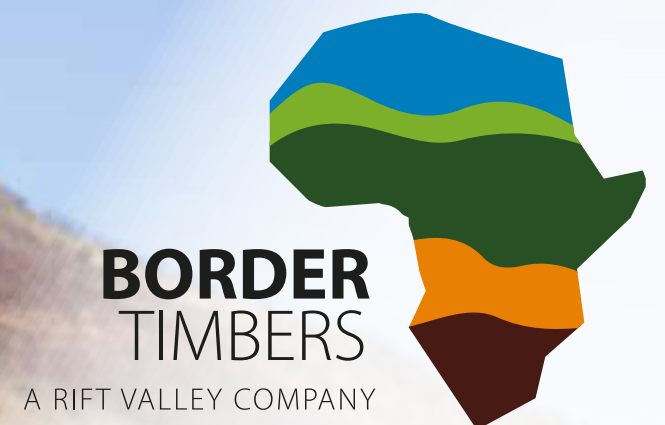


# REVIEWED CONDENSED FINANCIAL STATEMENTS

For the half year ended 31 December 2022



SALIENT FEATURES	INFLATION ADJUSTED		HISTORICAL*		Inflation Adjusted Movement %
	Reviewed 31-Dec-22 ZW\$	Unaudited 31-Dec-21 ZW\$	Reviewed 31-Dec-22 ZW\$	Unaudited 31-Dec-21 ZW\$	
Revenue	5 018 052 810	3 648 744 493	4 677 609 147	923 433 517	▲ 38%
Profit/(loss) before tax	6 089 585 107	(3 217 558 074)	13 558 005 414	(229 336 000)	▲ 289%
Cash (utilised in)/ generated from operations	(409 613 518)	633 803 836	(242 177 315)	184 374 000	▼ 165%
Volume sold : Poles (m3)	3 507	7 509	3 507	7 509	▼ 53%
Volume sold : Lumber (m3)	17 582	24 209	17 582	24 209	▼ 27%

## CHAIRMAN'S STATEMENT

### INTRODUCTION

Post judicial management, FY23 started off with the new board of directors driving the Company on a path to growth by implementing strategies that strengthen the core operations of the business. The lagged effects of the COVID-19 pandemic and the ongoing geo-political tension in Europe (Russia/Ukraine crisis) has weakened global demand for commodities and these adverse developments have a spill-over effect on our domestic economy. The impact of the macro-economic conditions is reflected in the reduction in volumes on both our local and export markets as explained under forestry and manufacturing volume analysis below.

### FINANCIAL PERFORMANCE

Inflation adjusted revenue for the period was ZW\$5.018 billion (FY 2021: ZW\$3.648 billion), a 38% increase from prior year, primarily driven by consistent product quality of our Kiln Dried Timber resulting in better average selling prices. The inflation adjusted operating expenses were 119% higher as compared to the previous period mainly driven by inflationary pressure, however, management continues to implement measures to contain costs. Inflation adjusted net profit before taxation was ZW\$6.089 billion (FY2021: ZW\$3.217 billion loss).

### FORESTRY

The primary strategic intent of the Company is to grow and maintain the timber plantations to further strengthen the biological assets. We managed to replant 239 hectares during the period under review against a target of 357 hectares. The full year target is 1 100 hectares and we anticipate to achieve this as we capitalise on the current rainy/planting season. The major business risk remains the loss of forestry to fire and to mitigate that, the Company has strengthened its plantation patrol teams through enhanced firefighting training and acquisition of additional firefighting equipment during the period. Our Imbeza Estate is already FSC (Forest Stewardship Council) certified, review and audit processes are ongoing for Sheba and Charter Estates, with full certification of both Estates being expected by end of FY2023.

Lumber sales volume was 27% down compared to the comparative period in prior year. The reduction in sales volume was mainly driven by low customer demand in the local market. We remain optimistic that the demand for Lumber will re-bounce in the local market and we continue being aggressive to expand the export market in the region and beyond.

### MANUFACTURING

Poles sales volume was 53% lower than the comparative period in prior year, this is mainly because of timing differences that are usually experienced in the acquisition of tenders, which are asymmetrical. Improved performance is anticipated in the Poles business due to expected demand for the product in the SADC region mainly for rural electrification projects.

### UPDATE ON ICSID CLAIM - BORDER AWARD

No finalization has yet been reached from ongoing negotiations with the Government of Zimbabwe on the settlement of the Border Timbers Award. The Company is constantly engaging the Government on the settlement structure and timing of the ICSID award. In the meantime, operations on the ground have continued smoothly.

### DIVIDEND

In view of the Company's recapitalisation strategy and the need for cash resources to strengthen the operations of the Company, the Directors have decided not to declare an interim dividend.

### OUTLOOK

The Board of directors remain committed to its strategy of delivering value for all stakeholders. We believe that the fundamentals in the business remain intact, with healthy forests, a talented and experienced management team, and workforce to support the strategy. The Company's product quality remains highly regarded in the market and the current marketing efforts will increase demand for the Company's kiln dried timber.

Recapitalisation remains a key priority with our replanting program already on course to reduce the unplanted area to industry standard of 5% in the next three years. The Company is in the process of recapitalising its two Sawmills with the latest milling technology and commissioning of the new machinery is now expected by December 2023.

ELIAS HWENGA  
CHAIRMAN  
24<sup>th</sup> March 2023

## Reviewed Condensed Statement Of Profit or Loss and Other Comprehensive Income

For The Six Months Ended 31 December 2022

Note	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed 31-Dec-22 ZW\$	Unaudited 31-Dec-21 ZW\$	Reviewed 31-Dec-22 ZW\$	Unaudited 31-Dec-21 ZW\$
Revenue	5 018 052 810	3 648 744 493	4 677 609 147	923 433 517
Cost of sales	(4 622 706 342)	(4 190 401 659)	(4 180 443 566)	(948 332 581)
<b>Gross profit/(loss)</b>	<b>395 346 468</b>	<b>(541 657 166)</b>	<b>497 165 581</b>	<b>(24 899 064)</b>
Fair value gain/(loss) due to biological assets transformation	6 944 706 775	(3 527 652 697)	16 041 201 738	84 431 916
Other operating income	540 401 708	346 988 621	509 304 704	89 249 163
Distribution and selling expenses	(109 549 280)	(130 204 010)	(103 665 769)	(32 361 990)
Administration expenses	(1 494 463 451)	(967 019 274)	(1 466 144 075)	(239 545 106)
Other operating expenses	(1 588 073 481)	(361 329 139)	(1 424 590 035)	(96 304 687)
Finance income	6 116 594	4 189 699	5 666 195	1 068 257
Finance costs	(534 771 340)	(42 868 089)	(500 932 925)	(10 974 509)
Monetary gain	1 929 871 114	2 001 993 981	-	-
<b>Profit/(loss) before income tax</b>	<b>6 089 585 107</b>	<b>(3 217 558 074)</b>	<b>13 558 005 414</b>	<b>(229 336 000)</b>
Income tax expense	(4 978 571 775)	-	(3 760 312 191)	-
<b>Profit/(loss) for the year</b>	<b>1 111 013 332</b>	<b>(3 217 558 078)</b>	<b>9 797 693 223</b>	<b>(229 336 000)</b>
<b>Total comprehensive profit/(loss) for the year</b>	<b>1 111 013 332</b>	<b>(3 217 558 074)</b>	<b>9 797 693 223</b>	<b>(229 336 000)</b>
<b>Key statistics</b>				
Weighted average number of shares	42 942 487	42 942 487	42 942 487	42 942 487
<b>Earnings per share attributable to the owners of the parent during the year (cents per share)</b>				
Basic profit/(loss) per share	25.87	(74.93)	228.16	(5.31)
Diluted profit/(loss) per share	25.87	(74.93)	228.16	(5.34)
Headline earnings/(loss) per share	25.86	(73.91)	228.15	(5.04)

\*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

## Reviewed Condensed Statement Of Financial Position

As at 31 December 2022

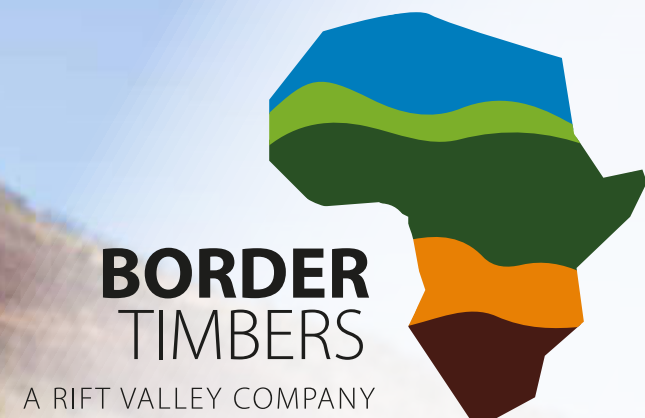
Note	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed 31-Dec-22 ZW\$	Audited 30-June-22 ZW\$	Reviewed 31-Dec-22 ZW\$	Audited 30-June-22 ZW\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5 28 083 637 881	28 693 105 820	17 802 975 922	18 134 908 282
Biological assets	6 28 553 697 303	22 348 714 605	28 553 697 303	14 232 385 376
	56 637 335 184	51 041 820 425	46 356 673 225	32 367 293 658
<b>Current assets</b>				
Biological assets	6 3 385 404 750	2 881 667 364	3 385 404 750	1 835 139 120
Inventories	8 2 380 757 273	2 015 972 257	538 758 070	242 521 126
Trade and other receivables	7 1 095 450 919	727 150 687	1 095 450 919	463 073 099
Cash and cash equivalents	35 870 267	103 932 523	35 870 267	66 187 597
	6 897 483 209	5 728 722 811	5 055 484 006	2 606 920 942
<b>Total assets</b>	<b>63 534 818 393</b>	<b>56 770 543 236</b>	<b>51 412 157 231</b>	<b>34 974 214 600</b>
<b>EQUITY</b>				
<b>Equity attributable to the owners of the parent</b>				
Share capital	91 657 478	91 657 478	429 425	429 425
Non-distributable reserve	-	-	-	-
Revaluation reserve	11 857 520 448	11 857 520 448	13 640 555 456	13 640 555 456
Retained earnings	32 426 660 362	31 627 403 010	22 808 196 909	13 010 503 686
	44 375 838 288	43 576 580 936	36 449 181 790	26 651 488 567
<b>Total equity</b>				
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long term borrowings	10 3 418 949 718	2 338 819 961	3 418 949 718	1 489 436 310
Deferred tax	12 412 032 742	7 121 704 989	8 216 028 078	4 455 715 886
	15 830 982 460	9 460 524 950	11 634 977 796	5 945 152 196
<b>Current liabilities</b>				
Trade and other payables	9 1 816 451 368	3 180 040 697	1 816 451 368	2 025 152 923
Short term borrowings	10 1 010 962 912	504 056 857	1 010 962 912	320 999 734
Bank overdraft	10 500 583 365	49 339 796	500 583 365	31 421 180
	3 327 997 645	3 733 437 350	3 327 997 645	2 377 573 837
<b>Total liabilities</b>	<b>19 158 980 105</b>	<b>13 193 962 300</b>	<b>14 962 975 441</b>	<b>8 322 726 033</b>
<b>Total equity and liabilities</b>	<b>63 534 818 393</b>	<b>56 770 543 236</b>	<b>51 412 157 231</b>	<b>34 974 214 600</b>

\*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

PASSIONATE ABOUT DEVELOPING RESOURCES IN AFRICA

# REVIEWED CONDENSED FINANCIAL STATEMENTS

For the half year ended 31 December 2022



## Reviewed Condensed Statement of Changes In Equity

For The Six Months Ended 31 December 2022

	INFLATION ADJUSTED				Total ZW\$
	Share Capital ZW\$	Non-Distributable reserves ZW\$	Revaluation reserves ZW\$	Retained Earnings ZW\$	
<b>Balances as at 01 July 2021</b>	91 657 478	-	-	24 044 149 840	24 135 807 318
Total comprehensive income for the period	-	-	-	(3 217 558 074)	(3 217 558 074)
<b>Balance as at 31 December 2021</b>	<b>91 657 478</b>	-	-	<b>20 826 591 766</b>	<b>20 918 249 244</b>
Total comprehensive income for the period	-	-	-	10 489 055 264	10 489 055 264
Other comprehensive gain from revaluation of Property, plant and equipment	-	-	11 857 520 448	-	11 857 520 448
<b>Balance as at 30 June 2022</b>	<b>91 657 478</b>	-	<b>11 857 520 448</b>	<b>31 315 647 030</b>	<b>43 264 824 956</b>
Total comprehensive income for the period	-	-	-	1 111 013 332	1 111 013 332
<b>Balance as at 31 December 2022</b>	<b>91 657 478</b>	-	<b>11 857 520 448</b>	<b>32 426 660 362</b>	<b>44 375 838 288</b>

	HISTORICAL*				Total ZW\$
	Share Capital ZW\$	Non-Distributable reserves ZW\$	Revaluation reserves ZW\$	Retained Earnings ZW\$	
<b>Balances as at 01 July 2021</b>	429 425	90 455 727	138 782 606	2 397 940 777	2 627 608 535
Total comprehensive income for the period	-	-	-	(229 336 000)	(229 336 000)
<b>Balance as at 31 December 2021</b>	<b>429 425</b>	<b>90 455 727</b>	<b>138 782 606</b>	<b>2 168 604 777</b>	<b>2 398 272 535</b>
Total comprehensive income for the period	-	-	-	10 751 443 182	10 751 443 182
Other comprehensive gain from revaluation of Property, plant and equipment	-	-	13 501 772 850	-	13 501 772 850
Transfer of non-distributable reserve to retained earnings	-	(90 455 727)	-	90 455 727	-
<b>Balance as at 30 June 2022</b>	<b>429 425</b>	-	<b>13 640 555 456</b>	<b>13 010 503 686</b>	<b>26 651 488 567</b>
Total comprehensive income for the period	-	-	-	9 797 693 223	9 797 693 223
<b>Balance as at 31 December 2022</b>	<b>429 425</b>	-	<b>13 640 555 456</b>	<b>22 808 196 909</b>	<b>36 449 181 790</b>

## Reviewed Condensed Statement of Cash Flows

For The Six Months Ended 31 December 2022

	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed 31-Dec-22 ZW\$	Unaudited 31-Dec-21 ZW\$	Reviewed 31-Dec-22 ZW\$	Unaudited 31-Dec-21 ZW\$
<b>Cash flow from operating activities</b>				
Profit/(loss) before income tax	6 089 585 107	(3 217 558 078)	13 558 005 414	(229 336 000)
<b>Adjustment for:</b>				
- Depreciation	304 555 791	203 787 876	156 679 171	5 026 098
- Fair value (gain)/loss due to transformation of biological assets	(6 944 706 775)	3 527 652 697	(16 041 201 738)	(84 431 916)
- Plantation redemption	1 049 642 696	474 308 198	963 462 371	120 807 402
- Plantation damage	-	41 571 970	-	12 093 316
- Allowance for credit losses	64 558 757	(9 480 491)	197 113 787	(2 757 882)
- Exchange losses	1 586 751 680	563 384 654	1 423 361 019	65 048 679
- (Profit)/loss on disposal of Property, plant and equipment	(440 706)	2 235 078	(440 706)	650 186
- Other non-cash items	285 065 745	1 630 949 820	142 892 956	23 938 766
- Finance income	(6 116 594)	(4 189 699)	(5 666 195)	(1 068 257)
- Finance costs	534 771 340	42 868 089	500 932 925	10 974 509
- Monetary gain	(1 929 871 114)	(2 001 993 981)	-	-
	<b>1 033 795 927</b>	<b>1 253 536 137</b>	<b>895 139 004</b>	<b>(79 056 099)</b>
<b>Changes in working capital:</b>				
- (Increase)/decrease in inventories	(828 405 512)	(1 348 047 039)	(296 236 944)	3 788 281
- Decrease/(increase) in trade and other receivables	525 717 524	367 245 444	(46 975 474)	38 919 503
- (Decrease)/increase in trade and other payables	(1 140 721 457)	361 069 294	(794 103 901)	220 721 315
<b>Cash (utilised in)/generated from operating activities</b>	<b>(409 613 518)</b>	<b>633 803 836</b>	<b>(242 177 315)</b>	<b>184 374 000</b>
<b>Cash flows from investing activities</b>				
Purchases of Property, plant and equipment	(27 786 067)	(84 232 805)	(24 228 106)	(25 945 173)
Expenditure on biological assets	(813 656 005)	(548 184 091)	(793 838 190)	(141 872 973)
Proceeds from sale of Property, plant and equipment	205 664 585	-	205 664 585	-
Interest received	6 116 594	4 189 699	5 666 195	1 068 257
<b>Cash utilised in investing activities</b>	<b>(629 660 893)</b>	<b>(628 227 197)</b>	<b>(606 735 516)</b>	<b>(166 749 889)</b>
<b>Cash flows from financing activities</b>				
Receipts from/(repayments) of borrowings	1 293 934 764	(54 486 834)	1 078 278 971	(15 850 260)
Interest paid	(178 964 271)	(40 589 836)	(149 136 893)	(10 699 981)
Overdraft facilities	(143 758 338)	-	(110 546 577)	-
<b>Cash generated from/(utilised in) financing activities</b>	<b>971 212 155</b>	<b>(95 076 670)</b>	<b>818 595 501</b>	<b>(26 550 241)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(68 062 256)</b>	<b>48 231 737</b>	<b>(30 317 330)</b>	<b>23 531 362</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>103 932 523</b>	<b>131 080 018</b>	<b>66 187 597</b>	<b>28 630 559</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>35 870 267</b>	<b>179 311 755</b>	<b>35 870 267</b>	<b>52 161 921</b>

\*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

## Notes To The Reviewed Condensed Financial Statements

For The Six Months Ended 31 December 2022

### 1 Statement Of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position of the Company since the last annual financial statements as at, and for the year ended 30 June 2022. These condensed interim financial statements do not include all the information required for the full annual financial statements prepared in accordance with International Financial Reporting Standards.

### 2. Functional Currency

For the purpose of the condensed financial statements, the performance and financial position of the Company are expressed in Zimbabwe dollars (ZW\$) which is the functional currency for the published financial statements.

### 2.1 Comparative Financial Information

The interim financial statements comprise the company's statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows. The comparative information for statement of comprehensive income, statement of changes in equity and statement of cash flows covers a period of six months to 31 December 2021, which was not audited, whereas the comparative statement of financial position is as at 30 June 2022, which was audited.

### 3. Segment information

	INFLATION ADJUSTED			HISTORICAL*		
	Forestry ZW\$	Manufacturing ZW\$	Total ZW\$	Forestry ZW\$	Manufacturing ZW\$	Total ZW\$
<b>December 2022</b>						
Revenue:						
External sales	4 379 775 268	638 277 542	5 018 052 810	4 076 531 445	601 077 702	4 677 609 147
<b>Total</b>	<b>4 379 775 268</b>	<b>638 277 542</b>	<b>5 018 052 810</b>	<b>4 076 531 445</b>	<b>601 077 702</b>	<b>4 677 609 147</b>
<b>Operating profit before interest and taxation</b>						
Interest expense	(534 771 340)	-	(534 771 340)	(500 932 925)	-	(500 932 925)
Interest received	6 116 594	-	6 116 594	5 666 195	-	5 666 195
Monetary gain	1 929 871 114	-	1 929 871 114	-	-	-
<b>Profit before income tax</b>	<b>5 749 640 447</b>	<b>339 944 660</b>	<b>6 089 585 107</b>	<b>13 237 582 445</b>	<b>320 422 969</b>	<b>13 558 005 414</b>
<b>Statement of financial position</b>						
<b>Total assets</b>	<b>63 175 628 730</b>	<b>359 189 663</b>	<b>63 534 818 393</b>	<b>51 366 125 895</b>	<b>46 031 336</b>	<b>51 412 157 231</b>
<b>Total liabilities</b>	<b>19 158 980 105</b>	<b>-</b>	<b>19 158 980 105</b>	<b>14 962 975 441</b>	<b>-</b>	<b>14 962 975 441</b>

	INFLATION ADJUSTED			HISTORICAL*		
	Forestry ZW\$	Manufacturing ZW\$	Total ZW\$	Forestry ZW\$	Manufacturing ZW\$	Total ZW\$
<b>December 2021:</b>						
External sales	3 117 503 212	531 241 281	3 648 744 493	793 264 785	130 168 732	923 433 517
<b>Total</b>	<b>3 117 503 212</b>	<b>531 241 281</b>	<b>3 648 744 493</b>	<b>793 264 785</b>	<b>130 168 732</b>	<b>923 433 517</b>
<b>Operating profit before interest and taxation</b>						
Interest expense	(42 868 089)	-	(42 868 089)	(10 974 509)	-	(10 974 509)
Interest received	4 189 699	-	4 189 699	1 068 357	-	1 068 257
Monetary gain	2 001 993 981	-	2 001 993 981	-	-	-
<b>Profit/(loss) before income tax</b>	<b>(3 316 932 534)</b>	<b>99 374 460</b>	<b>(209 375 536)</b>	<b>2 382 934 145</b>	<b>(19 960 464)</b>	<b>(229 336 000)</b>
<b>Statement of financial position June 2022:</b>						
<b>Total assets</b>	<b>56 471 927 697</b>	<b>298 615 539</b>	<b>56 770 543 236</b>	<b>34 953 268 146</b>	<b>20 946 454</b>	<b>34 974 214 600</b>
<b>Total liabilities</b>	<b>13 193 962 300</b>	<b>-</b>	<b>13 193 962 300</b>	<b>8 322 726 033</b>	<b>-</b>	<b>8 322 726 033</b>

### 4. Related Party Disclosures

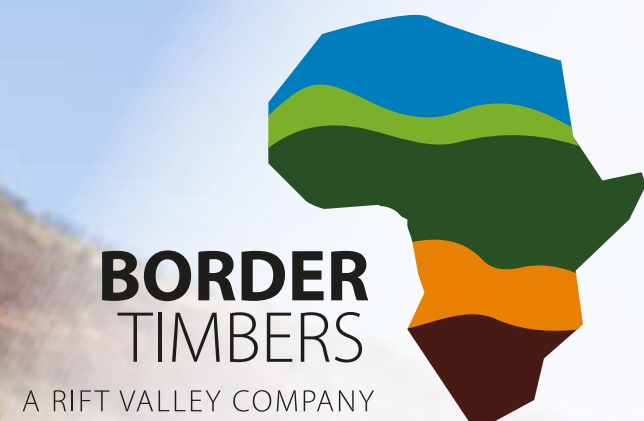
	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed 31-Dec-22 ZW\$	Unaudited 31-Dec-21 ZW\$	Reviewed 31-Dec-22 ZW\$	Unaudited 31-Dec-21 ZW\$
<b>i) Transactions</b>				
Sales of goods	167 661 989	18 592 658	87 354 620	6 376 901
Purchases	1 379 330	1 258 050	935 652	430 839
Interest charged	391 013 002	3 546 938	390 386 347	549 057
<b>ii) Half-year end balances</b>				
Receivables from related parties	-	8 967 736	-	2 608 721
Payables to related parties	89 331 601	2 173 167	89 331 601	632 176
<b>iii) Loans from related parties</b>	665 983 688	448 844 718	665 983 688	130 569 257
<b>iv) Loans to directors</b>	15 697 611	16 005 477	15 697 611	4 656 005
<b>v) Key management remuneration</b>	345 304 253	175 008 103	323 717 165	44 871 961
<b>vi) Guarantees from related parties</b>	1 149 990 260	415 827 686	1 149 990 260	264 812 540
<b>vii) Directors fees (non-executive)</b>	22 277 844	-	20 831 296	-

### 5. Property, Plant and Equipment movement

	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed 31-Dec-22 ZW\$	Audited 31-June-22 ZW\$	Reviewed 31-Dec-22 ZW\$	Audited 31-June-22 ZW\$
<b>Opening balance</b>	<b>28 693 105 820</b>	<b>13 489 874 411</b>	<b>18 134 908 282</b>	<b>199 820 414</b>
Additions	27 786 067	75 219 452	24 228 106	24 427 792
Disposals	(332 698 215)	(4 167 828)	(199 481 295)	(52 618)
Revaluation	-	15 751 222 700	-	18 031 389 375
Impairment loss	-	(177 754 778)	-	(113 200 000)
Depreciation charge	(304 555 791)	(441 288 137)	(156 679 171)	(7 476 681)
<b>Closing balance</b>	<b>28 083 637 881</b>	<b>28 693 105 820</b>	<b>17 802 975 922</b>	<b>18 134 908 282</b>

# REVIEWED CONDENSED FINANCIAL STATEMENTS

For the half year ended 31 December 2022



## 6. Biological Assets

	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed 31-Dec-22 ZWS	Audited 30-June-22 ZWS	Reviewed 31-Dec-22 ZWS	Audited 30-June-22 ZWS
<b>Opening balance as at 1 July</b>	25 230 381 969	16 634 327 738	16 067 524 496	3 633 277 789
Expenditure for the year	813 656 005	1 455 692 771	793 838 190	567 827 617
Fair value gain due to biological transformation	6 944 706 775	8 639 879 410	16 041 201 738	12 231 393 494
	32 988 744 749	26 729 899 919	32 902 564 424	16 432 498 900
Destroyed by fire	-	(38 743 858)	-	(11 575 136)
Transfers of harvested timber to inventory	(1 049 642 696)	(1 460 774 092)	(963 462 371)	(353 399 268)
<b>As at 31 December 2022</b>	<b>31 939 102 053</b>	<b>25 230 381 969</b>	<b>31 939 102 053</b>	<b>16 067 524 496</b>
<b>Classification on the statement of financial position</b>				
Classified as non-current asset	28 553 697 303	22 348 714 605	28 553 697 303	14 232 385 376
Classified as current asset	3 385 404 750	2 881 667 364	3 385 404 750	1 835 139 120
	<b>31 939 102 053</b>	<b>25 230 381 969</b>	<b>31 939 102 053</b>	<b>16 067 524 496</b>

## 7. Trade and Other Receivables

Trade receivables	317 556 845	543 574 678	317 556 845	342 261 072
Other receivables	777 894 074	183 575 989	777 894 074	120 812 027
<b>Total</b>	<b>1 095 450 919</b>	<b>727 150 667</b>	<b>1 095 450 919</b>	<b>463 073 099</b>

## 8. Inventories

Raw materials	358 649 679	295 299 757	69 139 023	16 991 250
Work in progress	309 225 856	281 879 396	42 894 361	26 536 534
Finished goods	937 298 593	713 647 239	276 158 732	92 814 493
Consumables	775 583 145	725 145 865	150 565 954	106 178 849
<b>Totals</b>	<b>2 380 757 273</b>	<b>2 015 972 257</b>	<b>538 758 070</b>	<b>242 521 126</b>

## 9. Trade and other Payables

Trade payables	610 425 375	2 673 113 085	610 425 375	1 702 325 000
Accruals	765 722 183	378 726 004	765 722 183	241 184 988
Payables to related parties	425 798 572	109 762 825	425 798 572	69 900 520
Statutory liabilities	14 505 238	18 438 783	14 505 238	11 742 415
<b>Total</b>	<b>1 816 451 368</b>	<b>3 180 040 697</b>	<b>1 816 451 368</b>	<b>2 025 152 923</b>

## 10. Borrowings

Long term borrowings	3 418 949 718	2 338 819 961	3 418 949 718	1 489 436 310
Short term borrowings	1 511 546 277	553 396 653	1 511 546 277	352 420 914
<b>Total</b>	<b>4 930 495 995</b>	<b>2 892 216 614</b>	<b>4 930 495 995</b>	<b>1 841 857 224</b>

## 11. Revenue

	INFLATION ADJUSTED		HISTORICAL*	
	Reviewed 31-Dec-22 ZWS	Unaudited 31-Dec-21 ZWS	Reviewed 31-Dec-22 ZWS	Unaudited 31-Dec-21 ZWS
<b>Disaggregation of revenue</b>				
<b>External revenue by product line</b>				
• Sale of lumber;	4 062 620 412	3 117 503 215	3 784 066 436	793 264 785
• Sale of poles;	629 969 402	512 638 527	592 952 990	125 624 949
• Sale of logs;	325 462 996	-	300 589 721	-
• Sale of briquettes;	-	18 602 751	-	4 543 783
<b>Total</b>	<b>5 018 052 810</b>	<b>3 648 744 493</b>	<b>4 677 609 147</b>	<b>923 433 517</b>

## 12. Land Designation

"The ICSID (International Centre for the settlement of Investment Disputes) arbitration proceedings concluded in November 2018 after the ICSID ad hoc Committee dismissed the Government's annulment application in its entirety and confirmed the final award (Final Award). Furthermore, the protracted dispute with a former shareholder as to entitlement to the Final Award has been resolved on the terms of a Settlement Agreement which was approved by shareholders at the EGM on the 12th of January 2022, and all conditions in relation to the Settlement Agreement have been fulfilled resulting in the Company having a clear and unequivocal entitlement to;

- (i) 57.5% of the Final Award (i.e., US\$ 71,323,703), in addition to 57.5% of pre and post award interest\* relating to this;
- (ii) 100% of the Border Claimants' Costs (i.e., £621,685.81, US\$ 143,378.35 and ZAR52,991.49) plus post award compound interest until date of the payment; and
- (iii) 100% of the Moral Damages (i.e., US\$1,000,000) plus post-award compound interest until date of the payment.

\*Pre and post award interest is compound interest on the respective amounts, at the six month USD LIBOR rate plus 2%, compounded every six months, until the date of full payment (the Border Award). The government has not paid any part of the Award. The Company has opened settlement negotiations with the Government of Zimbabwe as represented by the Ministry of Foreign Affairs and International Trade. The Company pursuant to the Settlement Agreement with the former shareholder has commenced its own separate negotiations with the Government. For the duration of the ICSID Arbitration, the Company has continued to occupy and operate its forestry business on parts of its property (the unaffected parts) and indeed, the occupation of the unaffected parts continues undisturbed.

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 Border Award are in the public domain. The view therefore is that the Company continue to occupy the unaffected land and operate its business in the ordinary course until there has been agreement with the Government on settlement of the Arbitral Award.

The Company has a contingent liability for legal fees amounting to US\$15.8 million in connection with the ICSID Arbitration which is expected to be settled once and to the extent that proceeds from the Border Award are received."

## 13. Going Concern

The going concern assessment has been extended for the 12-month period commencing from the reporting date of these condensed half year financial statements and incorporated all available information on the operating environment and future risks and uncertainties on which a sensitivity analysis was also done. The directors of the Company have considered all the relevant factors and facts in carrying out the going concern assessment, they are satisfied that the Company will continue in operation for the foreseeable future and it will have adequate resources to settle any obligations as they fall due.

The directors have also considered the uncertainty on how the Government of Zimbabwe will settle its obligation with the Company arising from the Arbitration Award, whether it will be in the form of restitution of land or cash compensation. In the scenario where compensation in cash is received, the Company will no longer have access to its main income generating assets and the Directors will be required to identify and implement a new business model which at this point is yet to be determined. In preparing the financial statements, the directors of the Company have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these condensed financial statements on a going concern basis is still appropriate.

## 14. Review Conclusion

The condensed inflation adjusted financial statements for the period ended 31 December 2022 have been reviewed by the Company's external auditors, Deloitte & Touche, who issued a qualified conclusion in respect of the carry over effects of the prior year qualification on valuation of property, plant, and equipment being non-compliance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" and International Financial Reporting Standard 13 "Fair Value Measurements", and presentation of unaudited comparative information. The engagement partner responsible for the audit was Tapiwa Chizana (PAAB Practice Certificate Number 0444).



## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS

### Introduction

We have reviewed the accompanying condensed statement of financial position of Border Timbers Limited as of 31 December 2022 and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six - month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Businesses Act [Chapter 24:31]. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

Valuation of property, plant, and equipment - Non-compliance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" in the prior year, and International Financial Reporting Standard 13 "Fair Value Measurements" in the prior and current period.

In the prior year ended 30 June 2022 the Company engaged professional valuers to revalue its property, plant, and equipment as at 30 June 2022. The revaluation of property, plant and equipment was performed in ZW\$. Due to limited availability of evidence supporting ZW\$ inputs, particularly for land and plant and equipment, we were unable to obtain sufficient and appropriate evidence to support the key inputs applied in determining the ZW\$ fair value of property, plant and equipment.

As a result of the above, we were unable to obtain sufficient evidence to support the appropriateness of the valuation in ZW\$ of property, plant, and equipment in the prior and current period.



**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
TO THE SHAREHOLDERS**

**Basis for Qualified Conclusion - continued**

Valuation of property, plant, and equipment - Non-compliance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" in the prior year, and International Financial Reporting Standard 13 "Fair Value Measurements" in the prior and current period. - continued

Furthermore, we were unable to determine whether any adjustments to the current and prior period depreciation expense, deferred taxation, retained earnings and revaluation adjustments in the statement of profit or loss and other comprehensive income would be necessary to correctly account for these amounts. Our conclusion on the current year inflation adjusted financial statements is therefore modified.

Comparative information for the Interim financial information.

We did not perform a review of the comparatives for the Interim financial information. This is primarily because the entity did not publish reviewed half year interim financial information in the prior period, being 31 December 2021. Had a review been performed on the comparative information, matters might have come to our attention indicating that adjustments might have been necessary to the interim financial information.

**Qualified Conclusion**

Except for the effect of the matters described in the Basis for Qualified Conclusion paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act [Chapter 24:31] .



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**DELOITTE & TOUCHE  
CHARTERED ACCOUNTANTS (ZIMBABWE)  
REGISTERED AUDITOR  
PER TAPIWA CHIZANA  
PARTNER  
(PAAB PRACTICE CERTIFICATE NUMBER ) 0444**

**17 MARCH 2023**