

Economic Environment

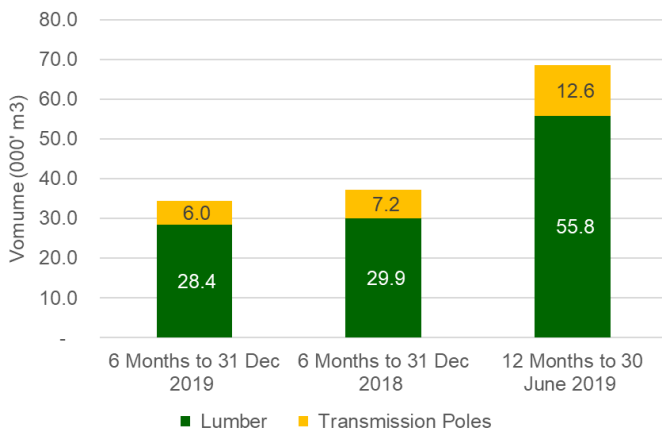
The country continues to face many challenges, as a result of the deteriorating macro-economic fundamentals characterized by a weakening local currency and the re-emergence of inflation. The major challenge affecting our operations is the shortage of continuous grid power resulting in the use of very expensive alternative sources.

Volume Performance and Profitability

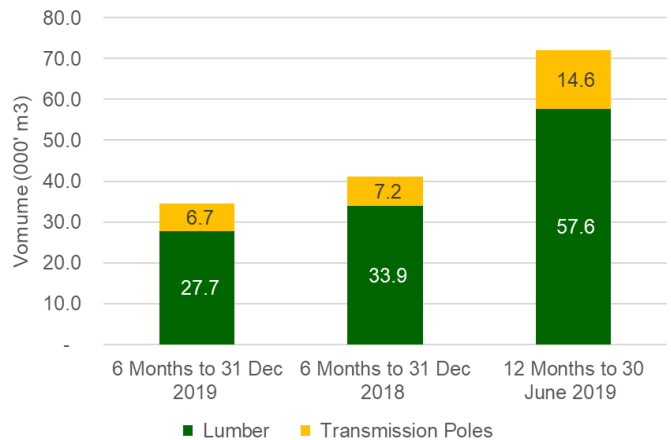
Lumber production is lower compared to same period prior year due to low production at the Charter sawmill caused mainly by power outages. The low production had a knock-on effect on sales volume as this resulted in lower sales compared to prior year, however the improved quality and value addition at our mills resulted in improved average selling prices and better revenue.

Treated poles reflect a decline in production and sales volume compared to same period prior year, this was because of lower demand during the half year period to 31 December 2019. Currently there is increasing demand for our poles in the region and an increase in both production and sales is anticipated in the next quarter.

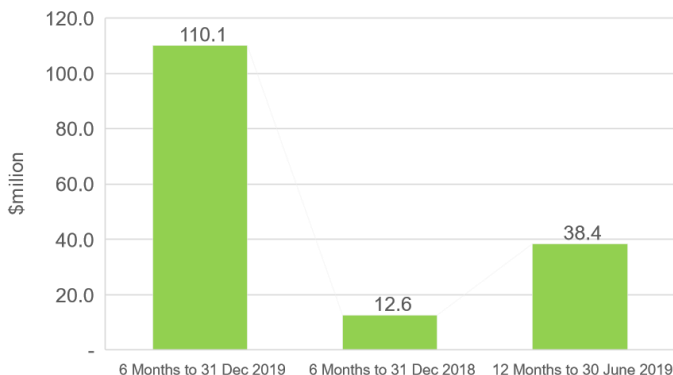
Production Volumes (m3)



Sales Volumes (m3)



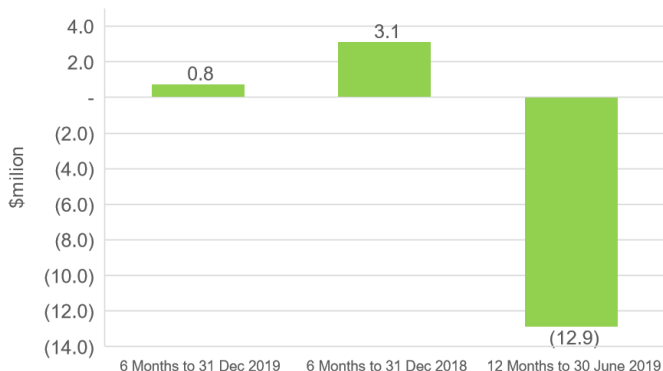
Revenue (ZW\$ Historical)



Financial Performance

Revenue saw positive improvement compared to prior comparable period mostly driven by better average selling prices (ASP) on both lumber and poles.

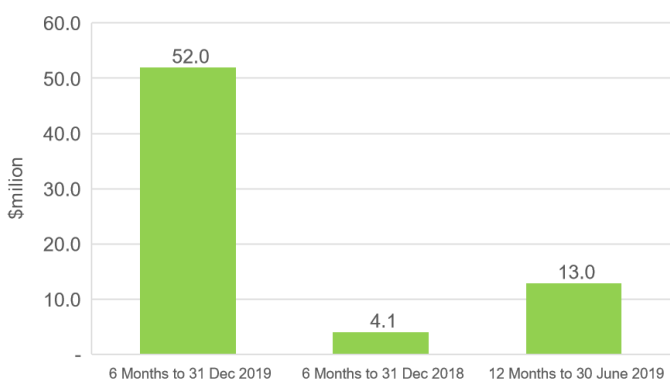
Net Profit/(Loss) Before Tax (ZW\$ Historical)



Net Profit/(Loss) Before Tax (ZW\$ Historical)

Profit for the year is lower, mainly driven by unrealized exchange loss primarily from a foreign loan, the net unrealized exchange loss amounts to ZWL46,842,252.

Cash Profit Before Tax (ZW\$ Historical)



Cash Profit Before Tax (ZW\$ Historical)

Cash Profit is adjusted for Non-Cash Items such as depreciation, gain/loss on biological asset and unrealised exchange loss/gain.

Update on ICSID claim and Judicial Management

The finalization of the International Centre for Settlement of Investment Disputes (ICSID) award is yet to be reached from ongoing discussions with the other party to the claim and with Government. Accordingly, the Company will remain under judicial management for the foreseeable future.

Outlook

The company will continue to focus on maximizing value from our biological asset, improving quality as well as increasing exports on both lumber and poles.

Commendation

Management continue to do an excellent job in difficult circumstances.

Peter Lewis Bailey.

Judicial Manager.

10 March, 2020.