BORDER TIMBERS LIMITED (UNDER FINAL JUDICIAL MANAGEMENT)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Border Timbers Limited (Under Final Judicial Management)
FINANCIAL STATEMENTS
For the year ended 30 June 2018

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Border Timbers Limited (Under Final Judicial Management)
Company Financial Highlights
AS AT 30 JUNE 2018

	2018	2017	2016	2015
Statement of Profit or Loss and other Comprehensive Income	**US$**	**US$**	**US$**	**US$**
Revenue	21 300 577	14 971 187	20 490 979	17 806 549
Operating loss	(13 294 8111)	(4 508 326)	(30 723 568)	(3 207 491)
Net finance cost	(1 303 96060)	(1 349 811)	(1 134 844)	(2 441 295)
Loss before income tax	(14 598 770)	(5 858 137)	(31 858 412)	(5 648 786)
Loss for the year	(8 436 380)	(2 595 504)	(24 309 641)	(4 270 744)
Statement of Financial Position				
Equity attributable to owners of the parent	57 944 128	66 306 257	70 064 904	94 374 545
Cash and cash equivalents	2 231 435	1 674 407	1 571 364	432 867
Borrowings	22 330 738	22 110 825	21 629 330	20 981 964
Statement of Cash Flows				
Net increase/ (decrease) in cash and cash equivalents	557 028	103 043	3 179 378	(485 792)
Ordinary Share Performance				
Basic loss earnings per share (cents)	(0.19)	(0.09)	(56.61)	(9.95)
Market price per share at 30 June (US$)	0.20	0.20	0.20	0.20
Shares in issue (number)	42 942 487	42 942 487	42 942 487	42 942 487
Other				
Loss before income tax on total assets	(14.6%)	(5.03%)	(26.02%)	(3.73%)
Total comprehensive profit / (loss) for the year return on shareholders' equity	(14.4%)	(5.67%)	(34.70%)	(4.53%)
Net asset value per Share (US$)	1.349	1.54	1.63	2.20
Debt to Equity	38.54%	33.35%	30.87%	22.23%
Current ratio	1.91	1.59	1.76	0.42
Equity: total assets	58%	56.90%	57.23%	62.29%
Debt service coverage ratio	(1.43)	(0.37)	(2.89)	(0.19)
Borrowings/loss before income tax depreciation and amortization	(1.640)	(5.30)	(0.72)	(5.78)
Interest cover	0.1	(3.34)	(27.07)	(1.31)
Number of employees	508	760	1 214	1 496
Value added per employee (US$)	16 461	20 286	22 939	13 673
Annual employment cost per employee (US$)	7 743	6 769	4 601	3 733

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Border Timbers Limited (Under Final Judicial Management)
Statutory Information
AS AT 30 JUNE 2018

Directors	E Hwenga	(Chairman)
	H B A J von Pezold	(Deputy Chairman) (Resigned 04 September 2019)
	R W J Strong	(Non-Executive Director)
	E Kuhn	(Managing Director)
	L Karimanzira	(Finance Director)
	T Hoegh	(Non-Executive Director) (Resigned 12 January 2022)
	C Ravizza	(Non-Executive Director)
	S Mattison	(Non-Executive Director)(Resigned 15 December 2018)
	E Mlambo	(Non-Executive Director) (Resigned 15 February 2019)
	M Manga	Non-Executive Director) (Resigned 09 January 2019)

The Board was divested of its powers on 29 January 2015 when the Company was placed under Provisional Judicial Management.

Secretary
M.B. Narotam

Independent Auditor
Deloitte & Touche (Zimbabwe)

Attorneys
Henning Lock Donagher and Winter
Honey & Blackenberg
Maunga Maanda and Associates
Wintertons Legal Practitioners
Baker & McKenzie LLP
Tandiri Law Chambers

Registered Office
4-12 Paisley Road, Southerton Harare
Zimbabwe

Bankers
Ecobank Zimbabwe Limited
MBCA Bank Limited
CBZ Bank Limited
Stanbic Bank Limited

Postal Address
P.O. Box ST 629
Southerton Harare

Period of Financial Statements
Year ended 30 June 2018

Border Timbers Limited (Under Final Judicial Management)
Final Judicial Manager's Responsibility
AS AT 30 JUNE 2018

The Final Judicial Manager is required by the Companies and other Business Entities Act of Zimbabwe (Chapter 24:31) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit and cash flows for the year. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Appropriate accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Company are consistent with those applied in the prior year, and conform to International Financial Reporting Standards (IFRS).

The Final Judicial Manager has satisfied himself that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he is satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Final Judicial Manager recognises and acknowledges his responsibility for the Company's systems of internal financial control. The Company maintains internal controls and systems that are designed to safeguard the assets of the Company, prevent and detect errors and fraud and ensure the completeness and accuracy of the Company's records.

Preparer of Financial Statements
The financial statements were prepared by the Company's finance department under the supervision of the Finance Director, Lysius Karimanzira (ACCA) Membership No. 0847709.

Approval of Financial Statements
The Final Judicial Manager approved the material content of the financial statements for the financial year ended 30 June 2018 during his tenure as Final Judicial Manager. The Company exited judicial management on 09 March 2022 prior to the completion of the work of the Auditors. The Auditors have since completed their work. The financial statements for the year ended 30 June 2018, which appear on pages 10 to 69, are signed by the former Final Judicial Manager in acknowledgment of his responsibility for the same during his tenure and issued after his tenure under the authority of the Board of Directors:

PETER L BAILEY	**LYSIUS KARIMANZIRA**
FORMER FINAL JUDICIAL MANAGER	**FINANCE DIRECTOR**
11 April 2022	**11 April 2022**

Border Timbers Limited (Under Final Judicial Management)
Final Judicial Manager's Report
AS AT 30 JUNE 2018

The following statutory information is provided.

Authorised and issued share capital
Details of the authorised and issued share capital at 30th June 2018 are included in note 11 to the Company's financial statements.

Reserves
The movements in the reserves of the Company are shown in the statement of changes in equity.

Results for the year	**2018**	**2017**
	US$	**US$**
Loss before income tax	(14 598 769)	(5 858 137)
Income tax credit	6 162 390	3 262 633
Loss for the year	(8 436 379)	(2 595 504)

Borrowing facilities
Article 86 of the Company's Articles of Association provides that the Company may from time to time, at the discretion of the Directors and the FJM (during judicial management), borrow, raise or source borrowings up to half the value of the shareholders equity as reflected in the Statement of Financial Position of the financial statements. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

Directors
The following are the members of the Board of Directors which was suspended due to the Company being placed under judicial management and therefore did not serve during the year:

E Hwenga	Chairman	Appointed as Chairman of the board on 26 March 2014.
E Kuhn	Director	Appointed 1 January 2013
HBAJ von Pezold	Director	Appointed 29 December 1993(Resigned 04 September 2019)
S Mattinson	Director	Appointed 26 June 2013 (Resigned 15 December 2018)
E Mlambo	Director	Appointed 26 June 2013 (Resigned 15 February 2019)
RWJ Strong	Director	Appointed 26 March 2014
C Ravizza	Director	Appointed 26 March 2014
L Karimanzira	Director	Appointed 1 June 2017
M Manga	Director	Appointed 25 September 2014 (Resigned 09 January 2019)
G Youngs	Director	Appointed 12 January 2022
B Ncube	Director	Appointed 12 January 2022
S Hammond	Director	Appointed 12 January 2022
T Hoegh	Director	Appointed 15 November 2018 (Resigned 12 January 2022)

Directors' emoluments for salaried Directors paid during the year was US$474 106 (2017: US$368 360).

Going concern
The Final Judicial Manager has satisfied himself that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, he is satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements. However, we draw your attention to note 29 relating to the going concern status of the Company regarding the awarding of the Border Award.

PETER L BAILEY
FORMER FINAL JUDICIAL MANAGER

11 April 2022

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Zimbabwe

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
BORDER TIMBERS LIMITED (Under Final Judicial Management)

Opinion

We have audited the financial statement of Border Timbers Limited (the "Company") , set out on pages 10 to 69, which comprise statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Border Timbers Limited as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of Zimbabwe (Chapter 24:03) and relevant statutory instruments.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) Code together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 29 in the financial statements, which indicates that the Company was given an award by the ICSID Arbitration Tribunal in the matter of expropriated land by the Government of Zimbabwe (the "Government"). The Government should restitute the land, failing which a compensation should be paid. Failing restitution of the land, the Company will have to implement a new business model for which, at this stage, there is uncertainty around this business model and the success and sustainability of that business model beyond the 12 months after date of approval of these financial statements for issue. These events or conditions, along with other matters as set forth in Note 29, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter.

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of biological assets – Standing timber	
The Company is required to value its standing timber at fair value in accordance with IAS 41 "Agriculture" ("IAS 41"). As disclosed in Note 6, the fair value of the standing timber as at 30 June 2018 amounted to US$57.4million (2017: US$72.6million). The value of standing timber is based on the following inputs; • estimated growth rates ; • stand density or tree per hectare; • diameter class distribution; • diameter height relationships; and • estimated market price per cube meter. • estimated volumes based on archived enumeration data Accordingly, the valuation of standing timber is a key audit matter due to the significance of the balance to the financial statements, combined with the multiple judgements associated with determining estimates used to compute the fair value.	To test the fair value of the standing timber we performed audit procedures that included but were not limited to the following: • Assessed the Company's selection of the valuation methodologies, evaluating the methods and significant assumptions used by the Company; • Evaluated whether the valuation criteria used comply with the requirements of IAS 41; • Tested the design and implementation of monitoring controls and relevant controls with respect to the process of determining fair values for the biological assets; • Evaluated the completeness and accuracy of the underlying key data inputs underpinning the fair value of standing timber to assess the reasonability of the significant assumptions and estimates made; • Involved our valuation specialists to assist with our evaluation of the methodologies used by the Company and significant assumptions included in the valuation; • Compared the significant assumptions to market and economic trends, against the historical results and compared the overall fair value of the standing timber; • Performed sensitivity analyses on the valuation of standing timber to evaluate the extent of impact on the fair value of the estimated timber volumes; • Assessed the reliability of management's forecasts used in the valuation of standing timber through a comparison of the actual results in the current year against previous forecasts made; and • Reviewed the financial statement disclosures for appropriateness and adequacy. We found the recognition and measurement of biological assets to be appropriate. We found the disclosures to be detailed and complete.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
BORDER TIMBERS LIMITED (Under Final Judicial Management)

Other Information

The Final Judicial Manager is responsible for the other information. The other information comprises the Company Financial Highlights, Statutory Information, Final Judicial Manager's Responsibility, Final Judicial Manager's report and Analysis of Shareholders for the year ended 30 June 2018, which we obtained prior to the date of the auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Final Judicial Manager for the Financial Statements

The Final Judicial Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of Companies Act (Chapter 24:03) and for such internal control as the Final Judicial Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Final Judicial Manager is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Final Judicial Manager either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
BORDER TIMBERS LIMITED (Under Final Judicial Management)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Final Judicial Manager.

- Conclude on the appropriateness of the Final Judicial Manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Final Judicial Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Final Judicial Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Final Judicial Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Charity Mtwazi.

Report on Legal and Regulatory Requirements

In our opinion, these financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI33/99 and SI62/96).

Deloitte & Touche

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Deloitte & Touche
Registered Auditor
Per: Charity Mtwazi
Partner
PAAB Practice Certificate Number 0585

14 April 2022

Border Timbers Limited (Under Final Judicial Management)
Statement of Financial Position
As at 30 June 2018

	Notes	30-Jun-18 US$	30-Jun-17 US$
ASSETS			
Non-current assets			
Property, plant and equipment	5	31 543 512	32 712 752
Biological assets	6	50 722 261	64 541 472
		82 265 773	97 254 224
Current assets			
Biological assets	6	6 713 157	8 103 711
Inventories	7	4 155 422	3 557 326
Trade and other receivables	9	4 565 473	5 949 294
Cash and cash equivalents	10	2 231 435	1 674 407
		17 665 487	19 284 738
TOTAL ASSETS		**99 931 260**	**116 538 962**
EQUITY			
Equity attributable to the owners of the parent			
Share capital	11	429 425	429 425
Non distributable reserve	12.1	90 455 727	90 455 727
Revaluation reserve	12.2	368 589	294 339
Retained Loss		(33 309 613)	(24 873 234)
Total equity		57 944 128	66 306 257
LIABILITIES			
Non-current liabilities			
Long term borrowings	13	21 244 542	20 503 458
Deferred tax	14	11 476 756	17 613 396
		32 721 298	38 116 854
Current liabilities			
Trade and other payables	15	8 179 637	10 508 484
Short term borrowings	13	1 086 196	1 607 367
		9 265 833	12 115 851
Total liabilities		41 987 131	50 232 705
TOTAL EQUITY AND LIABILITIES		**99 931 260**	**116 538 962**

PETER L BAILEY
FORMER FINAL JUDICIAL MANAGER

11 April 2022

LYSIUS KARIMANZIRA
FINANCE DIRECTOR

11 April 2022

Border Timbers Limited (Under Final Judicial Management)
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Notes	2018 US$	2017 US$
Revenue		21 300 577	14 971 187
Cost of sales		(17 656 274)	(16 749 622)
Gross profit / (loss)		**3 644 303**	**(1 778 435)**
Other income	17.2	1 266 874	3 270 747
Selling and distribution expenses		(2 221 917)	(2 571 774)
Administration expenses		(5 361 920)	(9 772 774)
Other expenses	17.1	(875 532)	(658 465)
Fair value (loss)/gain due to biological assets transformation	6	(9 746 619)	7 002 375
Finance income	20	45 106	45 324
Finance costs	20	(1 349 066)	(1 395 135)
Loss before income tax		**(14 598 770)**	**(5 858 137)**
Income tax credit	21	6 162 390	3 262 633
Loss for the year		**(8 436 380)**	**(2 595 504)**
Other comprehensive income / (loss) for the year, net of tax		74 250	(1 163 143)
Items that will not be reclassified to profit or loss			
Gain / (loss) on revaluation of property, plant and equipment		74 250	(1 163 143)
Total comprehensive loss for the year		**(8 362 129)**	**(3 758 647)**
Loss for the year attributable to:			
-Owners of the parent		(8 362 130)	(3 758 647)
-Non-controlling interests		-	-
		(8 362 129)	**(3 758 647)**
Loss per share attributable to the owners of the parent (cents per share)			
Basic loss per share		(0.19)	(0.09)
Diluted loss per share		(0.19)	(0.09)

Border Timbers Limited (Under Final Judicial Management)
Statement of Changes in Equity
For the year ended 30 June 2018

	Share capital US$	Non distributable reserves US$	Revaluation reserves US$	Accumulated Loss US$	Total US$
Year ended 30 June 2017					
Balance as at 1 July 2016	429 425	90 455 727	2 004 551	(22 824 799)	**70 064 904**
Loss for the year	-	-	-	(2 595 504)	**(2 595 504)**
Other comprehensive loss net of tax	-	-	(1 163 143)	-	**(1 163 143)**
Transfer on disposal of property, plant and equipment	-	-	(547 069)	547 069	-
Balance as at 30 June 2017	**429 425**	**90 455 727**	**294 339**	**(24 873 234)**	**66 306 257**
Year ended 30 June 2018					
Balance as at 1 July 2017	429 425	90 455 727	294 339	(24 873 234)	**66 306 257**
Loss for the year	-	-	-	(8 436 379)	**(8 436 379)**
Other comprehensive income net of tax	-	-	74 250	-	**74 250**
Balance as at 30 June 2018	**429 425**	**90 455 727**	**368 589**	**(33 309 613)**	**57 944 128**

Border Timbers Limited (Under Final Judicial Management)
Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 US$	2017 US$
Cash flow from operating activities			
Operating loss		(13 294 810)	(4 508 326)
Adjustment for:			
- Depreciation	5	983 880	1 689 972
- Fair value loss /(gain) due to biological assets transformation	6	9 746 619	(7 002 375)
- Plantation redemption	6	7 022 980	5 720 928
- Plantation damage	6	525 818	6 342 244
- Other non-cash items		559 444	2 265 200
Changes in working capital		**5 543 931**	**4 507 643**
Increase in inventories		(598 096)	(1 609 105)
Decrease in trade and other receivables		1 383 821	279 806
(Decrease) / increase in trade and other payables		(2 328 847)	654 405
Net cash generated from operating activities		4 000 809	3 832 749
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(274 083)	(210 814)
Expenditure on biological assets	6	(2 085 652)	(2 650 576)
Interest received	20	45 106	45 324
Net cash used in investing activities		(2 314 629)	(2 816 066)
Cash flows from financing activities			
Repayments of borrowings		(336 257)	(178 435)
Interest paid	20	(792 895)	(735 205)
Net cash used in financing activities		(1 129 152)	(913 640)
Net increase in cash and cash equivalents		557 028	103 043
Cash and cash equivalents at the beginning of the year		1 674 407	1 571 364
Cash and cash equivalents at the end of the year	10	2 231 435	1 674 407

1 CORPORATE INFORMATION

Border Timbers Limited ("the Company"), under Final Judicial Management, is a limited liability public company incorporated and domiciled in Zimbabwe whose shares are publicly traded.

The ultimate holding parent of the company is Rift Valley Corporation Limited, a company incorporated in Jersey, Channel Islands. Border Timbers Limited grows and mills timber from managed plantations for production of poles and other timber products.

The financial statements of Border Timbers Limited (Under Final Judicial Management) for the year ended 30 June 2018 were prepared during the period of final judicial management and signed for issue on 11 April 2022 by Mr. Peter L Bailey, the former Final Judicial Manager ("FJM") under the authority of the Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.1 Basis of preparation

2.1.2 Statement of compliance

The financial statements of Border Timbers Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations applicable to companies reporting under IFRS and in a manner required by the Zimbabwe Companies Act (Chapter 24:03).

2.1.3 Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment and biological assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.4 Going concern

The FJM has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements (refer to note 29 for further details).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1.5 Changes in accounting policies and disclosures

a) New standards, amendments and interpretations effective mandatorily effective for the current year

In the current year, the Company has applied amendments to IFRSs issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Standard/Interpretation	Effective date	Executive summary
Amendments to IAS 7- Disclosure Initiative	Effective on annual periods beginning on or after 1 January 2017	The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.
Amendment to IAS 12 – Recognition of deferred tax assets fo unrealised losses	Effective on annual periods beginning on or after 1 January 2017	The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. The application of these amendments has had no impact on the Company's financial statements as the Company already assesses the sufficiency of future taxable profits in a way consistent with these amendments.

The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Company (see note 2.2).

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company's financial statements as none of the Company's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

(b) New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which are expected to have an impact on the Company,were in issue but not yet effective nor applied by the Company:

Standard/Interpretation	Effective date	Executive summary
IFRS 15 – 'Revenue from contracts with customers'	1 January 2019	The Financial Accounting Standards Board ("FASB") and IASB issued their long-awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.5 Changes in accounting policies and disclosures (continued)

(b) New and revised IFRSs in issue but not yet effective (continued)

Standard/Interpretation	Effective date	Executive summary
IFRS 9- Financial instruments	1 January 2019	All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within business model whose objectives is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting period. Debt instruments that are held within a business model whose objective is achieved be collecting contractual cash flows and selling financial assets, and that have contractual term give rise on specified dates to cash flows that are solely payments of principal and interest principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end subsequent accounting periods

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.1 Basis of Preparation (continued)

2.1.5 Changes in accounting policies and disclosures (continued)

(b) New and revised IFRSs in issue but not yet effective (continued)

Standard/Interpretation	Effective date	Executive summary
IFRS 16- Leases	1 January 2019	After ten years of joint drafting by the IASB and FASB they decided that leases should be revised to recognise assets and liabilities arising from all leases (with limited exceptions) on the Statement of financial position. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liability at the present value of future lease payments. A lessee measures the leased assets, initially at the same amount as the lease liabilities, and also includes costs directly related to entering into the lease. Leased assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessees' assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessees' financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessees' assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases- Incentives' and SIC27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1.5 Changes in accounting policies and disclosures (continued)

(b) New and revised IFRSs in issue but not yet effective (continued)

Standard/Interpretation	**Effective date**	**Executive summary**
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit for deferred revenue). The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the nonmonetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019	FRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to: • determine whether uncertain tax positions are assessed separately or as a group; and • assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.
Amendment to IAS 12 Income Taxes	1 January 2019	The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.
Definition of Material - Amendments to IAS 1 and IAS 8	1 January 2020	The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision- maker. The Chief Operating Decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Final Judicial Manager, who makes all operational and strategic decisions.

2.3 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'United States of America dollars' ("US$"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income within 'other operating expenses.

2.4 Property, plant and equipment

Land and buildings comprise land, factories, offices and residential buildings.

Property, plant and equipment are shown at fair value except capital work in progress, based on periodic valuations by independent professional valuers less subsequent accumulated depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. Cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of property, plant and equipment is recognised in profit or loss to the extent it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of property, plant and equipment.

Capital work in progress comprises assets pending installation and not yet ready for intended use. Assets are transferred from capital work in progress to the relevant classes at the date they are available for the intended use. Capital work-in-progress is carried at cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

Depreciation on other assets is accumulated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Buildings and improvements	-	4 - 30 years;
Plant and machinery	-	5 - 33 years;
Motor vehicles and tractors	-	5 - 10 years; and,
Furniture, fittings and equipment	-	4 - 15 years.

Freehold Land and capital work-in-progress are not depreciated.

Depreciation on revalued property, plant and equipment is recognised in profit or loss. On the subsequent sale or retirement of a revalued item of property plant and equipment, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An item of property, plant and equipment is derecognised upon disposals or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposals or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 Biological assets

Financial value of plantations is estimated at fair value. In measuring fair value of the plantation, assumptions are made which relate to the market prices, age and yields of standing timber. Trees are generally felled at the optimum age i.e. age when ready for intended use. At the time the tree is felled it is taken out of biological assets and accounted for under inventory. Fair value for standing timber is determined based on market prices. Changes in the carrying value of the biological asset are taken directly to the statement of profit or loss and other comprehensive income in accordance with IAS 41, 'Agriculture'. Biological assets do not include land. Transfers to inventory are recognized after calculating volume at harvesting. The cost of land preparation, planting, weeding and other silvicultural activities including allocation of indirect overheads attributable to the plantation development are capitalised as part of biological assets.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash-generating units'). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents on the statement of financial position.

Recognition and measurement
Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Amortised cost is the amount at which the financial asset is measured at initial recognition (fair value plus transaction costs) minus principal repayments, plus or minus cumulative amortisation using the effective interest rate method. Effective interest rate method utilises an effective interest rate to calculate amortised cost and to allocate and recognise interest in profit and loss.

Derecogntion of financial assets
The Company derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it contributes to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

Offsetting financial instruments
Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of the business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.8 Impairment of financial assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events have) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities
Other financial liabilities (including borrowings and trade and other payables) are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the following basis: -

a) Raw materials are valued at cost on a weighted average basis;

b) Finished goods and work-in-progress are valued at cost using weighted average cost method. Cost includes raw materials, direct labour, other direct costs and related production overheads (based on current operating capacity). It excludes borrowing costs; and,

c) Consumables are valued at weighted average cost.

The values of obsolete and slow-moving stocks are reduced, where necessary, to estimated net realisable values.

Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs of completion and estimated selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.12 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short- term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs are derecognised when the condition specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.15 Current income and deferred tax

The income tax expense for the year comprises current income and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Current income and deferred tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

Pension obligations
The Company provides for pensions on retirement for all employees by means of a defined contribution pension fund, Border Timbers Limited Pension Fund, which is administered by a Board of Trustees. Currently the fund is on paid up status.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company and all its employees contribute to the National Social Security Pension Fund in terms of the National Social Security Act (Chapter 17:04) of which the contributions are determined by the systematic recognition of legislated contributions.

Short terms benefits
The cost of short-term employee benefits is recognised in the period in which the service is rendered. The expected cost of leave pay is recognised as an expense as the employees render services that increase their entitlement.

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the entity recognises costs for a restructuring that is within the scope of IAS 37, (Provisions, Contingent Liabilities and Contingent Assets) and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can been reliably estimated. Restructuring provisions comprise employee termination liabilities. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle the present obligation, its carrying amount is the present value of those cash flows (when the effects of the time value of money is removed).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods and services sold in the normal course of business, net of discounts and value added taxes.

The revenue for the Company comprises sales of processed and raw timber to local and export markets.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the following specific recognition criteria are met.

a) Sale of goods

Revenue is recognised when a performance obligation has been satisfied fully. This happens when significant risks and rewards of ownership are transferred to the buyer, which happens when the goods are shipped, delivered, title and risk have passed to the customer. Sales are generally on cash or credit basis. Revenue is recognised after all the following criteria have been satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect to the transaction can be measured reliably.

b) Interest income

Interest income is recognised as interest accrues using the effective interest rate method. The Company earns interest on current accounts and short term fixed-term placements held with financial institutions.

2.21 Other income

Other income is recognised when it is received or when the right to receive is established. It comprises sundry income from burnt logs to third parties, freight recoveries from export sales and export incentives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases

Leases of property, plant and equipment where the Company has transferred substantially all the risks and rewards of ownership are classified as finance leases. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Each lease receipt is allocated between the receivable and finance income. The corresponding rental receivable, including finance income, are included in receivables. The interest element of the finance income is credited to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable for each period.

2.23 Earnings per share

(a) Basic earnings per share
Basic earnings per share is calculated by dividing:
-the profit attributable to owners of the Company;
by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
-the after-income tax effect of interest and other finance costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.24 DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting date but not distributed at the reporting date.

Dividends declared after the reporting date but before the financial statements are issued are not recognised in the financial statements but are disclosed in the notes to the financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

a) Useful lives and values of property, plant and equipment
Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected life cycles for these assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

b) Valuation of property, plant and equipment

In line with the Company policy, property, plant and equipment are revalued periodically. On 30 June 2017 an independent valuation was done on all property, plant and equipment. As at 30 June 2018, the FJM reviewed the carrying values of property, plant and equipment and in his view, there is no significant change in the fair value as at 30 June 2018.

c) Valuation of biological assets

Border Timbers Limited uses a forest database and modeling system called Micro forest (MF) to estimate the current standing volume in its plantations which is converted to fair value based on market price. MF is a commercially available system used by most forestry organizations in southern, eastern and central Africa and some countries in Asia.

Growing stock inventories serve the purpose of estimating the growth of a stand at a specific point in time. Inventory results are used to replace the estimated growth of the stand (mean annual increment – MAI) from growth models with real time growth parameters at the specific point in time. Growing stock inventories help to evaluate the quality of growth model to help make more accurate subsequent product volume projections. Current volume estimation is based on archived enumeration data stored in Micro forest:

Past inventories (enumerations) are used for calibrations of growth models which are carried out on growing stands (compartments) to estimate the real growth parameters at the point in time. The major stand parameters collected are the following:

- Stand density or trees per hectare (TPH) and the variation thereof over the stand.
- Diameter (DBH) class distribution and the variation thereof over the stand.
- Diameter: height relationships for the diameter classes in the stand.
- Inventories carried out are representative samples of the growing stock or stands, which serve as a reflection of the actual stand parameters.
- Direct estimates, based on Site Index (dominant height at 20 years of age for pine saw log, 10 for poles and 18 years for eucalyptus saw log working cycles) are used in compartments where inventory data is not available. Site Index (SI) value stored in MF can be refined after an enumeration is processed and can be used as the basis of estimating compartment volumes.
- Micro forest (MF) utilises the most recent enumeration results from each compartment for model calibration, ensuring an accurate prediction of yields (volume) that are sensitive to variations in survival, site quality and treatments (pruning and thinning).
- The Mean Annual Increment and stand yield are the reflection of age, species, site potential and silvicultural operations carried out.
- All harvested compartments are captured and removed from standing area in MF.
- All newly planted compartments are uploaded in the MF system.
- All database changes are effected in MF system

On the last day of the financial year, an advanced processing is run in MF where the current volume of each compartment is calculated.

MF has the capacity to calculate current volume at any point in time based on current enumeration data and SI producing a current volume report (CUR). This report issued as a source of total standing compartment volume used for plantation valuation.

The impact and extent of following factors are also assessed.

- Compartment stocking levels,
- Baboon damage,
- Impact of land invasions,
- Impact of pests and diseases.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

d) Splitting of biological asset into current and non-current

Amount classified as current biological asset is the estimated value of planned harvested area based on the ensuing year Annual Plan of Operation "APO".

Value of planned harvesting area is arrived at by multiplying the planned harvesting area as per the APO by the closing hectarage values as per the biological asset model.

An Annual Plan of Operation is prepared on an annual basis by the Planning Department in consultation with the Forestry Management Department. Strategic guidance is provided by the FJM, Forestry Platform Head, Managing Director and Finance Director.

e) Impairment losses on trade and other receivables

The Company reviews its trade and other receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the Company makes judgments as to whether there is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade and other receivables before the decrease can be identified with an individual receivables in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in the Company, or national or local economic conditions that correlate with defaults in the Company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

f) Income taxes

There are many transactions and calculations for which ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax liabilities in the period in which such determination is made.

g) Going concern

The Final Judicial Manager assesses the ability of the Company to continue in operational existence in the foreseeable future on a continuous basis and at each reporting date. As at 30 June 2018, and subsequently, the Final Judicial Manager assessed the Company's ability to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate. Refer to Note 29 for further details.

4 SEGMENT INFORMATION

	Forestry US$	Manufacturing US$	Total US$
Year ended 30 June 2018			
Statement of profit or loss and other comprehensive income			
Total segment revenue	15 295 790	6 004 787	21 300 577
Inter segment revenue	-	-	-
Revenue from external customers	**15 295 790**	**6 004 787**	**21 300 577**
Operating loss before interest and tax	**1 036 423**	**(852 262)**	**184 161**
Interest expense	(1 349 065)	-	(1 349 065)
Interest income	45 106	-	45 106
Loss before income tax	**(267 536)**	**(852 262)**	**(1 119 798)**
Total assets	**90 907 651**	**9 023 609**	**99 931 260**
Total liabilities	**35 443 318**	**6 543 813**	**41 987 131**
Other Information			
Capital expenditure on property, plant and equipment	274 083	-	274 083
Capital expenditure on biological assets	2 085 652	-	2 085 652
Depreciation	641 582	342 298	983 880
Employee numbers	508	-	508

4 SEGMENT INFORMATION (continued)

	Forestry US$	Manufacturing US$	Total US$
Year ended 30 June 2017			
Statement of profit or loss and other comprehensive income			
Total segment revenue	11 798 291	3 172 896	14 971 187
Inter segment revenue	-	-	-
Revenue from external customers	**11 798 291**	**3 172 896**	**14 971 187**
Operating (loss)/profit before interest and tax	**(4 758 176)**	**249 850**	**(4 508 326)**
Interest expense	(1 395 135)	-	(1 395 135)
Interest income	45 324	-	45 324
Loss before income tax	**(6 107 987)**	**249 850**	**(5 858 137)**
Total assets	**104 580 914**	**11 958 048**	**116 538 962**
Total liabilities	**41 618 309**	**8 614 396**	**50 232 705**
Other Information			
Capital expenditure on property, plant and equipment	210 814	-	210 814
Capital expenditure on biological assets	2 650 576	-	2 650 576
Depreciation	1 237 334	452 517	1 689 851
Employee numbers	725	35	760

The segmentation of the Company's operations has been done in a manner consistent with the internal reporting provided to the Final Judicial Manager. The Final Judicial Manager is responsible for allocating resources and assessing the performance of the operating segments.

The Company is organized into two main operating segments, all of which operate in Zimbabwe.

- Forestry: growing and milling of hardwood and softwood timber; and,
- Manufacturing: treatment and supply of pole product to the agricultural and electrification industry.

The Final Judicial Manager assesses the performance of the operating segments based on a measure of profit / (loss) before interest and tax.
All operating segments operate in Zimbabwe and segment sales presents sales to third parties and inter-segment sales.

4 SEGMENT INFORMATION (continued)

The Company is domiciled in Zimbabwe. Revenue from external customers from other countries is broken down as follows:

Country	**2018**	**2017**
	US$	**US$**
Botswana	4 014 483	3 701 541
South Africa	316 112	791 281
Zambia	583 114	1 177 917
Other	1 591 111	882 798
Total revenue from external customers	**6 504 820**	**6 553 537**

There are no non-current assets, current assets and financial instruments held outside Zimbabwe.

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5 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$	Motor vehicles and tractors US$	Furniture and fittings US$	Plant and machinery US$	Capital work-in progress US$	Total US$
Year ended 30 June 2017 Opening net book amount	**31 014 057**	**2 157 221**	**24 826**	**3 256 449**	**44 370**	**36 496 923**
Additions	-	62 881	8 797	138 644	492	210 814
Transfers to/ (from) capital work-in progress	-	11 432	2 848	-	(14 280)	-
Revaluation	(995 690)	(456 285)	127 993	(242 540)	-	(1 566 522)
Disposals	(1 081)	(510 725)	-	(226 685)	-	(738 491)
Depreciation charge	(710 718)	(467 624)	(84 882)	(426 748)	-	(1 689 972)
Closing net book amount	**29 306 568**	**796 900**	**79 582**	**2 499 120**	**30 582**	**32 712 752**
As at 30 June 2017						
Cost or valuation	**29 306 568**	**796 900**	**79 582**	**2 499 120**	**30 582**	**32 712 752**
Accumulated depreciation	-	-	-	-	-	-
Net book amount	**29 306 568**	**796 900**	**79 582**	**2 499 120**	**30 582**	**32 712 752**
Year ended 30 June 2018 Opening net book amount	**29 306 568**	**796 900**	**79 582**	**2 499 120**	**30 582**	**32 712 752**
Additions	-	89 677	35 665	-	148 741	274 083
Impairment charge	-	(878)	(300)	(449 027)	-	(450 205)
Revaluation	100 000	-	-	-	-	100 000
Disposals	-	(108 938)	-	(300)	-	(109 238)
Depreciation charge	(607 114)	(107 924)	(12 982)	(255 860)	-	(983 880)
Closing net book amount	**28 799 454**	**668 837**	**101 965**	**1 793 933**	**179 323**	**31 543 512**
As at 30 June 2018						
Cost or valuation	**29 406 568**	**765 178**	**114 847**	**1 993 670**	**179 323**	**32 459 586**
Accumulated depreciation	(607 114)	(96 341)	(12 882)	(199 737)	-	(916 074)
Net book amount	**28 799 454**	**668 837**	**101 965**	**1 793 933**	**179 323**	**31 543 512**

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of property, plant and equipment

In line with Company policy, property, plant and equipment items are revalued periodically. A valuation were performed on 30 June 2017 by Messrs TK Hollands, independent valuers not related to the Company. Messrs TK Hollands are members of the Real Estate institute of Zimbabwe and have appropriate qualifications and experience in the fair value measurements.

As at 30 June 2018, FJM reviewed the carrying values of property, plant and equipment and there were no significant changes in fair value (refer to note 3b)

Depreciation recognised in the Statement of profit or loss and other comprehensive income

Depreciation expense of US$872 082 (2017: US$1 536 561) has been charged in 'cost of sales' and US$111 798 (2017: US$153 411) has been charged in 'administrative expenses' and no depreciation has been charged to selling and distribution expenses. If property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

	Land and buildings US$	Motor vehicles and tractors US$	Furniture and fittings US$	Plant and machinery US$	Capital work-in progress US$	Total US$
As at 30 June 2017						
Cost or valuation	34 307 627	6 096 226	549 643	5 050 777	30 582	**46 034 855**
Accumulated depreciation	(5 435 486)	(4 994 996)	(608 054)	(2 618 404)	-	**(13 656 940)**
Net book amount	**28 872 141**	**1 101 230**	**(58 411)**	**2 432 373**	**30 582**	**32 377 915**
As at 30 June 2018						
Cost or valuation	34 307 627	6 076 965	585 308	5 050 477	179 323	**46 199 700**
Accumulated depreciation	(6 042 600)	(5 102 920)	(621 036)	(2 874 264)	-	**(14 640 820)**
Net book amount	**28 265 027**	**974 045**	**(35 728)**	**2 176 213**	**179 323**	**31 558 880**

Land and buildings pledged as security

The Company has pledged land with a carrying amount of US$1 453 776 (2017: US $1 453 776) and buildings with a carrying amount of US$3 876 508 (2017: US$4 014 807) as security for the Zimbabwe Asset Management Company ("ZAMCO") long term facility amounting to US$6 674 234 (2017: US $6 670 176) (refer to note 13).

5

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Fair values of property, plant and equipment (excluding capital work in progress)
The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible (level 3).

	Fair value measurements as at 30 June 2018 using		
	Quoted prices in active markets for identical assets	**Significant other observable inputs**	**Significant unobservable inputs**
(level 1)	**(level 2)**	**(level 3)**	
	US$	**US$**	**US$**
Recurring fair value measurements			
Property, plant and equipment			
-Land, roads and bridges	-	-	14 870 406
-Buildings	-	-	13 929 047
-Motor vehicles	-	668 837	-
-Furniture and fittings	-	101 966	-
-Plant and machinery	-	-	1 793 933
Total	**-**	**770 803**	**30 593 387**

Fair value measurements as at 30 June 2017 using			
	Quoted prices in active markets for identical assets	**Significant other observable inputs**	**Significant unobservable inputs**
	(level 1)	**(level 2)**	**(level 3)**
	US$	**US$**	**US$**
Recurring fair value measurements			
Property, plant and equipment			
-Land, roads and bridges	-	-	14 870 406
-Buildings	-	-	14 436 162
-Motor vehicles	-	796 900	-
-Furniture and Fittings	-	79 612	-
-Plant and Machinery	-	-	2 499 120
	-	**876 512**	**31 805 688**

There were no transfers between levels 1 and 2 during the year.

Border Timbers Limited (Under Final Judicial Management)
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5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings US$	Motor vehicles and tractors US$	Furniture and fittings US$	Plant and machinery US$	Total US$
Opening balance 1 July 2017	29 306 568	796 900	79 582	2 499 120	32 682 170
Additions	-	89 677	35 665	-	125 342
Disposals-		(108 938)	-	(300)	(109 238)
Revaluation	100 000	(878)	(300)	(449 027)	(350 205)
Depreciation recognised in the statement of profit or loss and other comprehensive income	(607 114)	(107 924)	(12 982)	(255 860)	(983 880)
Closing balance at 30 June 2018	**28 799 454**	**668 837**	**101 965**	**1 793 933**	**31 364 189**

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Information about fair value measurements using significant unobservable inputs (level 3).

Description	Fair Value at 30 June 2018	Valuation technique	Unobservable inputs	Range of unobservable Relationship of inputs (probability weighted)	Relationship of unobservable inputs to fair value
-Land, roads and bridges	14 870 406	comparison prices	price per square metre	US$20-US$25	the higher the price per square metre the higher the fair value
-Buildings	13 929 047	comparison prices	replacement cost per square metre	US$600-US$650	the higher the price per square metre the higher the fair value
-Motor vehicles	668 837	comparison prices	unit cost	N/A	the better the age and vehicle condition the higher the fair value
-Furniture and Fittings	101 965	comparison prices	unit cost	N/A	the better the age and the condition of the furniture and fittings the
-Plant and Machinery	1 793 933	comparison prices	unit cost	N/A	The better the age and condition of the plant and machinery the higher the fair
Total	**31 364 188**				

Border Timbers Limited (Under Final Judicial Management)
Notes to the Financial Statements
For the year ended 30 June 2018

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Description	Fair Value at 30 June 2017	Valuation technique	Unobservable inputs	Range of unobservable Relationship of inputs (probability weighted)	Relationship of unobservable inputs to fair value
-Land, roads and bridges	14 870 406	comparison prices	price per square meter	US$20-US$25	the higher the price per square meter the higher the fair value
-Buildings	14 436 162	comparison prices	replacement cost per square meter	US$600-US$650	the higher the price per square metre the higher the fair value
-Motor vehicles	796 900	comparison prices	unit cost	N/A	the better the age and vehicle condition the higher the fai
-Furniture and Fittings	79 582	comparison prices	unit cost	N/A	the better the age and the condition of the furniture and fittings the higher the fair
-Plant and Machinery	2 499 120	comparison prices	unit cost	N/A	The better the age and condition of the plant and machinery the higher the fair value.
Total	**32 682 170**				

6 BIOLOGICAL ASSETS

	2018 US$	2017 US$
As at 1 July	72 645 183	75 055 404
Expenditure for the year (see note 19)	2 085 652	2 650 576
Fair value (loss)/ gain due to biological transformation	(9 746 619)	7 002 375
	64 984 216	84 708 355
Deduct:	(7 548 798)	(12 063 172)
Destroyed by fire	(525 818)	(6 342 244)
Transfers of harvested timber to inventory	(7 022 980)	(5 720 928)
As at 30 June	**57 435 418**	**72 645 183**
Classification on the statement of financial position		
Classified as non-current asset	50 722 261	64 541 472
Classified as current asset*	6 713 157	8 103 711
As at 30 June	**57 435 418**	**72 645 183**

** Being biological assets to be harvested and sold in the next 12 months after the reporting date.*

Comprising of standing timber at fair value less costs to sell

	2018 Hectares	2018 US$	2017 Hectares	2017 US$
Age				
1- 6 years	6 023	4 058 159	5 643	2 355 404
7-12 years	3 460	11 063 469	3 570	9 872 491
13-18 years	2 893	16 825 240	3 264	18 457 827
19-25 years	2 737	25 488 550	3 414	28 435 420
26-30 years	-	-	367	4 677 256
Over 30 years	-	-	756	8 846 785
	15 113	**57 435 418**	**17 014**	**72 645 183**

6 BIOLOGICAL ASSETS (continued)

Valuation of plantations

Treatment of Different Age Groups and Regimes
All plantings below 4 years (age threshold) for pine and eucalyptus are stated at development cost and approximates fair value. The age threshold used for quantifying immature timber is dependent on the rotation period of the specific timber genus. Softwood ("pine") less than 4 years and hardwood ("eucalyptus") less than 4 years are classified as immature timber. All changes in fair value are recognised in the period in which they arise. All trees from 4 years up to 25 years are valued based on volume/m3 standing regardless of species and working cycle, whilst over 25 years are excluded from the valuation.

Price Used for Valuation
Tree timber volume for young trees (pine less than 4 years and eucalyptus less than 4 years) cannot be calculated by current volume calculation models, therefore development costs are used. All silviculture costs for the particular year are capitalised. Mature trees are valuated at market value of standing timber.

Valuating Young Trees
Young trees are valued at maintenance cost (silviculture plus a proportion of general estate). A proportion of general estate cost to be captalised is derived from the following formula:

General Estate Proportion to be capitalized =

The total silviculture cost and a portion of general estate incurred during the financial year is divided by the total standing area to get maintenance cost per hectare. The cost per hectare is converted to hectare years (Age x Area of each age group) for the compartments less than 4 years. The value assigned to each compartment is a product of hectare year and maintenance cost (cost/ha) which is assumed to be the same for all age groups.

Determination of the Price of Standing Timber
Border Timbers Limited uses the market prices per cubic meter of standing timber. The price of standing timber is based on stumpage value of the most active and stable timber products market.

Volume and Area Movement during the Financial Year
The closing balance is the value of the bio-asset which is determined by volume per age class and the stumpage value for standing timber aged 4 up to 25 years, and a proportion of silviculture and general estate based on cost per hectare (hectare year x maintenance cost/ha) for stands less than 4 years. However, the movements which lead to the closing balance have to be traced so that change resulting from growth of trees has to be distinguished. The movement is caused by one or a combination of these activities (Planting, Clear-felling, Salvage, Adjustments due Change Notes and Maintenance). The maintenance cost incurred during the financial year (silviculture cost and a proportion of general estate) is apportioned according to each age group proportionally.

The volume of standing timber as at 30 June 2018 amounts to 2 094 449 m3 (2017: 2 666 725 m3).

6 BIOLOGICAL ASSETS (continued)

The following table represents the Company's biological assets that are measured at fair value at 30 June 2018.

Fair value measurements as at 30 June 2018 using

Quoted prices	**Significant in active markets for identical assets (level 1) US$**	**other observable inputs (level 2) US$**	**Significant unobservable inputs (level 3) US$**
Age			
1- 6 years	-	-	4 058 159
7-12 years	-	-	11 063 469
13-18 years	-	-	16 825 240
19-25 years	-	-	25 488 550
26-30 years	-	-	-
Over 30 years	-	-	-
Total	**-**	**-**	**57 435 418**

The following table represents the company's biological assets that are measured at fair value at 30 June 2017

Fair value measurements as at 30 June 2018 using

Quoted prices	**Significant in active markets for identical assets (level 1) US$**	**other observable inputs (level 2) US$**	**Significant unobservable inputs (level 3) US$**
Age			
1- 6 years	-	-	2 355 404
7-12 years	-	-	9 872 491
13-18 years	-	-	18 457 827
19-25 years	-	-	28 435 420
26-30 years	-	-	4 677 256
Over 30 years	-	-	8 846 785
Total	**-**	**-**	**72 645 183**

6 BIOLOGICAL ASSETS (continued)

The following table represents the Company's biological assets that are measured at fair value as at 30 June 2018;

Description	Fair value as at 30 June 2018 US$	Unobservable input	Unobservable inputs	Relationship of Unobservable inputs
Pine (1- 3 years)	2 059 895	Cost per hectare	US$119-US$176	The higher the cost per hectare the higher the fair value
Pine (4-25 years)	34 016 929	Mean annual increment	(11-13) m3/ha/year	The higher the price per cubic meter and mean annual increment the higher the fair value
		Price per cubic meter	US$25-US$27	
Euc (1- 3 years)	208 774	Cost per hectare	US$119 -US$176	The higher the cost per hectare the higher the fair value
Euc (4-25 years)	21 149 820	Mean annual increment	(18-20) m3/ha/year	The higher the price per cubic meter and mean annual increment the higher the fair value
		Price per cubic meter	US$19-US$27	

Total **57 435 418**

7 INVENTORIES

	2018 US$	2017 US$
Raw materials	349 025	534 022
Work in progress	558 377	528 870
Finished goods	1 764 760	1 613 651
Consumables	1 483 260	880 783
	4 155 422	**3 557 326**

The cost of inventories recognised as an expense and included in the 'cost of sales' amounted to US$5 884 359(2017: US$6 167 026).

Inventory write down was US$915 924 (2017 US$1 123 329). Inventory write-down was included in `cost of sales` in the statement of profit or loss and other comprehensive income.

No inventory was pledged as security during the year (2017: US$nil).

8 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets are carried at amortised cost and classified as loans and receivables.
All financial liabilities are carried at amortised cost and classified as other financial liabilities.

	2018 US$	2017 US$
Loans and receivables		
Assets per statement of financial position		
Trade and other receivables (excluding prepayments and VAT receivable)	4 561 681	5 786 853
Cash and cash equivalents	2 231 435	1 674 407
	6 793 116	**7 461 260**
Other financial liabilities at amortised cost		
Liabilities per statement of financial position		
Trade and other payables (excluding statutory liabilities)	5 654 158	8 371 403
Borrowings (current and non-current)	22 330 738	22 110 825
	27 984 896	**30 482 228**

9 TRADE AND OTHER RECEIVABLES

	2018 US$	2017 US$
Trade receivables from external parties	4 974 472	5 530 003
Trade receivables from related parties (see note 16)	-	48 028
Less: allowance for impairment on trade receivables	(1 185 967)	(599 958)
Trade receivables - net	**3 788 505**	**4 978 073**
Prepayments	3 792	6 489
Loans to employees	75 726	129 393
Receivables from disposal of equipment to contractors	10 123	15 123
Net investment in finance leases receivable (see note 9.1)	143 133	185 161
Other receivables	544 194	635 055
	776 968	971 221
	4 565 473	**5 949 294**

Other receivables mainly include sundry debtors is net of allowance for impairment for other trade receivables of US $Nil (2017: US $ 41 358).

Loans to employees relate mainly to motor vehicle loan scheme and are payable over a period ranging between 3-5 years.

And carry standard rate of interest at 6 % p.a (2017:6 %). The loans are neither past due nor impaired and are secured.

Trade receivables do not bear interest and are normally settled on 30-day terms for local sales and 90 days for export sales.

Movement in the allowance for impairment of trade and other receivables was as follows:

	2018 US$	2017 US$
As at 1 July	641 316	295 872
Increase in allowance for impairment on trade receivables	544 651	304 086
Increase in allowance for impairment on other receivables	-	41 358
As at 30 June	**1 185 967**	**641 316**

9

9 TRADE AND OTHER RECEIVABLES (continued)

The analysis of net trade receivables is as follows:

	Total	leither past due nor impaired		Past due but not impaired	
	0-30 days		31-60 days	61-90 days	>90 days
	US$	US$	US$	US$	US$
As at 30 June 2018					
Trade receivables from external parties					
Trade receivables from related parties	4 565 473	1 247 163	935 005	2 068 091	315 215
	-	-	-	-	-
	4 565 473	**1 247 163**	**935 005**	**2 068 091**	**315 215**
As at 30 June 2017					
Trade receivables from external		1 233 121	934 555	230 461	2 531 909
parties	4 930 045	14 042	450	-	
Trade receivables from related parties	48 028				33 536
	4 978 073	**1 247 163**	**935 005**	**230 461**	**2 565 445**

Past due but not impaired
These relate to a number of independent customers for whom there is no recent history of default.

Past due and impaired
The amount of the provision is US$1 185 967(2017: US$641 316). The individually impaired receivables mainly relate to customers facing liquidity challenges and amounts in dispute.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Company does not hold any collateral as security.

9 TRADE AND OTHER RECEIVABLES (continued)

Loans to employees, receivables from disposal of equipment to contractors, the finance lease receivable and other receivables are neither past due nor impaired.

The carrying amount of trade and other receivables approximates their fair value as at year end because of short term tenor. The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2018 US$	2017 US$
United States of America Dollar ("US$")	3 948 203	5 208 969
South African Rand (ZAR)	350 322	420 160
Botswana Pula (BWP)	266 948	320 165
Trade receivables	**4 565 473**	**5 949 294**
Counterparties without external credit rating		
Company 1	3 353 955	3 353 954
Company 2	256 898	1 640 719
Company 3	954 620	954 621
	4 565 473	**5 949 294**

Counterparties without external credit rating

Company 1	- New customers/related parties (less than 6 months)
Company 2	- Existing customers/related parties (more than 6 months - with no defaults in the past)
Company 3	- Existing customers/related parties (more than 6 months - with some defaults in the past)

9 TRADE AND OTHER RECEIVABLES (continued)

9.1 Finance lease receivable

The Company leases out manufacturing equipment under a finance lease. The contract includes an option to purchase the equipment at the end of its useful life at a price less than the expected residual value.

Non-current receivables	**2018 US$**	**2017 US$**
Finance lease-gross receivable	120 000	180 000
Unearned finance income	(22 341)	(40 675)
	97 659	**139 325**
Current receivables		
Finance lease-gross receivable	60 000	72 000
Unearned finance income	(18 334)	(26 164)
	41 666	**45 836**
Gross receivables from finance leases:		
-No later than one year	60 000	72 000
-Later than one year and no later than 5 years	108 000	168 000
-Later than 5 years	15 808	12 000
	183 808	**252 000**
Unearned future finance income on finance leases	(40 675)	(66 839)
Net investment in finance leases	**143 133**	**185 161**
The net investment in finance leases may be analysed as follows:		
-No later than one year	41 666	45 836
-Later than one year and no later than 5 years	92 255	128 209
-Later than 5 years	9 212	11 116
	143 133	**185 161**

10 CASH AND CASH EQUIVALENTS

Cash and bank balances (excluding bank overdrafts)	**2 231 435**	**1 674 407**
Cash and cash equivalents include the following for the purpose of the statement of cash flows: Cash and bank balances	2 231 435	1 674 407
Cash and cash equivalents per statement of cash flows	**2 231 435**	**1 674 407**

10 CASH AND CASH EQUIVALENTS (continued)

	2018 US$	2017 US$
Cash on hand and at bank are denominated in the following currencies		
United States of America dollar ("US$")	2 032 832	1 487 804
South African Rand ("ZAR")	22 095	17 095
Botswana Pula ("BWP")	176 508	169 508
	2 231 435	**1 674 407**

11 SHARE CAPITAL

	2018	2017
Authorised		
Number of ordinary shares	43 000 000	43 000 000

All ordinary shares rank equally with regards to the company's residual assets. Ordinary shares have a nominal value of US$0.01 after re-denomination of share capital. Holders of these are entitled to dividends as declared from time to time and one vote per share at general meetings of the company.

	Number of shares Each	Ordinary shares US$	Total US$
Issued and fully paid			
Year ended 30 June 2018			
At the beginning of the year	**42 942 487**	**429 425**	**429 425**
At the end of the year	**42 942 487**	**429 425**	**429 425**
Year ended 30 June 2017			
At the beginning of the year	**42 942 487**	**429 425**	**429 425**
At the end of the year	**42 942 487**	**429 425**	**429 425**

The unissued shares are under the control of the Final Judicial Manager who may issue them on such terms and conditions as he see fit subject to the limitation of the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements. The period of this authority is unlimited.

12 OTHER RESERVES

12.1 Non-distributable reserve

	2018 US$	2017 US$
Balance as at 30 June	**90 455 727**	**90 455 727**

The non-distributable reserve arose as a result of the net effect of restatement in the US$ of assets and liabilities previously denominated in Zimbabwe dollars in 2009.

12 OTHER RESERVES

12.2 Revaluation reserve

	2018 US$	2017 US$
Balance as at 30 June	**368 589**	**294 339**

The revaluation relates to revaluation of property, plant and equipment in terms of the Company's policies.

13 BORROWINGS

	2018 US$	2017 US$
Non-current borrowings Bank borrowings		
Deutshe Investitions - und Entwicklungsgesellschaft mbH ("DEG")	5 776 555	5 872 201
Zimbabwe Asset Management Corporation (Private) Limited ("ZAMCO")	6 244 110	5 956 437
Total non-current bank borrowings	**12 020 665**	**11 828 638**
Related party loans		
Rift Valley Services Zimbabwe (Private) Limited	7 868 813	7 367 804
Rift Valley Corporation Limited	975 000	975 000
Forrester Estates (Private) Limited	380 064	332 016
	9 223 877	8 674 820
	21 244 542	**20 503 458**
Current borrowings		
Bank borrowings		
Ecobank Zimbabwe Limited	260 912	593 630
Zimbabwe Asset Management Company (Private) Limited ("ZAMCO")	430 124	713 740
Deutshe Investitions - und Entwicklungsgesellschaft mbH ("DEG")	395 160	299 997
Total current borrowings	**1 086 196**	**1 607 367**
Total borrowings	**22 330 738**	**22 110 825**

13 BORROWINGS (continued)

- The DEG loan bears interest of Libor plus 2.5%. DEG amended the loan agreement and released the assets previously attached as security and required the Company to provide surety in the amount of not less than USD3 100 000 in favor of DEG from a bank that DEG designates as acceptable. The loan matures in the 2022 financial year.

- The related party loans are unsecured with interest rates of 9.74% per annum for Rift Valley Services Zimbabwe (Private) Limited loan and 20% for Forrester Estates (Private) Limited loan. The loans are payable on demand after the Company has settled all amounts due to DEG.

- A re-financed ZAMCO facility of US$6 666 919, which carries an interest rate of 7% per annum expires on 31 October 2023. The loan is secured as follows:

i) land with a carrying amount US$1 453 776 (2017: 1 453 776) and buildings with a carrying amount of US$ 3 876 508 (2017:US$4 014 807) as at 30 June 2018;

ii) Cession of all insurance of immovable assets taken from reputable insurance companies; and;

iii) Assignment of debtors' book save for debtor's book acknowledged as assigned to a working capital facility provider.

- The other current bank loans have maturity periods ranging from 30 to 90 days and bear interest rates ranging from 11% to 22%. The loans are unsecured.

The carrying amounts and fair value of the non-current borrowings as at 30 June:

	Carrying amount		Fair Value	
	2018	**2017**	**2018**	**2017**
	US$	**US$**	**US$**	**US$**
Non-current borrowings	21 244 542	20 503 458	15 707 432	16 057 098

Borrowing powers

The Articles of Association provide that the Company may from time to time, at the discretion of the FJM, borrow, raise or source borrowings up to half the value of the shareholders equity as reflected in the Statement of Financial Position of the Company. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

	2018	**2017**
	US$	**US$**
Shareholders' equity		
Maximum borrowing limit; 50% of shareholders' equity	57 944 128	66 306 257
	28 972 064	33 153 129
Borrowings as at year end	(22 330 738)	(22 110 825)
Unutilised borrowing capacity	**6 641 326**	**11 042 304**

14 DEFERRED TAX

The analysis of deferred tax assets and deferred income tax liabilities is as follows:

	2018 US$	2017 US$
Deferred tax assets		
- Deferred tax assets to be recovered after more than 12 months	(8 264 669)	(6 154 599)
- Deferred tax assets to be recovered within 12 months	-	(471)
	(8 264 669)	**(6 155 070)**
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than 12 months	19 740 448	23 767 388
- Deferred tax liabilities to be recovered within 12 months	976	1 078
	19 741 424	**23 768 466**
Deferred tax liabilities (net)	**11 476 756**	**17 613 396**

The gross movement on the deferred tax account is as follows:

	2018 US$	2017 US$
At 1 July	17 613 396	21 279 408
Credit to statement of profit or loss	(6 162 390)	(3 262 633)
Credit through other comprehensive income	25 750	(403 379)
At 30 June	**11 476 756**	**17 613 396**

The deferred tax account comprises the following:

	2018 US$	2017 US$
Accelerated depreciation for tax purposes	4 924 893	5 661 354
Biological assets	14 789 646	18 706 135
Prepayments	976	1 079
Unrealised exchange loss / (gains)	25 909	(471)
Assessed tax losses	(7 556 863)	(6 154 599)
Other temporary differences	(707 806)	(600 102)
	11 476 756	**17 613 396**

14 DEFERRED TAX (continued)

The deferred tax (credit)/charge to the statement of profit or loss and other comprehensive income comprises of the following:

	2018 US$	2017 US$
Accelerated depreciation for tax purposes	(736 460)	(565 297)
Biological assets	(3 916 489)	(620 632)
Prepayments	(102)	(13 757)
Unrealised exchange gains	26 380	36 175
Assessed tax losses	(1 402 263)	(2 020 319)
Other temporary differences including through other comprehensive income	(107 704)	(482 182)
	(6 136 638)	**(3 666 012)**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Projected financial results to 2021 have been used to estimate future taxable profits.

The Company recognised deferred tax assets of US$7 556 863 (2017: US$6 154 599) in respect of tax assessed losses amounting to US$27 745 064 (2017: US $23 901 355). The assessed losses expire between 30 June 2019 and 30 June 2024.

15 TRADE AND OTHER PAYABLES

	2018 US$	2017 US$
Trade payables	3 378 523	3 434 473
Accruals	1 618 102	3 927 741
Payable to related parties (see note 16)	657 533	1 009 189
Statutory liabilities	2 525 479	2 137 081
	8 179 637	**10 508 484**

Trade payables are unsecured, non-interest bearing and are generally settled within 30 days. Other payables are unsecured, non- interest bearing and have an average term of 60 days.

Statutory liabilities comprise statutory levies amounting to US$1 098 279 (2017: US$406 577), and employee pensions US$1 427 200 (2017: US$1 730 504).

15 TRADE AND OTHER PAYABLES (continued)

Analysis of trade and other creditors currency exposure

	2018 US$	2017 US$
Creditor's class		
Trade creditors		
United States of America Dollar ("US$")	3 378 523	4 074 598
South African Rand ("ZAR")	202 906	427 643
	3 581 429	**4 502 241**
Other creditors		
United States of America Dollar ("US$")	1 899 685	3 869 163
South African Rand ("ZAR")	-	-
	1 899 685	**3 869 163**
Analysis of total trade and other creditors per currency		
United States of America Dollar ("US$")	5 451 252	7 943 760
South African Rand ("ZAR")	202 906	427 643
Total trade and other creditors excluding statutory liabilities	**5 654 158**	**8 371 403**
Statutory liabilities	2 525 479	2 137 081
Total trade and other creditors	**8 179 637**	**10 508 484**

16 RELATED PARTY DISCLOSURES

The Company's immediate parent is Franconian Zimbabwe (Private) Limited which owns 65% of the Company's shares. The ultimate parent is Rift Valley Corporation Limited. The Company trades with various fellow subsidiary companies. In addition, the Company participates in financial transactions involving the holding company and fellow subsidiaries.

a) Transactions

	Transactions	Nature of Relationship	2018 US$	2017 US$
i)	**Sales of goods**			
-	United Builders Merchants (Private) Limited	Common directorship	-	345 984
-	Northern Tobacco (Private) Limited	Fellow subsidiary	5 557	10 521
			5 557	**356 505**

Goods are sold based on the price lists in force and terms that would be available to third parties.

	Transactions	Nature of Relationship US$	2018 US$	2017
ii)	**Purchases of goods and services**			
-	Timberbay Services Limited	Close family relationship	-	1 329 443
v)	**Interest charged**			
	- Rift Valley Holdings (Private) Limited	Parent	501 009	502 586
	- Forrester Estates (Private) Limited	Common shareholding	48 048	44 045
			549 057	**546 631**

The interest has been accrued but not yet paid. The related party loan is unsecured and has an interest rate of 9.74% and 20% per annum respectively.

b) Year end balances arising from sales/purchase of goods /services

	Transactions	Nature of Relationship	2018 US$	2017 US$
i)	**Receivables from related parties**			
-	United Builders Merchants	Common directorship	-	7 556
	Northern Tobacco (Private) Limited	Fellow subsidiary	-	40 472
			-	**48 028**

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sale. The receivables are unsecured in nature and bear no interest. The allowance for impairment against related party receivables amounted to nil (2017: US$186 964).

16 RELATED PARTY DISCLOSURES (continued)

	Transactions	Nature of Relationship	2018 US$	2017 US$
ii)	**Payables to related parties arising from sales/purchase of goods/services**			
-	Rift Valley Services Zimbabwe (Private)	Limited Fellow subsidiary	657 533	701 546
-	Rift Valley Forestry (Private) Limited	Fellow subsidiary	-	-
-	Timberbay Services Limited	Close family relationship	-	307 643
			657 533	**1 009 189**

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

			2018 US$	2017 US$
c)	**Loans from related parties**			
-	Rift Valley Services (Private) Limited	Fellow subsidiary	7 868 813	7 367 804
-	Rift Valley Holdings (Private) Limited	Parent	975 000	975 000
-	Forrester Estates (Private) Limited	Common shareholding	380 064	332 016
			9 223 877	**8 674 820**

The shareholder's loans attract interest of 9.74%, 9.74% and 20% per annum respectively. The loan is payable on demand after the Company has settled all amounts due to DEG.

			2018 US$	2017 US$
d)	**Guarantees from related parties**			
-	Rift Valley Corporation	Parent	3 100 000	3 100 000

- The guarantee is in respect of the German Development Bank loans ("DEG").

16 RELATED PARTY DISCLOSURES (continued)

	2018 US$	2017 US$
e) Key management compensation		
- Short term employee benefits	474 106	366 710
- Post employment benefits	-	1 650
	474 106	**368 360**
f) Final Judicial Managers fees	321 673	247 693
e) Loans to key management personnel	36 515	65 661

17 OTHER INCOME AND EXPENSES

17.1 Other expenses

Loss on disposal of property, plant and equipment	-	557 131
Impairment loss: Property, plant and equipment	450 206	-
Other expenses	324 707	103 163
Exchange losses / (gains)	100 619	(1 829)
	875 532	**658 465**

17.2 Other income

Profit on disposal of property, plant and equipment	54 109	-
Sundry income	-	1 746 389
Freight recoveries	1 212 765	1 524 358
	1 266 874	**3 270 747**

18	**EXPENSES BY NATURE**	**2018 US$**	**2017 US$**
	Auditors remuneration		
	- current year audit services	16 500	16 500
	- prior year audit services	94 364	53 014
	Bank charges	172 046	47 723
	Consultancy	176 093	63 355
	Depreciation charge	983 880	1 689 851
	Electricity	570 959	679 544
	Employee benefit expense (see note 20)	3 933 420	4 429 177
	Foreign and local travel	143 995	161 966
	Fuels and oils	341 978	404 493
	Haulage	2 162 794	2 741 672
	Inventory write down (reversal)/allowance (see note 7)	915 924	1 123 329
	Impairment:		
	- receivables (see note 24)	544 651	345 444
	Insurance	147 891	160 633
	Judicial managers fees (see note 17)	321 673	247 693
	Other expenses	251 350	640 092
	Plantation - damage (see note 6)	525 818	6 342 244
	Printing and stationery	51 372	42 424
	Protective clothing	54 626	50 382
	Raw material and consumables used	5 877 515	5 808 992
	Repairs and maintenance - motor vehicles	154 680	273 495
	Repairs and maintenance - plant/ buildings	690 120	656 434
	Repairs and maintenance- office equipment	14 669	21 653
	Sub-contracted services	7 995 180	5 330 498
	Security	62 680	65 911
	Subscriptions	84 967	77 639
	Telephone costs	88 252	90 650
	Utilities	169 261	179 938
	Master of High Court fees	779 102	-
		27 325 763	31 744 746
	Capitalisation of forestry costs (see note 6)	(2 085 652)	(2 650 576)
	Total cost of sales, administrative and selling and distribution expenses	**25 240 111**	**29 094 170**

The cost of land preparation, planting, weeding and other silvicultural activities including an allocation of indirect overheads related to the plantation are capitalised as part of biological assets.

19 EMPLOYEE BENEFIT EXPENSES

	2018 US$	2017 US$
Wages and salaries	2 642 635	2 956 597
Retrenchment costs	467 266	667 266
Social security costs (see note 23.2)	63 042	85 822
Staff welfare costs	286 371	351 132
	3 459 314	4 060 817
Directors remuneration:		
- Short term employee benefits	474 106	366 710
- Post employment benefits	-	1 650
	3 933 420	**4 429 177**

	2018 Number of employees	2017 Number of employees
Manning levels at 30 June		
-Permanent	434	725
-Contract	74	35
Total	**508**	**760**

20 FINANCE INCOME AND COSTS

	2018 US$	2017 US$
Finance costs		
Interest charged:		
-Bank borrowings	1 301 018	848 504
-Related party borrowings	48 047	546 631
	1 349 065	**1 395 135**
Interest paid for the purpose of the statement of cash flows		
-Finance costs	1 349 065	1 395 135
-Accrued interest	(556 170)	(659 930)
-Interest paid	**792 895**	**735 205**
Finance income		
Short-term bank deposits	**45 106**	**45 324**

		2018 US$	2017 US$
21	**INCOME TAX EXPENSE**		
	Deferred tax credit	**(6 162 390)**	**(3 262 633)**

The tax on the Company`s loss before income tax differs from the theoretical amount that would arise using the tax rate applicable to the profits of the entity as follows:

Loss before income tax	**(14 598 769)**	**(5 858 137)**
Taxation calculated at domestic tax rate 25.75% (2017: 25.75%)	(3 759 183)	(1 508 470)
Non-deductible/(taxable) expenses		
Tax losses not recognised	(2 403 207)	(1 754 163)
	-	-
Income **tax credit**	**(6 162 390)**	**(3 262 633)**

The income tax rate applicable to the Company's taxable income for the year ended 30 June 2018 is 25.75% (2017:25.75%).

22 LOSS PER SHARE

a) Basic

Basic earnings per share is calculated by dividing the profit/ (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2018 US$	2017 US$
Weighted average number of ordinary shares	42 942 487	42 942 487
Loss attributable to equity holders from continuing operations (US$)	(8 362 130)	(3 758 649)
Loss per share (cents)	(0.19)	(0.09)
Loss per share (cents)	(0.19)	(0.09)

There were no dilutive ordinary shares outstanding during the year (2017: Nil).

23 PENSION FUNDS

The Company and all its employees contribute to one or more of the following independently administered pension funds.

23.1 The Border Timbers Pension Fund

The fund is a defined contribution scheme and is not subject to actuarial valuation. Employer/employee contributions are 10% and 5% respectively.

In 2016 the employer applied for placement of Border Timbers Limited Pension Fund under paid-up status to the Commissioner of Insurance. The pension fund was placed under paid-up status with effect from 1 May 2016.

23.2 National Social Security Authority Scheme ("NSSA")

This is a defined benefit scheme promulgated under the National Social Security Act (Chapter 17:04). Employer/employee contributions under the scheme are limited to specific contributions as legislated from time to time. These are presently a maximum of 3% of pensionable emoluments up to a maximum of US$700.00 per month for each employee.

Contributions recognized in the statement of profit or loss and other comprehensive income:

	2018	**2017**
	US$	**US$**
Border Timbers Limited Pension Fund	-	-
National Social Security Fund	63 042	85 822
Total	**63 042**	**85 822**

24 FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance.

Risk management is carried out by the Company`s Finance Department under policies approved by the Final Judicial Manager ("FJM"). The Company`s Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Company’s operating divisions. The FJM provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

The Company’s principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Company’s operations. The Company's financial assets comprise trade and other receivables and cash and short-term deposits that arise directly from its operations.

The Company’s senior management oversees the management of risks. The Company’s senior management is supported by the Final Judicial Manager that advises on financial risks and the appropriate financial risk governance framework for the Company. The Final Judicial Manager meets regularly with executive management to analyse the Company’s risk-taking activities and ensures that they are governed by appropriate policies. The policies for each of these risks are summarized below;

24 FINANCIAL RISK MANAGEMENT (continued)

24.1 Financial risk factors (continued)

Management Meetings

The Final Judicial Manager and executive management meet regularly to consider and adopt effective strategies to manage the following risks:

- exposure to exchange rate fluctuations;
- borrowing facilities in the form of loans, bank overdrafts and acceptance credits which are negotiated with approved and registered financial institutions and third parties, at acceptable interest rates;
- investment of surplus funds in the form of treasury bills, bank acceptances and money at call which are placed with approved registered financial institutions and building societies at favorable rates on a short-term basis;
- allowance for impairment is regularly adjusted. Where appropriate, credit guarantee insurance is purchased; and,
- insurance of Company assets with the exception of plantations, which are not insurable.

24.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in foreign currencies and interest bearing assets and liabilities, to the extent that these are exposed to the general and specific market movements.

(i) Price risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market. The Company has no significant exposure to price risks on commodity or equity securities (2017: US$nil) because as at 30 June 2018 it had neither commodity contracts nor equity security investments.

(ii) Interest rate risk management

The Company's interest rate risk would arise from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

(iii) Foreign currency exposure management

The Company has transactional currency exposures. Such exposure arises from the sales or purchases or borrowings in currencies other than the Company’s functional currency. Management monitors exposure to exchange rate fluctuations on an ongoing basis.

The Company has transactional currency exposures. Such exposures arise from the sales or purchases or borrowings in currencies other than the Company's functional currency. Management monitors the exposures to exchange rate fluctuations on an ongoing basis.

The Company's significant foreign currency exposure arises from trade and other receivables and trade and other payables denominated in the South African Rand ("ZAR") and Botswana Pula ("BWP").

The following analysis details the Company's sensitivity to a 5% increase and decrease in US $ against the relevant foreign currencies

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

24 FINANCIAL RISK MANAGEMENT (continued)

Effects of 5% strengthening or weakening of foreign currency	**2018 US$ Strengthening**	**2017 US$ Strengthening**	**2018 US$ Weakening**	**2017 US$ Weakening**
Loss before income tax				
South African rand ("ZAR")	23 974	22 724	(19 090)	(19 090)
Botswana Pula ("BWP")	23 899	22 399	(20 992)	(20 992)
	47 873	45 123	(40 082)	(40 082)
Current Assets				
South African rand ("ZAR")	26 475	24 475	(22 154)	(22 154)
Botswana Pula ("BWP")	23 899	22 399	(20 154)	(20 154)
	50 374	46 874	(42 308)	(42 308)
Current Liabilities				
South African rand ("ZAR")	(2 502)	(1 752)	3 064	3 064
Botswana Pula ("BWP")	-	-	-	-
	(2 502)	(1 752)	3 064	3 064

iv) Cash flow interest rate risk

The Company's main interest rate risk exposure arises from long term borrowings with variable interest rates which Company to cash-flow interest rate risk. All the Company's off-shore borrowings generally have variable interest local borrowings have a fixed interest rate. The Company's policy is to keep at least 65% borrowings as a fixed rate. During the year the Company's variable interest rate borrowings were designated in US$.

24 FINANCIAL RISK MANAGEMENT (continued)

	2018 US$	% of total borrowings	2017 US$	% of total borrowings
Variable interest rate borrowings	6 171 715	28%	6 172 198	28%
Fixed and non-re-pricing interest rate borrowings	16 159 023	72%	15 938 627	72%
Total borrowings	**22 330 738**	**100%**	**22 110 825**	**100%**

Cashflow Interest rate sensitivity

Profit or loss is sensitive to lower or higher interest expense arising from changes in the interest on variable interest rat e borrowings.

The Sensitivity analyses below have been determined based on the exposure to interest for both derivates and non-derivative instruments at the end of the reporting period. a 80% basis point increase and 90% basis point for decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Impact on Profit/ Los s before tax

	2018 US$	2017 US$
Interest rates- increase by 80 basis points (80bps) *.	(44 156)	(44 156)
Interest rates- decrease by 90 basis points (90 bps) *.	50 281	50 281

**Holding all other variables constant.*

24.2 Credit risk management

Credit risk is the risk that one party to financial instrument will cause a financial loss to the other party by failing to discharge a contract.

The Company's Finance Department is responsible for managing and analysing the credit risk for each of the new and existing c lients before standard payment and delivery terms and conditions are offered.

Credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions as well a s cash and cash equivalents.

None of the Company's trade receivables represent a high concentration of credit r isk because the Company transact with a variety of customers.

24 FINANCIAL RISK MANAGEMENT (continued)

24.3 Credit risk management (continued)

Cash and cash equivalents

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument. Only reputable financial institutions are used for investing and cash handling purposes.

		2018 US$	2017 US$
Counterparties with external credit rating			
A+	-	-	
A		18 095	13 578
A-		-	-
AA-		72 945	54 736
BB+	13 624	10 223	
BB-	-	-	
BBB-		2 073 159	1 555 641
BBB+		-	-
Other unrated cash and cash equivalents		53 612	40 229
		2 231 435	1 674 407

Trade receivables

The Company trades only with recognised creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to impairment is not significant. The maximum exposure is the carrying amount of trade receivables.

Customer credit risk is managed by established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

24.3 Liquidity risk management

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Cash flow forecasting is performed by Company`s Finance Department. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

24 FINANCIAL RISK MANAGEMENT (continued)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscoun ted cash flows.

	ss than 3 months US$	**Between months and 1 year US$**	**3Between 1 and 2 years US$**	**Between 2 and 5 years US$**	**Over 5 years US$**	**Total US$**
At 30 June 2018						
Borrowings	-	1 086 196	-	21 244 542	-	22 330 738
Trade and other payables excluding statutory liabilities	595 293	5 058 865	-	-	-	5 654 158
	595 293	**6 145 061**	**-**	**21 244 542**	**-**	**27 984 896**
At 30 June 2017						
Borrowings	-	1 607 367	-	20 503 458	-	22 110 825
Trade and other payables excluding statutory liabilities	881 375	7 490 028	-	-	-	8 371 403
	881 375	**9 097 395**	**-**	**20 503 458**	**-**	**30 482 228**

The Company manages its liquidity position through refinancing short-term borrowings with much longer-term funding. Where this is not achieved, the Company negotiates with its financiers for the rollover of the short-term facilities until the Company has sufficient cash flows to fund the repayments.

As at 30 June 2018 the Company had no undrawn uncommitted borrowing facilities (30 June 2017: US$nil).

24 FINANCIAL RISK MANAGEMENT (continued)

24.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The objective of the Company's capital management is also to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 30 June 2018.

The Company monitors its capital ratio using a gearing ratio which is net debt divided by total capital plus net debt. The Company includes within its net debts, interest bearing loans and borrowings, less cash and cash equivalents; capital includes equity attributable to the equity holders of the parent.

	2018 US$	**2017 US$**
The gearing ratios as at 30 June were as follows:		
Interest bearing loans and borrowings	22 330 738	22 110 825
Less cash and cash equivalents	(2 231 435)	(1 674 407)
Net debt	20 099 303	20 436 418
Total capital	57 944 128	66 306 257
Gearing ratio	35%	31%

The Company's strategy is to maintain the gearing ratio below 50%.

25 RISK MANAGEMENT – AGRICULTURAL ACTIVITIES

The Company is exposed to risk arising from plantation fires, environmental and climatic changes, commodity prices and financing risks.

As a leading member of the Timber Producers Federation ("TPF"), the Company complies with the TPF Fire Policy, and actively participates in TPF District Fire Committees. District Fire Committees include Traditional Leaders and Local Authorities, Zimbabwe Republic Police ("ZRP"), Environmental Management Agency ("EMA"), Forestry Commission and landowners within each District.

The risk to the Company's plantation area from uncontrolled fires is increased because of the presence of illegal settlers on four of the company's five estates. Each estate annually produces a Fire Plan identifying risk levels for each compartment and responses to mitigate such risk as far as is practical, and identifying fire-control teams, equipment and infrastructure, fire responses and callout procedures. Fire awareness campaigns are carried out by the District Fire Committees. Teams are trained at Basic; Fire-fighter and Fire Boss level and refresher drills are carried out weekly during the Fire Season. All estates are covered day and night throughout the year by manned Fire Towers and a radio network. Standby teams including specialised, dedicated Fire Tenders are on duty at all times during the Fire Season and procedures are in place to rapidly augment first-call teams with local back-up, then with additional units from other estates, should the need arise.

All major fires are investigated with a view to improving response and effectiveness. Fires of unknown origin or resulting from illegal activities are reported to ZRP.

Over and above the fire risks, the Company is exposed to risks arising from climatic changes, disease and other natural risks such as flooding and storms and human-induced losses arising from strikes, civil commotion and malicious damage. Management is in constant liaison with the community and local authorities in an effort to manage the exposure.

26 ASSET INSURANCE

Assets are insured on a reinstatement basis. The sums insured are subject to regular review by the Company and its brokers. Plantations are not insured as cover is not available.

27 LAND DESIGNATION

The Company's land was expropriated by the Government of Zimbabwe ("the Government") in 2005 and subjected to invasions before and after 2005. In addition, certain measures were taken by the Government against Border's foreign exchange. In 2010, the Company and its subsidiary companies, Hangani and Timber Products International (Private) Limited ("Timber Products") (collectively, "the Border Claimants") filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes ("ICSID") against the Government under the investment treaty between Switzerland and Zimbabwe (the "Treaty"), ICSID Case No. ARB/10/25 ("the Border Arbitration"). Timber Products assigned its interest in the Border Arbitration to the Company on 16 December 2014.

Claims were also brought against the Government in separate arbitral proceedings by the Company's (then) majority shareholder, the von Pezold Family ("the VP Claimants") under the same bilateral investment treaty as well as under a bilateral treaty between Germany and Zimbabwe, ICSID Case No. ARB/10/15 ("the VP Arbitration"). The VP Arbitration extended to other expropriated land owned by the von Pezold Family through companies in which the Company held no legal or other interests. The VP Arbitration together with the Border Arbitration shall be referred to as, "the ICSID Arbitrations".

In July 2015, two separate but identically constituted Arbitral Tribunals issued two separate awards in the ICSID Arbitrations in favour of the Border Claimants ("the Border Award") and in favour of the VP Claimants ("the VP Award"), with identical relief (with certain exceptions relating to moral damages, interest and costs) for: (i) the expropriation of the properties that were owned (directly or indirectly) by the Company; (ii) the manner in which the Government responded to the invasion of those properties; and (iii) the measures that the Government took in regard to Border's foreign exchange. "The Border Award" and "the VP Award" together shall be referred to as "the Final Awards". That relief was compensation in the sum of US$124,041,223 ("the Border Compensation") (failing restitution of the expropriated land and other damages) and pre and post award interest relating to that compensation. The Arbitral Tribunal did not determine the manner of apportionment of the Final Awards in regard to the Border Compensation but included a provision in each of the Border Award and the VP Award that prohibits double recovery.

In October 2015, the Government instituted annulment proceedings seeking to set aside the Final Awards. The ICSID arbitration proceedings concluded in November 2018 after the ICSID ad hoc Committee dismissed the Government's annulment applications in their entirety ("the Annulment Decisions"). To date, the Government has not paid any part of the Final Awards and the amounts awarded remain unsatisfied and outstanding in their entirety.

As the Final Awards expressly prohibited double recovery between the Border Claimants and the VP Claimants as to the Border Compensation, this has resulted in the Border Claimants and the VP Claimants needing to agree on the split and apportionment of the Border Compensation.

For the duration of the ICSID Arbitration, the Government has respected the principle that to the extent that the Company continued to occupy and operate its forestry business on parts of its property (the unaffected parts), it be permitted to continue occupying and operating its forestry business on these unaffected parts. Indeed, the occupation of the unaffected parts continues undisturbed today.

Subject to full payment of the Border Award, the Company has the right to continue operating its business on, and occupying, the unaffected parts as set out above. The full terms of the Arbitration Award are in the public domain and readily

The view therefore is that the Company will continue to occupy the unaffected parts and run and operate its business in the ordinary course until the Arbitration Award has been settled in full.

28 CONTINGENT LIABILITY- ARBITRATION AWARD

The view therefore is that the Company will continue to occupy the unaffected parts and run and operate its business in the ordinary course until the Arbitration Award has been settled in full.

29 GOING CONCERN

Border Timbers Limited was placed under Provisional Judicial Management on the 29th of January 2015 after Management and Directors decided to apply for Provisional Judicial Management to enable the Company to negotiate with its lenders repayment terms of loans that had become due. The Company was subsequently placed under Final Judicial Management (FJM) on the 2nd of May 2016 by the High Court of Zimbabwe. The FJM planned to take the Company out of Judicial Management at the earliest possible time after all the pre- judicial management creditors had been repaid. To date, all pre-judicial management creditors were paid except for Deutsche Investitions- und Entwicklungsgesellschaft GmbH (DEG) a German Development Bank and other related parties whose debts are being restructured by the FJM.

The Company has amounts owing to related parties of RTGS$15.6 million which do not have defined payment terms.
As at date of approval of these financial statements for issue, the Company has an outstanding foreign debt of US$4million with DEG which is due in full in April 2022. Management is in the process of discussing a restructuring of the loan with DEG.

As detailed in note 27, following the issue of the Final Awards, the Government has not paid any part of the Final Awards.. The Company continues to engage with the Government on this matter. Failing restitution of land, the Company will have to implement a new business model for which, at this stage, there is uncertainty around the final business model and the success and sustainability of that business beyond the 12 months after date of approval of these [financial statements?

The outbreak of Covid-19 (coronavirus) which was declared by the World Health Organisation (WHO) a pandemic in March 2020 had far reaching implications on the global economy. The Government declared the pandemic a national disaster in March 2020 and implemented emergency measures to curb the spread of the virus. The implications of the pandemic on the broader economic scale continue to unravel and as a result, the FJM is unable to reasonably quantify the full impact of COVID on the business as it is still an evolving phenomenon.

The above facts indicate that there may be a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In preparing the financial statements, the FJM has assessed the ability of the Company to continue operating as a going concern and believes that the preparation of these financial statements on a going concern basis is still appropriate based on the following:

- In the event that DEG does not agree to reschedule the payment terms of the loan, Rift Valley Corporation Limited (RVC) has agreed to refinance the Company on a loan agreement facility. This will be payable on the second anniversary of the loan repayment.
- The Company has also obtained representations on amounts owing to related parties as at year end, the related parties have agreed that they ;
  - will not make demand for amounts owed by BTL in the next 12 months from the date of approval of the statutory accounts of BTL; and
  - will not vary the terms of the Rift Valley Services (Private) Limited (RVSPL) Loan Agreement to the detriment of BTL.
- RVC has also agreed to continue to give BTL full financial support for the next 12 months from the date of approval of the statutory accounts of BTL. This was agreed using a letter of support. The Company has already secured a US$0.688 million loan with RVC which is now awaiting Reserve Bank of Zimbabwe approval.

29 GOING CONCERN (continued)

- The Company has an undrawn RTGS$40 million overdraft facility available with local banking institutions with an option of renewal at the time of expiry.
- The Company has not observed any material impact on the business as a result of the pandemic. The goods and services provided by the Company are recognised as essential services and therefore during COVID 19 lockdown, the business will be allowed to continue to operate throughout any set restrictions.

The going concern assessment has been extended for the 12-month period commencing from the date of approval of these financial statements for issue and incorporated all available information on the operating environment and future risks and uncertainties on which sensitivity analysis were also made.

In light of this review and the current financial position, the FJM is satisfied that regardless of the outcome the Company will either continue in operation for the foreseeable future should the land restitution take place, or alternatively without the land the Company will have adequate resources to settle any obligations that as they fall due while investigating and implementing a new business model.

Furthermore, the FJM believes that under the current economic environment, a continuous assessment of the ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statement

30. EVENTS AFTER THE REPORTING PERIOD

30.1 Reporting in a hyperinflationary economy

On the 11th of October 2019 the Public Accountants and Auditors Board (PAAB) pronounced that Zimbabwe was now operating in a hyper inflationary environment effective 1 July 2019. This entailed all companies in Zimbabwe reporting on or after 1 July 2019 are required to comply with IAS 29- Financial Reporting in Hyperinflationary Economies.

30.2 Companies and Other Business Entities Act (Chapter24:31)

On the 14th of February 2020 the Companies Act (23:02) was replaced by the Companies and other Business Entities Act [Chapter 24:31] which introduces a number of important new concepts and changes to company law in Zimbabwe.

30.3 COVID-19

On the 11th March 2020, Coronavirus (COVID-19) was declared a national disaster by the Government of Zimbabwe due to the rising rate and scale of infection observed in the world. The goods and services provided by the Company are recognised as essential services and therefore during COVID 19 lockdowns, the business was allowed to continue to operate throughout any set restrictions. At the date of approval of these financial statements, various vaccinations had been rolled out to combat the spread of the virus and international travel and tourism had resumed. The FJM will continually evaluate the impact of the pandemic on the business over the short to medium term.

30 EVENTS AFTER THE REPORTING PERIOD (continued)

30.4 Auction rates

On the 26th of March 2020, in response to the financial vulnerabilities caused by the COVID-19 pandemic and to mitigate the devastating impact of COVID-19 on the Zimbabwean society and economy, Government, through the Reserve Bank of Zimbabwe, announced its measures to facilitate ease of transacting to the public during this difficult period by making available an option to use foreign currency to pay for goods and services chargeable in local currency. Related to these measures, Government, through the Reserve Bank, has suspended the managed floating exchange rate system to provide for greater certainty in the pricing of goods and services in the economy. In its place, the Reserve Bank has, with immediate effect, adopted a fixed exchange rate system at the current interbank level of ZWL25 to the US$.

In June 2020, the RBZ announced the introduction of a foreign exchange auction trading system to determine the prevailing ZWD rate to the USD. The weekly auction sets the official market exchange rate for the next seven days. The official market exchange rate will be the weighted average of the prices paid for the allotted currency at the end of each auction.

30.5 Immediate Money Transfer Tax

In June 2020 there were amendments to the 2% rate of the “immediate money transfer tax” (IMTT) thresholds and introduction of IMTT on Nostro foreign currency account transfers.

30.6 Income Tax Rate

Effect from 1 January 2021 corporate income tax rate was reduced from 25% to 24% to bring the rate in line with the rate reduction provided for other companies from 2020.

30.7 Arbitration award

As indicated in note 29 the terms of settlement of the Arbitration Award were finalised subsequent to year end whereby the claimants to the award agreed to split the award of US$124million on a ratio of 57.5% to Border Claimants and 42.5% to VP Claimants. This was ratified as an Extra-ordinary General meeting which was held on the 12th of January 2022. According to these terms the Company will be compensated with cash amounting to US$83million which also includes moral damages and arbitration costs in lieu of restitution of land by the Goz.

30.8 Russia-Ukrainian war

The Russia-Ukrainian war which broke out in February 2022, has affected the global economy due to supply disruption and price increases. This is expected to impact global growth which has an impact on consumer spending and the outlook of the Company. As the war is continuing, its full impact on the global landscape and the Company's operations remains highly uncertain.

The FJM continue to monitor the events and adapt the business model to the extent possible in order to minimise the impact on business

Border Timbers Limited (Under Final Judicial Management)
ANALYSIS OF SHAREHOLDERS
For the year ended 30 June 2018

DIRECTORS SHARE HOLDING

None of the sitting directors hold any shares in their individual capacities.

Shareholder distribution	**Number of shareholders**	**% of total**	**Issued Shares**	**% of total**
Analysis of shareholders as at 30 June 2018				
1-5000	566	86	472 154	1
5001 - 10000	30	5	211 002	0
10001 - 25000	18	3	286 951	1
25001 - 50000	13	2	445 699	1
50001 - 100000	16	2	1 161 348	3
100001 - 200000	3	0	452 704	1
200001 - 500000	6	1	1 467 905	3
500001 - 1000000	1	0	903 142	2
1000001 and above	4	1	37 541 582	87
TOTAL	**657**	**100**	**42 942 487**	**100**
ANALYSIS BY INDUSTRY				
INDUSTRY				
OTHER CORPORATES	49	7	28 496 793	66
INVESTMENTS/TRUST/PROPS	41	6	8 682 223	20
RESIDENT INDIVIDUAL & TRUSTS	20	3	524 873	1
STANDARD COMPANY	414	63	2 788 836	6
EXTERNAL COMPANIES	18	3	343 606	1
BANKS & NOMINEES	62	9	526 312	1
NON RESIDENT INDIVIDUALS	5	1	284 648	1
PENSION FUNDS	46	7	1 256 973	3
EXTERNAL BANKS & NOMS	1	0	36 420	0
FCDA - RESIDENT INDIVIDUAL	1	0	1 803	0
TOTAL	**657**	**100**	**42 942 487**	**100**

Border Timbers Limited (Under Final Judicial Management)
ANALYSIS OF SHAREHOLDERS
For the year ended 30 June 2018

TOP 10 SHAREHOLDERS

Rank	**Shareholder**	**Issued shares**	**% total**
1	FRANCONIAN ZIMBABWE INVESTMENTS (PRIVATE) LIMITED	27 926 805	65
2	LIMPOPO LIMITED	4 294 248	10
3	ZAMBEZI LIMITED	4 294 248	10
4	FRANCONIAN ZIMBABWE	1 026 281	2
5	BORDER TIMBERS LIMITED PENSION FUND	903 142	2
6	KUHLMANN WILHELM HENRY ALFFRED HANS-ALBERT	373 394	1
7	SAXONIAN ESTATE LIMITED	223 239	1
8	NATIONAL SOCIAL SECURITY AUTHORITY	219 455	1
9	RADIA PRAKASH	218 248	1
10	TONLY INVESTMENTS (PRIVATE) LIMITED	218 196	1
		39 697 256	**92**
Other shareholders		3 245 231	8
Total		**42 942 487**	**100**

Share Price information	**US$**	**Cents**
Total		
30 June 2017		20
30 June 2018		20

Non-public shareholders are defined in the Zimbabwe Stock Exchange Listing Requirements, which requires disclosure of public and non-public shareholders, as follows;

- The directors of the company;
- An associate director of the company or any subsidiaries;
- The Trustees of any employee' share scheme or pension fund established for the benefit of any director or employees of 'the Company and its subsidiaries;
- Any person who, by virtue of any agreement, has the right to nominate a person to the board of the Company; and,
- Any person who, is interested in more than 10% or more of the securities of the Company of the relevant class unless exempted by the committee.