's financial position.

### 14. Material changes

Other than in respect of the proposals outlined in this circular, the Directors report that since the date of the financial statements for the year ended 30 September 2008 there have been no material changes to the Company's activities other than as a result of the normal business of the Company.

### 15. Opinions and recommendations

#### 15.1 Independent professional expert's opinion

The Conafex Board has appointed Sasfin Capital to provide an independent professional expert's opinion regarding the offer, taking into consideration the terms and conditions of the offer Sasfin Capital is of the opinion that such terms and conditions are fair to Conafex shareholders excluding any related parties. The independent professional expert's opinion is included in Annexure 5 to this Circular and has not been withdrawn prior to the publication of this Circular.

#### 15.2 Opinion of the Conafex Board

The Board has considered the following:

- the terms and conditions of the Offer;
- the opinion of the independent professional expert, Sasfin Capital; and
- that Shareholders holding 2,440,585 Shares representing 95.74 per cent. of the entire issued share capital of the Company have in writing irrevocably undertaken not to accept the Offer and, where permitted by the JSE, to vote in favour of the proposal to de-listing.

The Board, taking into account the above considerations, is unanimously of the opinion that the terms and conditions of the Offer are fair and reasonable to Conafex Shareholders and it recommends that those Conafex Shareholders who do not wish to remain invested in the Company when it de-lists accept the Offer.

### 16. Directors responsibility statement

The Directors, whose names are given on page 8 of this Circular 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 facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and in terms of the Listings Requirements.

### 17. Costs

The expenses payable by Conafex relating to the Offer and de-listing are estimated to amount to approximately R750,000 exclusive of V.A.T.

	<i>R</i>
Sasfin Capital	275,000
Independent expert opinion on the Offer	100,000
JSE	15,000
Independent reporting accountant	25,000
Group secretaries to Conafex	95,000
Transfer agents	84,000
Printing	156,000
Estimated total	<u>750,000</u>

## **18. Consents**

Each of the international counsel & registrar, sponsor, paying and listing agent, independent reporting accountants and transfer agents have consented in writing to act in the capacities stated and to their names being stated in this circular and have not, prior to the publication of this circular, withdrawn such consents.

The Independent Reporting Accountants and the Independent Experts have given and have not withdrawn their written consent prior to the issue of the circular, containing their respective reports in the form and context in which they appear.

## **19. Documents available for inspection**

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Conafex at 58 rue Charles Martel, L-2134, Luxembourg, the offices of the Group Secretaries, City Group P.L.C., 30 City Road, London, ECIY 2AG, U.K. and at the offices of Sasfin Capital, Sasfin Place, 13-15 Scott Street, Waverley 2090, South Africa from the Opening Date of the Offer to the Closing Date of the Offer:

- 19.1 the Articles of Incorporation of Conafex;
- 19.2 audited annual financial statements of Conafex for each of the past three financial periods ended 30 September 2006, 2007 and 2008;
- 19.3 the pro forma consolidated balance sheet and pro forma consolidated income statement;
- 19.4 the report of the independent reporting accountants on the pro forma financial effects of the Offer;
- 19.5 a signed copy of this circular;
- 19.6 the irrevocable undertakings from Conafex shareholders referred to on page 8;
- 19.7 the Independent Professional Expert's fairness opinion on the terms of the Offer;
- 19.8 letters of consent from the corporate adviser, sponsor, international counsel, independent adviser and transfer secretaries consenting to the publication of their names in the form and context in which they appear in this circular; and
- 19.9 a copy of the press announcement regarding the Offer.

By Order of the Board

This circular has been signed on 26 February 2009 at Cape Town on behalf of all the directors of Conafex Holdings Société Anonyme in terms of powers of attorney granted to Mr. C.P. Jousse.

C.P. Jousse  
*Chairman*

## ANNEXURE 1

### PRO FORMA INCOME STATEMENT AND BALANCE SHEET FOR CONAFEX

The pro forma financial information has been prepared for illustrative purposes only and to provide information about how the Offer affects Conafex and the minority shareholders. Because of its nature, the pro forma financial information may not give a fair reflection of Conafex's results and financial position. The compilation, contents and presentation of this circular including the pro forma financial information are the responsibility of the directors of Conafex.

#### Pro Forma Consolidated Income Statement

	<i>Before the Offer R'000</i>	<i>Effect of the Offer R'000</i>	<i>Pro forma after Offer R'000</i>
Group revenue including share of associates	45,957		45,957
Less share of revenue of associates	(11,569)		(11,569)
Revenue discontinued activities – nil (2007 – R3,509,000)	34,388		34,388
Operating costs	(36,084)		(36,084)
Operating loss	(1,696)		(1,696)
Share of associated companies' results	(282)		(282)
Dividends receivable	336		336
Interest receivable	494		494
Exchange (losses)/gains	(906)		(906)
Interest paid and similar charges	(273)	(201)	(474)
(Loss)/Profit on ordinary activities before exceptional items and tax	(2,327)	(201)	(2,528)
Exceptional items	1,495	–	1,495
Loss before tax and minority interests	(832)	(201)	(1,033)
Taxation on ordinary activities	(410)	–	(410)
Loss after tax before minority interests	(1,242)	(201)	(1,443)
Minority interests	(414)	–	(414)
Loss attributable to shareholders of the Group	(1,656)	(201)	(1,857)
Loss per share SA cents	(65)		(76)
Exceptional items less minorities and tax – per share	(59)		(61)
Headline (loss)/earnings per share SA cents	(124)	10.76	(137)

## Pro Forma Consolidated Balance Sheet

At 30 September 2008

	<i>Before the Offer R'000</i>	<i>Effect of the Offer R'000</i>	<i>Pro Forma after Offer R'000</i>
<b>Assets</b>			
<b>Non current assets</b>			
Intangible assets	1,482		1,482
Property, plant and equipment	3,938		3,938
Investments	10,064		10,064
	<u>15,484</u>	<u>0</u>	<u>15,484</u>
<b>Current assets</b>			
Inventories	6,194		6,194
Trade and other accounts receivable	7,136		7,136
Cash and bank balances	8,587	(2,210)	6,377
	<u>21,917</u>	<u>(2,210)</u>	<u>19,707</u>
<b>Current liabilities</b>			
Accounts payable falling due within one year	(8,563)		(8,563)
Net current assets	<u>13,354</u>	<u>(2,210)</u>	<u>11,144</u>
<b>Total assets less current liabilities</b>			
	28,838	(2,210)	26,628
Creditors due after more than one year	(277)		(277)
Deferred taxation	(184)		(184)
	<u>28,377</u>	<u>(2,210)</u>	<u>26,167</u>
<b>Capital and reserves</b>			
Called up share capital	26,371	(1,123)	25,248
Share premium account	3,085	(886)	2,199
Legal reserve	628		628
Retained earnings	(4,450)	(201)	(4,651)
Shareholders' funds	<u>25,634</u>	<u>(2,210)</u>	<u>23,424</u>
Minority interests	2,743		2,743
	<u>28,377</u>	<u>(2,210)</u>	<u>26,167</u>
Shares in issue	2,549,131		2,440,585
Net assets per share ZAR	10.06		9.60
Net tangible assets per share ZAR	1.54		1.61

### Notes:

1. The 'Before the Offer' financial information is based on the published and unaudited interim financial results for the year ended 30 September 2008.
2. The headline and basic loss per share calculations have been based on the assumption that the Offer was implemented on 1 October 2007 and that it was effective for the year ended 30 September 2008. Headline and basic earnings per share have been adjusted to include 100 per cent. of the attributable earnings of Conafex for the year ended 30 September 2008. The interest paid has been calculated at 10 per cent. based on the assumption that the transaction will be financed through this existing loan agreement that bears interest at 10 per cent., and not through cash balances.
3. The net asset values per share calculations have been based on the assumption that the Offer was implemented on 30 September 2008 and this assumption is based on the fact that the shareholders referred to in 4.4 on page 10 and holding between then 2,440,585 shares have irrevocably undertaken NOT to accept the offer.
4. Net asset values per share have been adjusted to include 100 per cent. of Conafex's net asset value at 30 September 2008. Net asset value per share includes estimated costs relating to the Offer of R750,000.
5. The pro forma financial effects of the offer have been prepared on the basis that no Warrants will be exercised as their exercise price is significantly higher than the Consideration that will be received by a warrant holder who exercises their warrants in order to accept the offer for the shares.

## ANNEXURE 2

### INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF CONAFEX

13 February 2009

The Directors  
Conafex Holdings S.A.  
P.O. Box 1361  
L-1013 Luxembourg

Dear Sirs

#### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF CONAFEX HOLDINGS SOCIETE ANONYME ("CONAFEX").

#### INTRODUCTION

We have performed our limited assurance engagement in respect of the pro forma financial information set out in Annexure 1 above of the circular to be mailed to shareholders during February 2009 ("the circular") issued in connection with the offer by Conafex to its shareholders to acquire their shares.

The pro forma financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about the effects of the Offer on the consolidated financial results and the position of Conafex for the financial year ended 30 September 2008 had the Offer been effective at 1 October 2008 or at the date of the pro forma balance sheet reported on.

#### DIRECTORS' RESPONSIBILITY

The directors of Conafex are responsible for the compilation, contents and presentation of the pro forma financial information contained in the circular and for the financial information from which it has been prepared. This responsibility includes determining that: the pro forma information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Conafex; and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed in terms of the JSE Listings Requirements.

#### REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the pro forma financial information included in the circular to Conafex shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on Pro Forma Financial Information issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

## **SOURCES OF INFORMATION AND WORK PERFORMED**

Our procedures consisted primarily of comparing the unadjusted financial information with the unaudited published interim financial statements, considering the pro forma adjustments in light of the accounting policies of Conafex, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors of the company in respect of the corporate actions that are the subject of this circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Conafex and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe the evidence we obtained is sufficient and appropriate to provide a basis for our conclusion.

## **CONCLUSION**

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the pro forma financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Conafex; and
- the adjustments are inappropriate for the purposes of the pro forma financial information as disclosed in terms of sections 8.17 and 8.30 of the JSE Listing Requirements.

Yours faithfully

**BDO Spencer Steward (Cape) Incorporated**  
Registered Auditors  
BDO House  
119 Hertzog Boulevard  
Foreshore  
Cape Town 8001  
South Africa

### ANNEXURE 3

#### AUDITED HISTORICAL FINANCIAL INFORMATION ON CONAFEX

*For the three accounting periods ended 30 September 2006, 2007 and 2008.*

#### **Consolidated Income Statement**

*For the period ended 30 September*

	<i>Notes</i>	<i>2008 R'000</i>	<i>2007 R'000</i>	<i>2006 R'000</i>
Group revenue including share of associates	3	45,957	43,536	45,012
Less share of revenue of associates		(11,569)	(16,356)	(16,212)
Revenue – including discontinued activities nil (2007 – R3,509,000; 2006 – R7,882,000)		34,388	27,180	28,800
Operating costs		(36,084)	(28,258)	(30,795)
Operating loss	4	(1,696)	(1,078)	(1,995)
Share of associated companies' results		(282)	2,151	2,255
Income from investment in Zimbabwean subsidiary – dividend		–	–	41
Dividends receivable		336	393	68
Interest receivable		494	564	342
Exchange (losses)/gains		(906)	505	(63)
Interest paid and similar charges		(273)	(370)	(359)
(Loss)/Profit on ordinary activities before exceptional items and tax		(2,327)	2,165	289
Exceptional items	5	1,495	(4,069)	(1,856)
Loss before tax and minority interests	3	(832)	(2,476)	(1,567)
Taxation on ordinary activities	6	(410)	(310)	(1,072)
Loss after tax before minority interests		(1,242)	(2,786)	(2,639)
Minority interests		(414)	(193)	(268)
Loss attributable to shareholders of the Group		(1,656)	(2,979)	(2,907)
Loss per share SA cents	7	(65)c	(159)c	(189)c
Headline (loss)/earnings per share SA cents	7	(124)c	58c	(69)c

The notes on pages 29 to 39 form part of these financial statements.

### Consolidated Statement of Changes in Equity

	<i>Ordinary share capital R'000</i>	<i>Legal reserve* R'000</i>	<i>Share premium account R'000</i>	<i>Retained earnings R'000</i>	<i>Total R'000</i>
<b>FOR THE YEAR ENDED 30 SEPTEMBER 2007</b>					
Balance at start of year	21,819	707	1,390	(103)	23,813
Exchange differences on translation of the financial statements and net losses not recognised in the Income Statement	(2,448)	(79)	(156)	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)
<b>Balances at end of year</b>	<u><u>26,371</u></u>	<u><u>628</u></u>	<u><u>3,085</u></u>	<u><u>(2,413)</u></u>	<u><u>27,671</u></u>
<b>FOR THE YEAR ENDED 30 SEPTEMBER 2008</b>					
Balance at start of period	26,371	628	3,085	(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 period	–	–	–	(1,656)	(1,656)
<b>Balances at end of period</b>	<u><u>26,371</u></u>	<u><u>628</u></u>	<u><u>3,085</u></u>	<u><u>(4,450)</u></u>	<u><u>25,634</u></u>

\* Luxembourg law requires that an appropriation of at least 5 per cent. of a Luxembourg company's own annual distributable profit be made to legal reserve until such time as the reserve attains 10 per cent. 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 29 to 39 form part of these financial statements.

**Consolidated Balance Sheet***At 30 September*

	<i>Notes</i>	<i>2008 R'000</i>	<i>2007 R'000</i>	<i>2006 R'000</i>
<b>Assets</b>				
<b>Non current assets</b>				
Intangible assets	8	1,482	1,482	1,501
Property, plant and equipment	9	3,938	4,266	1,913
Investments	10	10,064	11,098	9,270
		<u>15,484</u>	<u>16,846</u>	<u>12,684</u>
<b>Current assets</b>				
Inventories	11	6,194	8,895	5,787
Trade and other accounts receivable	12	7,136	6,770	14,517
Cash and bank balances		8,587	10,996	2,557
		<u>21,917</u>	<u>26,661</u>	<u>22,861</u>
<b>Current liabilities</b>				
Accounts payable falling due within one year	13	(8,563)	(13,381)	(8,380)
Net current assets		<u>(13,354)</u>	<u>13,280</u>	<u>14,481</u>
<b>Total assets less current liabilities</b>				
		28,838	30,126	27,165
Creditors due after more than one year				
Deferred taxation		(277)	–	(273)
		<u>(184)</u>	<u>(125)</u>	<u>(180)</u>
		<u>28,377</u>	<u>30,001</u>	<u>26,712</u>
<b>Capital and reserves</b>				
Called up share capital	14	26,371	26,371	21,819
Share premium account		3,085	3,085	1,390
Legal reserve		628	628	707
Retained earnings		(4,450)	(2,413)	(103)
Shareholders' funds		<u>25,634</u>	<u>27,671</u>	<u>23,813</u>
Minority interests		2,743	2,330	2,899
		<u>28,377</u>	<u>30,001</u>	<u>26,712</u>

The notes on pages 29 to 39 form part of these financial statements.

## Consolidated Cash Flow Statement

For the period ended 30 September

	Notes	2008 R'000	2007 R'000	2006 R'000
<b>Cash Flows from operating activities</b>				
Cash (utilised)/generated by operating activities	15(a)	(2,690)	172	(6,328)
Interest paid		(273)	(370)	(358)
Taxation paid		(15)	(233)	(693)
<b>Net cash outflow from operating activities</b>		<u>(2,978)</u>	<u>(431)</u>	<u>(7,379)</u>
<b>Investment activities</b>				
Purchase of tangible assets		(829)	(3,004)	(614)
Proceeds on disposal of non – current fixed assets		403	198	353
Acquisition of loan notes in Simply Cereal		–	–	(4,847)
Proceeds on disposal of investments		–	2,990	1,160
Acquisition of minority interest in Cape Natural Tea Products		–	–	(1,293)
Further acquisition of minority interest		–	(647)	(609)
Dividends received from Zimbabwean subsidiary		–	–	41
Interest received and other investment income		830	957	543
<b>Net cash inflow/(outflow) from investment activities</b>		<u>404</u>	<u>494</u>	<u>(5,266)</u>
<b>Net cash (outflow)/inflow before financing</b>		<u>(2,574)</u>	<u>63</u>	<u>(12,645)</u>
<b>Financing</b>				
Proceeds of new shares issued, net of costs		–	8,851	6,335
Increase/(Decrease) in long term debt		277	(273)	–
<b>Net cash inflow/(outflow) from financing</b>		<u>277</u>	<u>8,578</u>	<u>6,335</u>
<b>Net (decrease)/increase in funds</b>		<u>(2,297)</u>	<u>8,641</u>	<u>(6,310)</u>
Net funds at start of year	15(c)	10,808	2,000	8,271
Effect of foreign exchange rate changes		30	167	39
<b>Net funds at end of year</b>	15(c)	<u>8,541</u>	<u>10,808</u>	<u>2,000</u>

The notes on pages 29 to 39 form part of these financial statements.

## Notes to the Consolidated Financial Statements

*For the year ended 30 September 2008*

### 1. GENERAL

The Company is incorporated as a société anonyme, with financial holding company status under the Law of 31 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 1 July 2008 or on or after 1 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.

**(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.

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.

	<i>Profit &amp; Loss Account</i>		<i>Balance Sheet</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
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.

**Segmental analysis of results**

	2008 R000		2007 R000	
	Revenue	Result	Revenue	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)
	<u>45,957</u>	<u>(483)</u>	<u>43,536</u>	<u>(3,568)</u>
Exchange (losses)/gains		(906)		505
Dividends receivable		336		393
Interest received		494		564
Interest paid		(273)		(370)
Loss before tax		<u>(832)</u>		<u>(2,476)</u>

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 R3,500,000, Result R1,287,000.

### Segmental analysis of net assets – 30 September 2008

	<i>Assets</i>	<i>Liabilities</i>	<i>Net assets/ (liabilities)</i>	<i>Capital Expenditure</i>	<i>Depreciation Charge</i>
	<i>R000</i>	<i>R000</i>	<i>R000</i>	<i>R000</i>	<i>R000</i>
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	<u>37,401</u>	<u>(9,024)</u>	<u>28,377</u>	<u>829</u>	<u>809</u>

### Segmental analysis of net assets – 30 September 2007

	<i>Assets</i>	<i>Liabilities</i>	<i>Net assets/ (liabilities)</i>	<i>Capital Expenditure</i>	<i>Depreciation Charge</i>
	<i>R000</i>	<i>R000</i>	<i>R000</i>	<i>R000</i>	<i>R000</i>
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	<u>43,507</u>	<u>(13,506)</u>	<u>30,001</u>	<u>3,004</u>	<u>368</u>

\* 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.

## 4. OPERATING LOSS & EMPLOYEES

	<i>2008</i>	<i>2007</i>
	<i>R000</i>	<i>R000</i>
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

	<i>2008</i>	<i>2007</i>
	<i>R000</i>	<i>R000</i>
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	<u>1,495</u>	<u>(4,069)</u>

## 6. TAXATION

	<i>2008</i>	<i>2007</i>
	<i>R000</i>	<i>R000</i>
Capital tax – current year	77	46
Corporation tax – current year	324	255
Withholding tax	9	9
	<u>410</u>	<u>310</u>

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

	<i>2008</i>	<i>2007</i>
	<i>R000</i>	<i>R000</i>
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)
	<u>410</u>	<u>310</u>

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

	<i>2008</i>	<i>2007</i>
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).	<u>(65)c</u>	<u>(159)c</u>
Adjustments for:		
Exceptional items, less taxation	<u>59c</u>	<u>(217)c</u>
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.	<u>(124)c</u>	<u>58c</u>

## 8. INTANGIBLE ASSETS

	2008 R000	2007 R000
<b>Goodwill arising on consolidation</b>		
Balance brought forward	1,482	1,501
Arising on disposal	–	(19)
Balance carried forward	<u>1,482</u>	<u>1,482</u>

## 9. PROPERTY, PLANT & EQUIPMENT

	<i>Leasehold improvements</i> R000	<i>Motor Vehicles</i> R000	<i>Plant, equipment, etc.</i> R000	<i>Total</i> R000	<i>Total</i> R000
<b>At cost</b>					
Brought forward at 1 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 30 September	<u>549</u>	<u>329</u>	<u>4,380</u>	<u>5,258</u>	<u>4,862</u>
<b>Depreciation</b>					
Brought forward at 1 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 30 September	<u>379</u>	<u>60</u>	<u>881</u>	<u>1,320</u>	<u>596</u>
Net book value at 30 September	<u>170</u>	<u>269</u>	<u>3,499</u>	<u>3,938</u>	<u>4,266</u>

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

	<i>Listed Companies R000</i>	<i>Unlisted Associated Companies R000</i>	<i>Other Unlisted Companies R000</i>	<i>2008 Total R000</i>	<i>2007 Total R000</i>
Brought forward at 1 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
	<u>3,779</u>	<u>7,008</u>	<u>311</u>	<u>11,098</u>	<u>9,270</u>
Translation adjustment	759	(37)	62	784	(334)
	<u>4,538</u>	<u>6,971</u>	<u>373</u>	<u>11,882</u>	<u>8,936</u>
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 30 September	<u>3,054</u>	<u>6,637</u>	<u>373</u>	<u>10,064</u>	<u>11,098</u>
Market value of listed investments at 30 September	<u>3,054</u>			<u>3,054</u>	<u>3,779</u>
Directors' valuation of unlisted investments at 30 September		<u>6,637</u>	<u>373</u>	<u>7,010</u>	<u>7,319</u>
<b>Analysis of net book value:</b>					
Intertrading Limited				3,054	3,779
Grassroots Group (Pty.) Limited				6,637	6,571
Other				373	748
				<u>10,064</u>	<u>11,098</u>

The following investment is included in the above Group figures.

	<i>Group percentage of equity held 2008</i>	<i>2007</i>
<b>Equity accounted:</b>		
<b>Unlisted</b>		
Grassroots Group (Pty.) Limited	30.96%	30.96%
Incorporated and operating in South Africa		
Activity – Aromatic and medicinal plants		
Profit for the year to 30 September 2008 R666,000 (2007 – R4,554,000)		
Reserves: 30 September 2008 R27,042,000 (2007 – R26,518,000)		

## 11. INVENTORIES

	<i>2008 R000</i>	<i>2007 R000</i>
Raw materials and consumables	3,284	4,033
Finished goods	2,910	4,862
	<u>6,194</u>	<u>8,895</u>

## 12. TRADE AND OTHER ACCOUNTS RECEIVABLE

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

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

## 13. ACCOUNTS PAYABLE

### 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
	<u>8,563</u>	<u>13,381</u>

## 14. SHARE CAPITAL

### 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
	<u>26,371</u>	<u>26,371</u>

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 24 February 2006 and, if not exercised, the options expire on 29 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

	2008 R000	2007 R000		
<b>(a) Reconciliation of loss before tax to cash utilised by operations</b>				
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		
	<u>(1,798)</u>	<u>706</u>		
(Outflow)/Inflow from operations before working capital changes	(1,798)	706		
Net increase in working capital (refer to note 15(b))	(892)	(534)		
	<u>(2,690)</u>	<u>172</u>		
<b>(b) Net decrease/(increase) in working capital</b>				
Decrease/(Increase) in inventories	2,701	(3,108)		
Decrease in debtors	1,046	1,135		
(Decrease)/Increase in creditors	(4,639)	1,439		
	<u>(892)</u>	<u>(534)</u>		
<b>(c) Analysis of funds</b>				
	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)
	<u>10,808</u>	<u>30</u>	<u>(2,297)</u>	<u>8,541</u>
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
	<u>10,808</u>	<u>30</u>	<u>(2,297)</u>	<u>8,541</u>

## 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

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

At 30 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:

	<i>2008</i>	<i>2007</i>
	<i>R000</i>	<i>R000</i>
<b>Financial assets</b>		
Available for sale		
Investments	3,427	4,090
<b>Loans and receivables</b>		
Trade and other receivables	7,136	6,770
Cash at bank	8,587	10,996
<b>Financial liabilities</b>		
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.

**21. RESERVES**

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

<b>Reserve</b>	<b>Description and purpose.</b>
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.

## ANNEXURE 4

### INDEPENDENT PROFESSIONAL'S FAIRNESS OPINION

The Board of Directors  
Conafex Holdings Société Anonyme  
58 rue Charles Martel,  
L-2134,  
Luxembourg

24 February 2009

Dear Sirs,

#### **INDEPENDENT ADVICE TO THE BOARD OF DIRECTORS OF CONAFEX HOLDINGS SOCIÉTÉ ANONYME ("CONAFEX" OR "THE COMPANY") REGARDING A MANDATORY OFFER TO MINORITIES**

Except where expressions are specifically defined in this letter, the definitions outlined in the Definitions section included in the circular to Conafex shareholders to be dated on or about 27 February 2009 ("The Circular") and of which this letter forms a part, have been used mutatis mutandis throughout this letter.

#### **Background and purpose of this letter**

Conafex proposes to terminate the listing of its shares on the Luxembourg Stock Exchange ("LuxSE") and the JSE Limited ("JSE") in order to minimise costs and allow the Company to more fully utilise its funds for the development of its subsidiaries and investments.

The rules of the LuxSE allow the Board to resolve to cancel the listing in Luxembourg. The Board has so resolved and a letter was submitted to the LuxSE on 29 July 2008 requesting the cancellation of the Company's listing with effect from 27 October 2008. The Committee of the LuxSE decided, on 20 August 2008, to de-list all shares of Conafex which are currently admitted to trading on the LuxSE.

In terms of Rule 1.14 (c) of the JSE Listing Requirements, the Company is required to make an offer to its shareholders to acquire their holdings and obtain the approval of shareholders in general meeting for the de-listing.

Conafex therefore offers to acquire by way of a share buy-back on the terms set out in the Circular, all of the Shares from its Shareholders, for a price of 1160 cents per share ("the Offer").

This letter and the opinion contained herein are provided solely to advise the Board of directors of Conafex for the purpose of making its own recommendation in terms of the Offer.

Sasfin Capital (a division of Sasfin Bank Limited) ("Sasfin") has been appointed by the Board of directors of Conafex in terms of Rule 1.14 (d) of the Listing Requirements to provide appropriate a fairness opinion on the Offer. The substance of such advice shall be made known to security holders.

#### **Explanation of the term "fair"**

The term fair can be understood to refer primarily to quantitative issues. For illustrative purposes, in this case, the Offer may be said to be fair if the value of the consideration offered per Share is equal to or greater than the value of a Share.

## Sources of Information

In arriving at our opinion we have reviewed and analysed the following information:

- the Circular;
- the historical share price performance and trading volumes of Conafex shares on the JSE Limited and also relative to the applicable comparative sectors;
- the published financial audited statements of Conafex for the financial periods ended 31 August 2004 and 31 August 2005, the 13 months ended 30 September 2006 and the year ended 30 September 2007;
- the published abridged audited financial statements for the year ended 30 September 2008;
- historical financial information for each of the subsidiary companies and divisions that comprise Conafex;
- Conafex management's income statement forecasts for the overall company as well as each subsidiary and associated company, including the assumptions thereto, for the financial year ending 30 September 2009, not considering the effect of the Offer;
- the current financial position of Conafex;
- the net asset value per Conafex share;
- earnings and book multiples of peer companies listed on the JSE;
- the offer price and the financial effects of the Offer on a Conafex shareholder;
- macro-economic outlooks and property sector outlooks prepared by Standard Bank Limited;
- sources of financial information including but not limited to Reuters, BFA McGregors and the JSE; and
- prevailing economic, legislative, market, economic and other conditions both generally and specifically in respect of comparable businesses.

## Procedures performed and material factors considered

In order to assess the fairness of the Offer we have performed the following procedures and considered the following material factors and key value drivers:

- we performed a valuation of the Conafex shares based on historical financial statements, financial forecasts and other pertinent information, by using various valuation models such as:
  - a future earnings growth valuation model for Conafex;
  - price earnings ("PE") valuation model using the PE multiples of peer companies;
  - price book ("PB") valuation model using the PB multiples of peer companies; and
  - Discounted Cash Flow ("DCF") model;
- underlying value drivers for Conafex were taken into consideration. We performed a general assessment of items affecting revenue such as consumer spend which is driven by interest rates, fuel prices and general spending power, i.e. functions of economic growth. We looked at Cost of Goods Sold items, i.e. input costs – as a function of revenue – which could be severely affected by high commodity input prices. Other items included capital expenditure, both to maintain operations as well as possible increases in capital expenditure to meet increases in revenue;
- we considered the impact of the current and forecast South African interest rate environment;
- we considered the effect of current and expected economic factors on Conafex's expected revenues, margins and valuations;
- we considered the historical performance of Conafex versus its current expected performance as well as its future potential;
- we considered the volumes of Conafex shares trading on the JSE before the announcement date as well as recently;

- we considered the values at which Conafex shares were trading on the JSE, before the offer announcement date as well as at the 30 September 2008 financial year-end and at the last practicable current date being 31 January 2009;
- we considered the general stock-market volatility over recent months; and
- we assessed the offer price of 1160 South African cents per Conafex ordinary share with reference to our calculated value range per share, the current and recent market prices and the net asset value per share.

#### **Some notable factors considered**

Conafex has historically generally traded at share prices below its NAV per share. The Offer, however, at 1160 South African cents is at a premium to the latest audited Conafex NAV per share of 1006 South African cents as at 30 September 2008.

Moreover, from the 2004 financial year up to 30 September 2008 the Company has consistently made operating losses varying between approximately R1 million to R2 million per year. As such, on an earnings multiple basis and using our DCF valuation model, the Company value is materially below book value; the alternative higher value being Conafex's NAV – the closest proxy to break-up value. However, most of the Conafex assets are very particular to the Company's underlying business and as such would most likely be disposed of at a price which would lead to a discount to NAV should the business be shut down.

For this reason, any value per share in excess of the NAV per share should be considered good value for existing Conafex shareholders.

#### **Limiting Conditions**

Our opinion is necessarily based upon the information available to us and the financial, regulatory, stock market and other circumstances existing and disclosed to us as at the date hereof. Accordingly, it should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

Although we have critically evaluated the information provided to us by management where possible and as detailed above, we have largely relied upon and assumed the accuracy of such information. As such our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards in any way whatsoever. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of Conafex.

Where relevant, the financial forecasts of Conafex have been compared to past financial performance and where necessary we have requested appropriate explanations from management. Financial forecasts relate to future events and are based on assumptions that may or may not remain valid for the whole of the period concerned. As a result, such information cannot be relied upon to the same extent as audited information. We express no opinion as to how closely the actual future results for Conafex will correspond with the financial forecasts.

Sasfin's fees are fixed, payable in cash and not subject to the successful outcome of the Opinion.

#### **Use of the advice**

The advice is provided solely for the benefit of the Conafex board of directors for the purpose of making its own recommendation in terms of the Offer.

The advice does not constitute advice to any Shareholder of Conafex as to the acceptance of the Offer. In particular this should not be considered as advice as governed by the Financial Advisory and Intermediary Services Act.

An individual Shareholder's decision may be influenced by such shareholder's particular circumstances and accordingly shareholders should also consult a professional advisor if in any doubt as to the merits or otherwise of the Offer.

**Opinion**

We have considered the terms and conditions of the Offer to minorities and, based upon and subject to the foregoing, are of the opinion that the Offer to minorities is fair to Conafex's minority shareholders.

Other than acting as sponsor to Conafex, Sasfin Capital has no interest, direct or indirect, beneficial or non-beneficial, in Conafex or the outcome of the offer.

We hereby consent to the inclusion of this letter, and the references thereto, in the circular to be issued by Conafex on or about 27 February 2009 in the form and context in which they appear therein.

Yours faithfully

**BRIAN CHRISTIE**  
**SASFIN CAPITAL**  
**(A DIVISION OF SASFIN BANK LIMITED)**  
PDNA Building Ground Floor  
25 Scott Street  
Waverley 2090  
South Africa

## ANNEXURE 5

### NOTICE TO HOLDERS OF WARRANTS

Warrant holders are offered the opportunity to exercise their Warrants, as set out below, in order to accept the Offer made to Shareholders in terms of section 2.5 of the Terms and Conditions of the Warrants that states:

“If at any time an offer or invitation is made by Conafex to the holders of the shares for the purchase by Conafex of any of its shares, Conafex shall simultaneously give notice thereof to the registered holders of the Warrants and each such holder shall be entitled, at any time whilst such offer or invitation is open for acceptance to exercise his subscription rights on the terms on which the same could have been exercised on the Strike Date so as to take effect as if he had exercised his rights immediately prior to the record date of such offer or invitation.”

**This opportunity to exercise Warrants is only available to Warrant holders who wish to exercise their subscription rights in order to accept the Offer. There will be further opportunities to exercise subscription rights under the Warrants on a date falling 28 days after the dispatch of the annual and interim reports for each of the years 2008 to 2009.**

Holders of Warrants may exercise their right to subscribe for all or part of the number of Ordinary Shares of US\$1.50 each in the capital of the Company (“Shares”) indicated on their Warrant, at a price of US\$2.41 per Share. The middle market prices for the Shares on the LuxSE and JSE on the Latest Practicable Date before despatch of this letter were US\$1.30 and R13.00 respectively.

Shares allotted on exercise of subscription rights will not rank for any dividends or other distributions declared, made or paid on the Shares if the record date for such dividends or other distributions is prior to the Strike Date, but subject thereto, will rank *pari passu* in all respects with the Shares in issue and outstanding at that date.

Should you wish to exercise all or part of your rights on this occasion the following procedure should be followed:

- (a) Complete the Notice of Exercise of Subscription Rights (pink form) enclosed with this circular in accordance with the instructions printed thereon, clearly indicating the number of Shares that you wish to subscribe for. If your Warrant certificate has been lost, defaced or destroyed and you wish to exercise your rights under the terms of the Warrants you should write to the Company’s Warrant Registrar giving notice of your intention to subscribe with the appropriate payment. You will then be sent a form of indemnity for completion to cover the lost, defaced or destroyed certificate. The address of the Warrant Registrar is given on page 2 of this circular.
- (b) Send the Warrant certificate and the Notice of Exercise of Subscription Rights duly completed, together with your remittance, in US dollars, payable to Conafex Holdings S.A. for the number of shares you wish to purchase at US\$2.41 per Share to the Warrant Registrar to arrive not later than 12 noon on 27 March 2009.

Notice of exercise once given may not be withdrawn without the consent of the Directors of the Company. Notices will not be acknowledged but the relevant transfer agent will be advised of your entitlement to shares so that your Consideration for accepting the Offer can be correctly determined.

As the exercise of warrants is tantamount to a subscription for new shares, such exercise would not normally give rise to a charge to taxation. Subsequent disposal, however, of shares arising from an exercise of warrants may give rise to a charge to income tax or capital gains tax, depending on the jurisdiction to which you are subject for tax purposes. In this regard you should take your own advice from your solicitor, attorney, accountant or other independent financial adviser.

This Notice is a reminder of your right to apply for Shares and is not intended to convey in any way a recommendation by the directors as to whether or not you should exercise that right. In this respect, if you require advice, you should contact your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

Any Shares allotted pursuant to any exercise of subscription rights will not be listed on the LuxSE and JSE.

Any enquiries about Warrant holdings should be made to the Warrant Registrar whose details are given on page 3.

## ANNEXURE 6

### INFORMATION RELATING TO CONAFEX'S SUBSIDIARIES AND ASSOCIATES

Conafex has the following subsidiaries and associates:

#### Principal subsidiaries

1. Name: **Coffee Roasters International Limited**  
Registered office: 16 New Street, St. Peter Port, Guernsey, Channel Islands  
Field of activity: Import, export and distribution of coffee  
Issued capital: £10,000 represented by 10,000 shares of £1.00 each  
Proportion of capital held: 100 per cent. (held through Conafex Africa Holdings Limited)  
Dividends received in latest financial year: Nil  
Amount still to be paid up on shares held: Nil  
Debts owed to/(owed by) Conafex: R167,000  
Reserves: R126,000  
Loss after tax in latest financial year: R39,000  
Value of investment (carrying value): R245,000
2. Name: **Global Coffee Exports Limited**  
Registered office: 11 Sunbury Park, La Lucia 4051, South Africa  
Field of activity: Import, export and distribution of coffee  
Issued capital: R1,000 represented by 1,000 shares of R1.00 each  
Proportion of capital held: 100 per cent. (held through Conafex Africa Holdings Limited)  
Dividends received in latest financial year: Nil  
Amount still to be paid up on shares held: Nil  
Debts owed to/(owed by) Conafex: R3,990,000  
Negative reserves: R(116,000)  
Loss after tax in latest financial year: R610,000  
Value of investment (carrying value): Nil
3. Name: **Cape Natural Tea Products (Pty) Limited**  
Registered office: 12 Gemini Street, Brackenfell 7560, South Africa  
Field of activity: Buying, processing and selling of natural tea products  
Issued capital: R1,486,000 represented by 1,486,000 shares of R1.00 each  
Proportion of capital held: 52.37 per cent. (held through Conafex Cape Holdings (Pty) Limited)  
Dividends received in latest financial year: Nil  
Amount still to be paid up on shares held: Nil  
Debts owed to/(owed by) Conafex: Nil  
Reserves: R3,265,000  
Profit after tax in latest financial year: R866,000  
Value of investment (carrying value): R3,265,000

### Principal associate

4. Name:	<b>Grassroots Group Holdings (Pty) Limited</b>
Registered office:	6th Floor, BDO House, 119 Hertzog Boulevard, Foreshore, Cape Town, South Africa
Field of activity:	Investment holding company
Issued capital:	R239 represented by 239 shares of R1.00 each
Proportion of capital held:	30.96 per cent. (held through Conafex Cape Holdings (Pty) Limited)
Dividends received in latest financial year:	Nil
Amount still to be paid up on shares held:	Nil
Debts owed to/(owed by) Conafex:	R552,000
Reserves:	R22,480,000
Profit after tax in latest financial year:	R666,000
Value of investment (carrying value):	R6,637,000

### Other subsidiaries

5. Name:	<b>Conafex International Finance Limited</b>
Registered office:	P.O. Box 805, 9 Columbus Centre, Pelican Drive, Road Town, Tortola, British Virgin Islands
Field of activity:	Service company
Proportion of capital held:	100 per cent.
6. Name:	<b>Conafex Holdings (UK) Limited</b>
Registered office:	30 City Road, London, EC1Y 2AG, United Kingdom
Field of activity:	Holding company
Proportion of capital held:	100 per cent.
7. Name:	<b>Conafex Africa Holdings Limited</b>
Registered office:	15 Union Street, St. Helier, Jersey, Channel Islands
Field of activity:	Service company
Proportion of capital held:	100 per cent.
8. Name:	<b>Rainbow Flora Limited</b>
Registered office:	Beaufort House, Road Town, Tortola, British Virgin Islands
Field of activity:	Biological plant development
Proportion of capital held:	33.3 per cent. (held through Conafex Africa Holdings Limited)
9. Name:	<b>Conafex Cape Holdings Limited</b>
Registered office:	11 Sunbury Park, La Lucia 4051, South Africa
Field of activity:	Holding company
Proportion of capital held:	100 per cent. (held through Conafex Africa Holdings Limited)

## ANNEXURE 7

### TRADING HISTORY OF CONAFEX SHARES ON THE JSE

The highest, lowest and closing prices of Shares and the volumes traded on the JSE since 31 March 2007 are as follows:

<i>Date</i>	<i>High (cents)</i>	<i>Low (cents)</i>	<i>Close (cents)</i>	<i>Volume</i>
<b>Quarter ended</b>				
31 March 2007	1300	301	1300	195
30 June 2007	1330	1330	1330	0
30 September 2007	1330	1330	1330	0
31 December 2007	1300	1300	1300	0
<b>Month ended</b>				
31 January 2008	1300	1300	1300	0
29 February 2008	1300	401	1300	1169
31 March 2008	1300	1300	1300	16
30 April 2008	1300	1300	1300	0
31 May 2008	1300	1300	1300	0
30 June 2008	1300	1300	1300	0
31 July 2008	1300	1300	1300	0
31 August 2008	1300	1300	1300	0
30 September 2008	1300	1300	1300	0
31 October 2008	1300	1300	1300	4
30 November 2008	1300	1300	1300	0
31 December 2008	1300	1300	1300	0
<b>Daily</b>				
13 January 2009	1300	1300	1300	0
14 January 2009	1300	1300	1300	0
15 January 2009	1300	1300	1300	0
16 January 2009	1300	1300	1300	0
19 January 2009	1300	1300	1300	0
20 January 2009	1300	1300	1300	0
21 January 2009	1300	1300	1300	0
22 January 2009	1300	1300	1300	0
23 January 2009	1300	1300	1300	0
26 January 2009	1300	1300	1300	0
27 January 2009	1300	1300	1300	0
28 January 2009	1300	1300	1300	0
29 January 2009	1300	1300	1300	0
30 January 2009	1300	1300	1300	0
02 February 2009	1300	1300	1300	0
03 February 2009	1300	1300	1300	0
04 February 2009	1300	1300	1300	0
05 February 2009	1300	1300	1300	0
06 February 2009	1300	1300	1300	0
09 February 2009	1300	1300	1300	0
10 February 2009	1300	1300	1300	0
11 February 2009	1300	1300	1300	0
12 February 2009	1300	1300	1300	0
13 February 2009	1300	1300	1300	0
16 February 2009	1300	1300	1300	0
17 February 2009	1300	1300	1300	0
18 February 2009	1300	1300	1300	0
19 February 2009	1300	1300	1300	0
20 February 2009	1300	1300	1300	0
23 February 2009	1300	1300	1300	0

# Conafex Holdings Société Anonyme

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

(“Conafex” or “the Company”)

## Notice of Extraordinary General Meeting

Notice is hereby given of an Extraordinary General Meeting of the shareholders of the Company to be held at the registered office of the Company, 58 rue Charles Martel, L-2134, Luxembourg, at 10.00 a.m. (CET) on Friday 20 March 2009 to consider the following resolutions which will be proposed as Ordinary Resolutions:

1. That, subject to and conditional upon each of the other resolutions set out in the notice convening this Extraordinary Meeting having been passed, application will be made to the JSE Limited to suspend the listing of Conafex with effect from the commencement of trade on Monday 30 March 2009 and that such listing be terminated with effect from the commencement of trade on Thursday 9 April 2009.
2. That, subject to and conditional upon each of the other resolutions set out in the notice convening this Extraordinary Meeting having been passed, the company or any of its subsidiaries, are hereby authorised in terms of the Articles of Association, to acquire shares issued by the company upon such terms and conditions as stipulated in terms of the Offer, subject to the provisions of the Listings Requirements of the JSE and subject to the provisions of the Law.
3. That, subject to and conditional upon each of the other resolutions set out in the notice convening this Extraordinary Meeting having been passed, the directors of Conafex be and are hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to implement the resolutions set out in this notice of general meeting.

*By order of the board*

City Group P.L.C.  
Group Secretaries  
58 rue Charles Martel,  
Luxembourg

26 February 2009

*Notes:*

**Voting** – All holders of Conafex shares will be entitled to attend and, apart from the controlling shareholder and its associates as defined in the definitions section of this circular, will be entitled to vote at the general meeting. On a show of hands every holder of ordinary shares who is present in person, or, in the case of a company, the appointed representative, shall have one vote.

### **Proxies**

In terms of Article 24.4 of the Company’s Articles, 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. A proxy may only be appointed by a Conafex shareholder who falls within one of the following categories:

- a certificated shareholder; or
- CSDP nominee companies, brokers’ nominee companies and dematerialised shareholders who have elected “own name” registration.

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. 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.

Dematerialised shareholders other than dematerialised shareholders with “own name” registration who are unable to attend the general meeting and wish to be represented thereat must provide their CSDP or broker with their voting instruction in terms of the safe custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

Dematerialised shareholders other than dematerialised shareholders with “own name” registration who wish to attend the general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

Registered office	Transfer agents	Transfer agents
<i>Luxembourg</i>	<i>South Africa</i>	<i>Europe</i>
58 rue Charles Martel, L-2134, Luxembourg (Boîte Postale 1361, L-1013, Luxembourg) Tel: +352 40 25 05 1	Computershare Investor Services (Pty) Limited 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) Tel: +27 11 370 5000	Capita Registrars The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU United Kingdom Tel: UK resident shareholders 0871 664 0321 Calls cost 10p per minute plus network charges. Non-resident UK shareholders: +44 20 8639 3399.

**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 circular, of any change of address.



