



(A public company incorporated in the Republic of Zimbabwe on 6 May 1996 under company registration number 3403/96)

Address: 1 Wynne Street, P.O. Box 510, Harare, Zimbabwe

Directors: Mrs. G Muradzikwa (Chairman), T Nyika (Acting Group Chief Executive Officer)*, S N Chibanguza (Acting Deputy Group Chief Executive)*, C Mutevhe (Acting Group Financial Director)*, H Matemera, Ms. I V Pasi, H B W Rudland, S D Zinyemba.

* - Executive

MARKET UPDATE

Further to the cautionary announcement published on the 18th of July 2016, the Board wishes to update our shareholders and the market as follows:

1. As outlined at the last AGM, in line with the Group's reorganisation and recapitalisation plan, the Group concluded a debt compromise and settlement agreement with local banks owed a total of US\$16 million. This has resulted in the Group bank debt declining to US\$4.8 million.
2. Victoria Foods (Private) Limited and Crest Poultry Group (Private) Limited have since dollarization been trading at sub-optimal and uneconomic levels due to limited working capital and in the process accumulated unsustainable creditor debt overhang. As a result of the trading losses incurred to date, these two companies are currently in both negative working capital and net asset position.
3. Consolidated Farming Investments Limited t/a Farm & City and Vetco, on the other hand, while in need of capital, has largely been able to discharge their obligations as they fall due.
4. As part of the recapitalization process the Board undertook a restructuring and reorganization of the Group to ensure capital is injected in a manner and structure that provides the businesses an opportunity to trade profitably and at the same time renegotiating sustainable redemption plan of the legacy debt.
5. The Board has temporarily placed under judicial management certain entities of the Group, whose level of debt has been considered unsustainable to enable the Group to restructure, reorganize and recapitalize under a framework that ensures all stakeholders are legally protected.
6. As a result, **Victoria Foods (Private) Limited and Crest Poultry Group (Private) Limited and their associated companies have with effect from 3 August 2016 been placed under judicial management.**
7. Victoria Foods (Private) Limited and Crest Poultry Group (Private) Limited have well recognised brands with significant brand equity and tremendous market opportunities. The Board looks forward to a rebound of the two operations in the short to medium term.
8. Grant Thornton has been appointed to assist in the turnaround efforts, working with the Group, shareholders and investors who to date have expressed interest in reviving these businesses
9. CFI retail, on the other end, will continue to trade normally and the Board is working on various initiatives that will see increased activity throughout the retail outlets. CFI Retail creditors and suppliers will be updated shortly of these exciting opportunities.
10. The Board has discontinued certain loss making operations and continues to restructure the Group to ensure sustainable performance post recapitalization.
11. CFI shares will continue to trade normally on the Zimbabwe Stock Exchange (ZSE).
12. The Board believes that upon successful completion of the reorganization and recapitalisation, the Group will trade sustainably in the short to medium term.

G Muradzikwa

Board Chairperson

5 August 2016