



BORDER TIMBERS LIMITED

TRADING UPDATE

6 MONTHS TO 31 DECEMBER 2020

Economic Environment

The business environment has remained on the improvement path mainly due to the local currency which has been relatively stable as well as inflation which registered a decline for the half-year under review. The relaxation of Covid-19 lockdown restrictions, extension of trading hours and free movement of people improved the operating conditions and production of the business during the second quarter to December 2020.

The Gazetting of Statutory Instrument 185 of 2020 during the half year under review, on dual pricing policy was extremely encouraging on the business front as it ensured flexible business pricing strategies which significantly improved value preservation.

Volume Performance and Profitability

	INFLATION ADJUSTED		HISTORICAL	
	Unaudited 6 months to 30-Dec-20	Unaudited 6 months to 30-Dec-19	Unaudited 6 months to 30-Dec-20	Unaudited 6 months to 30-Dec-19
Production Volume (m³)				
Transmission Poles	4,443	6,035	4,443	6,035
Lumber	24,076	28,379	24,076	28,379
Total	28,519	34,414	28,519	34,414
Sales Volume (m³)				
Transmission Poles	4,253	6,749	4,253	6,749
Lumber	26,000	27,706	26,000	27,706
Total	30,253	34,455	30,253	34,455
Financial Highlights (ZWL 000')				
Revenue	629,229	813,667	560,115	110,150
Net Profit/(loss) before tax	58,114	(18,488)	73,044	759

Year to Date Performance

Lumber production was lower compared to prior year due to disruptions in production and logistical bottlenecks that were caused by COVID-19 lockdown restrictions in the first quarter of the financial year. Demand for Lumber remains very high both in the local market and the export market.

Treated poles reflect a decline in production and sales volume compared to prior year, this was because of lower demand during Q2 of FY21 and the adverse effect of the Covid-19. However, measures are in place to further develop the export market with a view of increasing sales volumes.

Update on ICSID claim and Judicial Management.

No finalisation has been reached from ongoing discussions with the other party to the claim. Discussions with Government will follow. Accordingly, the Company will remain under judicial management for the foreseeable future.



Outlook

The COVID-19 pandemic is not expected to disappear any time soon as most countries in our regional markets are already preparing to fight the second wave of the virus which has been reported to be more dangerous than the first wave. The second wave is expected to have a material adverse effect on Zimbabwe and other countries in the region, with major impact affecting revenue generation as well as logistics and supply chains.

The Company remains cautiously optimistic about the current financial year with focus being placed at replacing some of the obsolete equipment, which is expected to improve efficiency. Annual replanting of the forest has commenced and is according to the plan on the backdrop of good rainfall which has been experienced so far.

Commendation

Management continues to do an excellent job in difficult circumstances.

PETER LEWIS BAILEY
JUDICIAL MANAGER
9 FEBRUARY 2021