



TRADING UPDATE 12 MONTHS TO 30 JUNE 2019

			Unaudited 12 Months to 30 June 2019,	Unaudited 12 Months to 30 June 2018,
Production Volume				
Poles-Transmission		m3	12,647	16,488
- Sleepers		m3	449	10,133
Lumber		m3	55,800	62,519
Total			68,896	89,140
Sales Volume				
Poles-Transmission		m3	14,551	16,952
- Sleepers		m3	454	10,226
Lumber		m3	57,595	60,566
Total			72,600	87,744
Financial Performance				
Revenue		ZWL	38,418,978	21,300,577
Net (loss) before tax		ZWL	(12,916,742)	(340,696)
Cash profit before tax, after adjusting for non-cash items		ZWL	12,985,063	5,867,344

Unaudited June 2019 Production and Sales Volumes

Lumber production is lower compared to the same period prior year due to low production in the months of December 2018 to April 2019 at the Charter sawmill 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 resuming operations in the first week of May 2019, thereby negatively affecting both production and sales into the market as the road infrastructure was decimated. The incessant power outages especially in the month of June 2019 negatively affected production at the Sheba sawmill thereby exacerbating full year production with the knock-on effect affecting sales volume.

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 June 2018.

Financial performance.

Revenue saw positive improvement compared to prior comparable period mostly driven by better average selling prices (ASP) on lumber. Loss for the year is mainly driven by unrealized exchange loss on a foreign loan, the unrealized exchange loss amounts to ZWL24,157,988. We also recorded a non-cash net biological asset valuation gain of ZWL11,955,166.

Update on ICSID claim and Judicial Management.

As referred to in the Trading Update for the 11 months to May 2019, the Company was awarded approximately US\$125 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
22 October, 2019