



TRADING UPDATE 9 MONTHS TO 31 MARCH 2020.

Economic Environment.

The economic environment continues to face many challenges, because of the deterioration of the macro-economic fundamentals characterized by a weakening local currency and the re-emergence of hyperinflation. In addition, the global economies experienced the devastating effects of COVID-19 pandemic which resulted in lockdown measures which affected both our local and export markets.

Volume Performance and Profitability.

		Unaudited 9 Months to 31 Mar 2020,	Unaudited 9 Months to 31 Mar 2019,	Unaudited 12 Months to 30 June 2019,
Production Volume				
Poles-Transmission	m3	9,434	9,688	12,647
- Sleepers	m3	-	449	449
Lumber	m3	43,828	42,752	55,800
Total		53,263	52,889	68,896
Sales Volume				
Poles-Transmission	m3	9,202	10,866	14,551
- Sleepers	m3	-	454	454
Lumber	m3	42,306	45,892	57,595
Total		51,508	57,212	72,600
Financial Performance (Historical)				
Revenue	ZWL	181,964,231	20,747,235	38,418,978
Net (loss) / profit before tax	ZWL	(877,857)	3,450,856	(12,916,742)
Cash profit before tax, after adjusting for non-cash items	ZWL	74,473,188	6,178,422	12,985,063

Year to date performance.

Lumber production is higher compared to same period prior year due to the enhanced production processes at the Charter sawmill.

Treated poles reflect a decline in production and sales volume compared to same period prior year, this was because of lower demand during H1 of FY20.

Financial performance.

Revenue saw positive improvement compared to prior comparable period mostly driven by better average selling prices (ASP) on both lumber and poles. Loss for the year has been caused mainly by unrealized exchange losses primarily from a foreign loan, the net unrealized exchange loss amounts to ZWL68,932,187.

Update on ICSID claim and Judicial Management.

No finalization has yet been 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 COVID-19 pandemic is estimated to have a material adverse effect on Zimbabwe. As a result of the nature of the pandemic and the uncertainty surrounding the duration and extent of the lockdown restrictions, the company's future profitability cannot be presently ascertained.

Commendation.

Management continue to do an excellent job in difficult circumstances.

Peter Lewis Bailey.

Judicial Manager.

19 June, 2020.