



TRADING UPDATE 8 MONTHS TO 22 FEBRUARY 2019

			Unaudited 8 Months to 22 Feb 2019,	Unaudited 8 Months to 22 Feb 2018,	Unaudited 12 Months to 30 June 2018,
Production Volume					
Poles-Transmission		m3	8,156	11,570	16,488
- Sleepers		m3	449	8,450	10,133
Lumber		m3	38,000	38,750	62,519
Total			46,605	58,770	89,140
Sales Volume					
Poles-Transmission		m3	9,062	12,515	16,952
- Sleepers		m3	454	7,975	10,226
Lumber		m3	41,630	38,977	60,566
Total			51,146	59,467	87,744
Financial Performance					
Revenue		\$	16,423,077	14,254,414	21,300,577
Net profit/(loss) before tax		\$	4,386,336	2,823,897	(340,696)
Cash profit before tax, after adjusting for non-cash items		\$	5,549,417	3,695,680	5,867,344

Unaudited February 2019 Production and Sales Volumes

Lumber production is lower compared to same period prior year due to low production in the months of December 2018 to February 2019 at one of our sawmills caused mainly by the general power outages. However, sales volume is higher due to increased demand on the local and export markets. Higher sales volume was achieved out of sales from buffer stock.

Treated poles reflect a decline in both production and sales as they are mostly tender based and there has been a general slowdown in the market hence low production compared to comparable period February 2018.

Financial performance

Revenue saw positive improvement compared to prior comparable period mostly driven by better lumber sales.

Update on ICSID award

1. In July 2015, as an outcome of the ICSID Arbitration, the Company was awarded a USD 125 million settlement (the Border Arbitration Award). Despite the Government of Zimbabwe (GoZ)'s application for annulment, the Border Arbitration Award was reaffirmed in November 2018. At the same time as issuing the Border Arbitration Award, the ICSID Tribunal made a separate arbitration award granting the same relief in relation to the same expropriated land, as well as other land not connected with the Company, as part of parallel proceedings commenced by another party against the GoZ (the Further Award). The Border Arbitration Award and the Further Award each provide that there cannot be double recovery under both awards in relation to the land expropriated from the Company. Negotiations are ongoing regarding an appropriate apportionment of the Awards between these claimants.
2. Further details of both arbitration awards are in the public domain.

Update on the effects of the cyclone

The cyclone has caused severe damage to many roads bridges and other infrastructure on the Company's land. A full report on the likely consequences will be provided in the next update.

Peter Lewis Bailey
Judicial Manager
30 April 2019