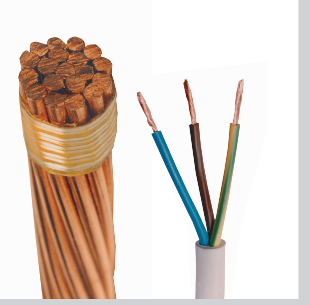
CAFCA

Notice to Shareholders



Commentary and overview of results

In response to the anticipated drop in both local and export sales, the strategy for the year was to re-engineer the Company from 300 ton a month capacity to 200 ton a month capacity by dropping costs from $700 000 to $500 000 per month. This was done successfully and the reduction in working capital resulted in a turnaround in borrowings from a net borrowed position of $680 523 to a net positive bank balance of $1 473 583.

Turnover dropped significantly from $29.3 million to $18.1 million mainly due to the reduction locally in the barter deal with ZESA and no exports to South Africa.

Pretax profit dropped to $678 028 from $2 452 551 due to the 38% drop in turnover which moved the company towards break even turnover.

The Company is well placed to respond to any improvements in our market either local or export – we have funds available and good stockholdings to ensure quick response to inquiries. The current operating model is sustainable though at these turnover levels only a moderate profit will be achieved.

Dividend

The Directors do not recommend paying out the cash generated as a dividend at this time due to the need to secure the long term viability of the Company against the background of continued increasing uncertainties in the market and the need to finance raw materials as and when foreign exchange is made available.

By order of Board
10 November 2016

C Kangara
Company Secretary

Directors: H.P. Mkushi (Chairman), R.N. Webster (Managing Director), E.T.Z. Chidzonga, P. De Villiers, G. Eddey, A. Mabena, S. Mangwengwende, G.J.H. Steyn, T.A. Taylor