



TRADING UPDATE 9 MONTHS TO 31 MARCH 2019

			Unaudited	Unaudited	Unaudited
			9 Months to	9 Months to	12 Months to
			31 Mar 2019,	31 Mar 2018,	30 June 2018,
Production Volume					
Poles-Transmission		m3	9,688	12,715	16,488
- Sleepers		m3	449	9,159	10,133
Lumber		m3	42,752	43,812	62,519
Total			52,889	65,686	89,140
Sales Volume					
Poles-Transmission		m3	10,866	12,866	16,952
- Sleepers		m3	454	8,515	10,226
Lumber		m3	45,892	43,384	60,566
Total			57,212	64,765	87,744
Financial Performance					
Revenue		RTGS\$	20,747,235	15,692,368	21,300,577
Net profit/(loss) before tax		RTGS\$	3,450,856	3,076,702	(340,696)
Cash profit before tax, after adjusting for non-cash items		RTGS\$	6,178,422	3,842,432	5,867,344

Unaudited March 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 March 2019 at one of our sawmills caused mainly by the general power outages and Cyclone Idai devastating effects that occurred on 15 March 2019. The knock-on effect of the cyclone resulted in the Charter sawmill operating for only half of the month thereby negatively affecting both production and sales into the market as the road infrastructure was decimated. 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 export markets hence low production compared to comparable period March 2018.

Financial performance.

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

Update on Cyclone Idai.

Electricity supply has been restored to all operations in areas affected by the Cyclone. The major challenge to the business going forward is the rehabilitation of the road's infrastructure linking the Chimanimani operations to markets, the effect of which will be greatly felt if the permanent fixes are not done before the rains commence fully in six (6) months-time. We hope that through the intervention of local authorities this will be given priority.

Update on ICSID claim and Judicial Management.

As referred to in the Trading Update for the 8 months to February, 2019, the Company was awarded approximately US\$25 million (in addition to interest plus legal costs) by an ICSID tribunal.

Although the award is final and binding, there is currently no clarity around the Government's timetable for settlement and how the award will be shared between the Company and the other claimants. The exit of the Company from Judicial Management is delayed as a result of this.

Commendation.

Management continue to do an excellent job in difficult circumstances.

Peter Lewis Bailey
Judicial Manager
30 June, 2019