YORK TIMBERS

INTEGRATED ANNUAL REPORT 2019

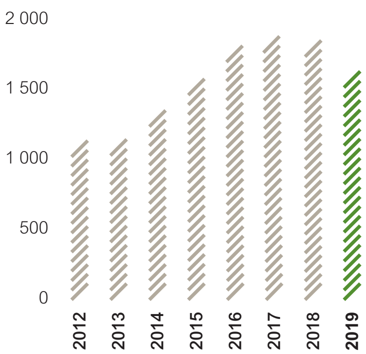
TABLE OF **CONTENTS**

INTEGRATED
ANNUAL REPORT
FOR THE
YEAR ENDED
30 JUNE 2019

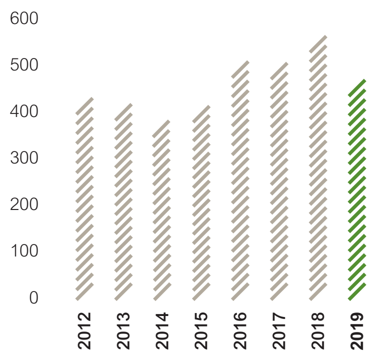
FINANCIAL OVERVIEW

LONG-TERM VALUE CREATION REQUIRES CONSISTENT PERFORMANCE AND POSITIVE CASH GENERATION.

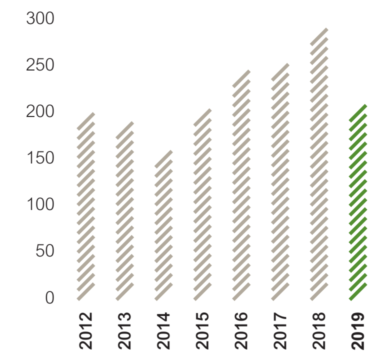
GROUP REVENUE | R'million



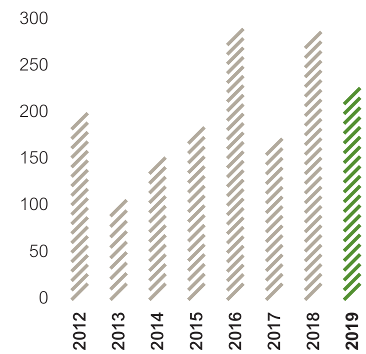
GROSS PROFIT | R'million



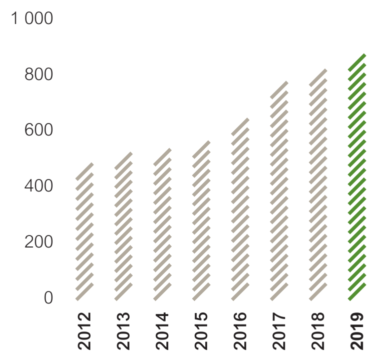
EBITDA | R'million



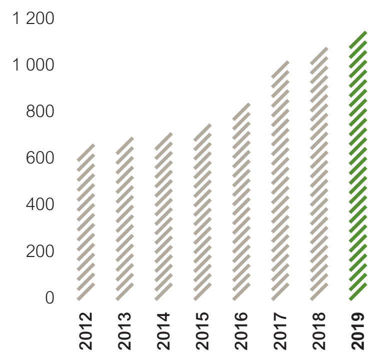
CASH GENERATED FROM OPERATIONS | R'million



TANGIBLE NET ASSET VALUE (TNAV) | cents



UNDERLYING TNAV | cents



R1 601 million
Revenue
(2018: R1 812 million ↓ 12%)

R1 140 million
Cost of sales
(2018: R1 260 million ↓ 9%)

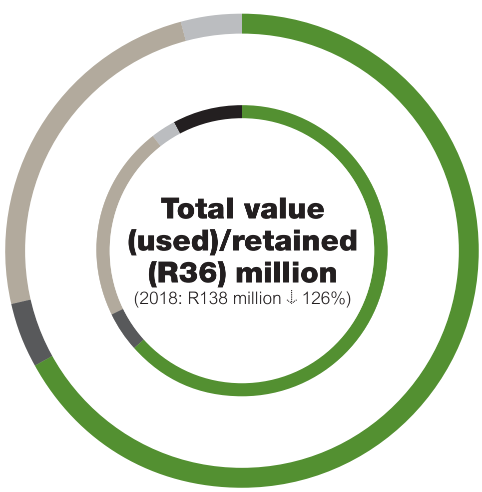
R359 million
Other operating expenses
(2018: R356 million ↑ 1%)

R208 million
Fair value adjustment
(2018: R71 million ↑ 191%)

R72 million
Net finance cost
(2018: R79 million ↓ 9%)

R66 million
Taxation
(2018: R50 million ↑ 32%)

R208 million
Impairment of goodwill
(2018: R0 million)



R1 113 million
to suppliers
(2018: (R1 147) million ↓ 3%)

R72 million
to financiers
(2018: R79 million ↓ 9%)

R386 million
to employees
(2018: R398 million ↓ 3%)

R66 million
to Government
(2018: R50 million ↑ 32%)

(R36) million
total value (used)/retained
(2018: R138 million ↓ 126%)

THIS IS **YORK**

YORK TIMBER HOLDINGS LIMITED (YORK, YORK TIMBERS, THE COMPANY OR THE GROUP) IS A JSE-LISTED FORESTRY COMPANY INTENT ON CREATING VALUE FOR ALL ITS STAKEHOLDERS.

SINCE ITS INCORPORATION IN 1916, YORK HAS GROWN INTO A MODERN, FULLY INTEGRATED FORESTRY GROUP.

York:

- Owns **sustainable forests**;
- Employs **technologically advanced forestry** operations;
- Operates **efficient processing** plants;
- Values its **customers' needs**; and
- Delivers **quality products** through a comprehensive distribution network.

YORK TIMBERS

Empowerment
29%

Development agencies
29%

Mutual funds
19%

Other
13%

Private companies
10%

SHAREHOLDING
Refer to shareholders' profile on page 160 for more information.

Our results

Revenue

↓ **12%**

to R1 601 million
(2018: R1 812 million)

EBITDA

↓ **28%**

to R205 million
(2018: R284 million)

Core earnings per share

↓ **70%**

to 8 cents
(2018: 26 cents)

Total debt

↓ **15%**

to R683 million
(2018: R805 million)

Cost excluding log purchases

↓ **13%**

to R1 237 million
(2018: R1 415 million)

Salient features

- EBITDA for the **six months** ended 30 June 2019 at R201 million
- Investment in supply chain logistics fleet
- Sale of outlier plantation at R54 million
- Re-finance of original purchase loan of R337 million

HOW WE **CREATE VALUE**

YORK'S VISION IS TO CREATE VALUE FOR ALL STAKEHOLDERS.

York has extensive, sustainable forests providing raw material to its processing facilities. This is supplemented from external sources.

It employs people with growth mindsets and efficient technology and methods to deliver its value-added products and services to its customers in the most efficient and timely manner.

York is a responsible corporate citizen in the communities where it operates.

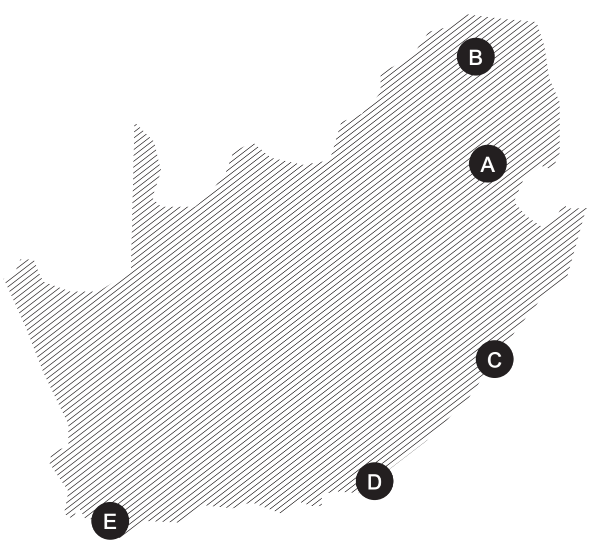
CORE VALUES

55 077ha
planted with pine

551ha
planted with eucalyptus

3 135ha
temporary unplanted areas

YORK OWNS **58 763ha** OF FSC-CERTIFIED PLANTATIONS

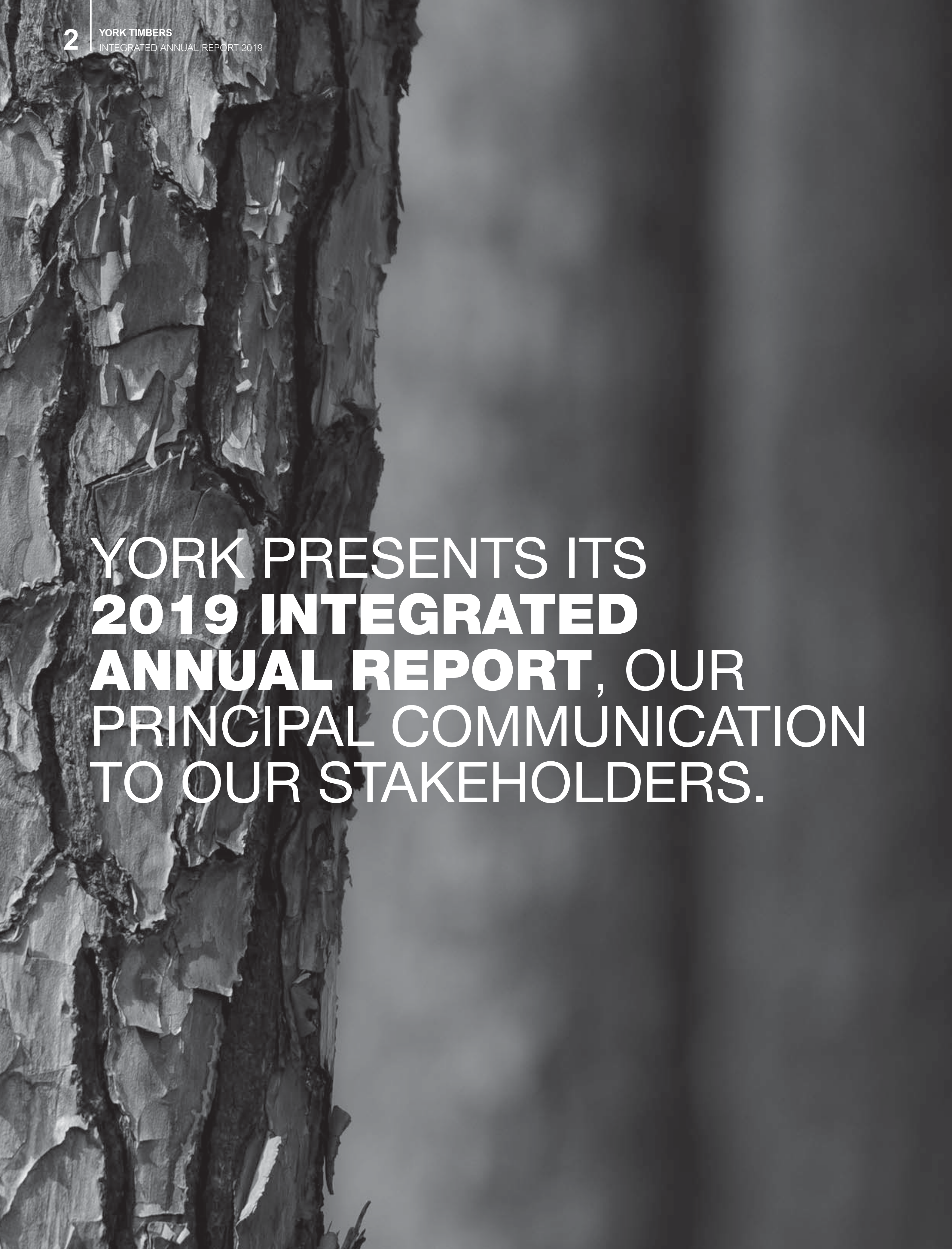


In South Africa:

1 212 383ha is dedicated to commercial forestry of which **601 176ha** is planted with pine.

Total pine grown for sawmilling per province of South Africa:

A	Mpumalanga	301 957ha
B	Limpopo	29 111ha
C	KwaZulu-Natal	110 714ha
D	Eastern Cape	117 706ha
E	Western Cape	41 688ha



YORK PRESENTS ITS **2019 INTEGRATED ANNUAL REPORT**, OUR PRINCIPAL COMMUNICATION TO OUR STAKEHOLDERS.

THIS REPORT

This integrated annual report is compiled and presented in accordance with:

- International Financial Reporting Standards (IFRS);
- Companies Act of South Africa, 71 of 2008 (Companies Act);
- JSE Limited Listings Requirements (JSE Listings Requirements);
- King IV Report on Corporate Governance for South Africa, 2016 (King IV); and
- International Integrated Reporting Framework (<IR> Framework).

In the section *This is York*, we introduce York, its financial performance, business activities and how it uses the capitals at its disposal as inputs to produce outputs and achieve outcomes. It shows how York's strategy is influenced by the material issues it deals with, the needs of its stakeholders and the risks and opportunities arising from its operating environment. It also shows how we measure progress.

The *Chairman's report* confirms the strategy and the *Chief Executive Officer's review* outlines York's performance against the strategy and its future outlook and approach.

The *Corporate governance* section is presented in line with King IV.

How York creates value over time is shown for each of the *capitals*, together with a discussion of the material issues we face.

MATERIALITY

We determined which issues could influence the decisions, actions and performance of the Company. All material issues have been included and management is not aware of any information that was unavailable or any legal prohibitions to the publication of any information.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements about York's operations and financial position. It was prepared based on information available to us at the time of writing. No warranty is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed herein.

This report is not intended to be relied upon as advice to investors, whose needs should be considered in consultation with a professional adviser. We do not undertake to update or revise these forward-looking statements after the date of the report. Some assumptions will not materialise. Unanticipated events and circumstances may affect the ultimate financial results. Projections are inherently subject to substantial and numerous uncertainties and therefore, the actual results achieved may vary significantly from the forecasts and the variations may be material.

ASSURANCE

PricewaterhouseCoopers Inc. (PwC), our external auditor, audited the consolidated and separate annual financial statements.

The external auditor also read the integrated annual report and considered whether any information is materially inconsistent with the consolidated annual financial statements or their knowledge obtained during their audit or otherwise appears to be materially misstated. No such misstatement was reported.

The Group's broad-based black economic empowerment (BBBEE) rating and scorecard have been verified by an accredited rating agency, Premier Verification Proprietary Limited.

The Audit Committee had oversight of the preparation of the integrated annual report and recommended it for approval by York's Board of Directors.

RESPONSIBILITY FOR THIS INTEGRATED ANNUAL REPORT

This report was prepared under the supervision of the Company Secretary, Sue Hsieh LLB, and Chief Financial Officer, Gerald Stoltz CA(SA).

The Board is ultimately responsible for ensuring the integrity of the integrated annual report, assisted by the Audit Committee and further supported by management, which convened and contracted the relevant skills and experience to undertake the reporting process and provided management oversight.

The Board, after applying its collective mind to the preparation and presentation of the report, concluded that it was presented in accordance with the <IR> Framework and approved it for publication.

This report is signed on behalf of the Board by:

Dr Jim Myers *Chairman*	**Pieter van Zyl** *Chief Executive Officer*

27 September 2019

YOUR GUIDE

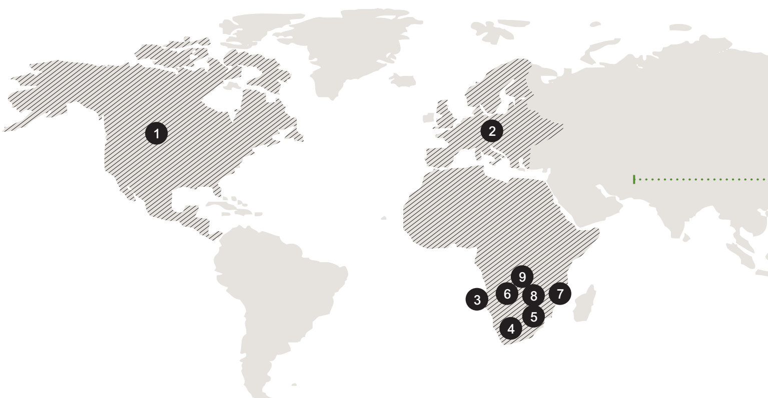
These icons serve as a guide for further information:

This icon denotes information that can be found on our website: **www.york.co.za**

This icon accompanies page number references to elsewhere in this integrated annual report

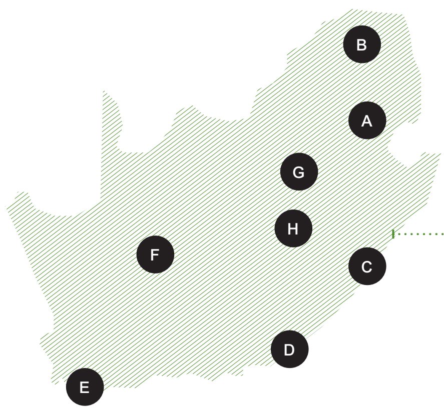
This icon indicates strategic initiatives

WHERE WE CREATE VALUE



York's products are sold in the following countries:

Canada and USA	1
Belgium, Netherlands and UK	2
Namibia	3
South Africa	4
Lesotho and Swaziland	5
Botswana	6
Mozambique	7
Zambia	8
Zimbabwe	9



YORK'S FORESTRY FOOTPRINT IN SOUTH AFRICA IS EXTENSIVE.

Currently, an area of 55 077ha is planted with pine, 551ha with eucalyptus and 3 135ha is temporarily unplanted. The forestry operation provides raw material to York's processing facilities and when required, raw material is supplemented from external sources. York's distribution network is well-positioned to service the entire Southern African market.

A
Mpumalanga

Driekop
Sawmill

Nicholson & Mullin
Sawmill and treatment plant

Sabie
Sawmill and treatment plant
Plywood plant

Jessievale
Sawmill and treatment plant

B
Limpopo

Polokwane
Warehouse and distribution facility

C
KwaZulu-Natal

Durban
Sales office and warehouse

D
Eastern Cape

Port Elizabeth
Sales office and warehouse

E
Western Cape

Blackheath, Cape Town
Sales office and warehouse

F
Northern Cape

Upington
Warehouse and distribution facility

G
Gauteng

Pretoria
Warehouse and distribution facility

Roodekop, Johannesburg
Sales office, warehouse and drymill

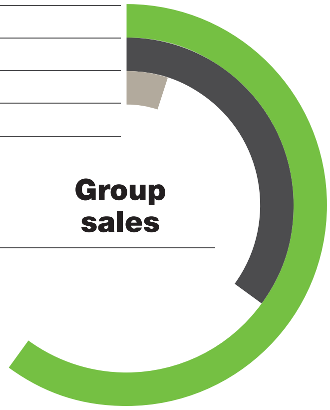
H
Free State

Bloemfontein
Warehouse and distribution facility

R955 million processing plants
R563 million wholesale
R77 million forestry and fleet
R6 million other

Group sales

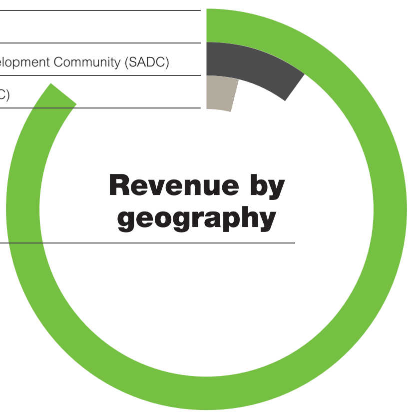
TOTAL **R1 601 million**



R1 384 million South Africa
R159 million Southern Africa Development Community (SADC)
R58 million International (non-SADC)

Revenue by geography

TOTAL **R1 601 million**



WHAT WE **OFFER**

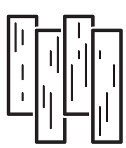
Timber has vast benefits as it is a sustainable resource, carbon positive, sustains rural development and is structurally and architecturally attractive. Consumers are committing to greater use of timber for housing, furniture, doors, frames, decking and other innovative purposes.

Mass timber construction, using advanced engineered wood products, is emerging as a sustainable and preferred alternative building material. York is focusing on structural engineering of advanced wood products within a sustainable and timber-based built environment in South Africa. We are committed to stimulating the development of a sustainable, mass timber construction industry in South Africa based on advanced engineered wood products from locally grown forest plantations.

FORESTRY

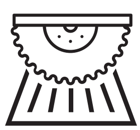
58 763ha FSC plantations

SAWMILLS



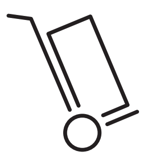
Four sawmills – three with treatment plants

PLYWOOD



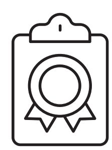
One plywood manufacturing plant

WHOLESALE



Eight warehouse and distribution facilities

GRADING AND TESTING



Certified by three certification bodies (SATAS, CE and TP)

YORK'S BUSINESS MODEL

INPUTS available to York

NATURAL CAPITAL

Utilise available land optimally by considering the practices of stratifying soil types, rainfall, temperature and accessibility. Selecting breeding material for superior growth, wood properties, tolerance against pests and diseases. Employing forest engineering practices to ensure products are extracted and delivered to mills in a cost-balanced manner.

MANUFACTURED CAPITAL

To convert available raw material for specific market requirements cost-effectively by utilising processing capacities optimally.

INTELLECTUAL CAPITAL

Encourage open and transparent dialogue emphasising strong inter-divisional links to create an intellectual debate for enhancing performance across all capitals of the business.

HUMAN CAPITAL

Vibrant workforce that see their effort as a path to mastery. Each employee has a career path and the opportunity to develop to their full potential within York.

SOCIAL CAPITAL

Communities are our employees' foundation to prosper. We subscribe to a work-life balance and an integrated growth model with all stakeholders.

FINANCIAL CAPITAL

Engage openly and transparently with financial institutions to secure working capital for sustainable growth. Create long-term sustainable growth in shareholder value.

YORK'S VISION IS TO **CREATE VALUE FOR ALL STAKEHOLDERS**

York has extensive, sustainable forests providing raw material to its processing facilities. This is supplemented from external sources. It employs people with growth mindsets, and efficient technology and methods to deliver its value-added products and services to its customers in the most efficient and timely manner.

THROUGH OUR **STRATEGIC PILLARS**

LUMBER

Cost optimisation

Increase Jessievale capacity to be balanced with the available raw material. Integrate sawmilling operations in the Escarpment.

PLYWOOD

Perform at capacity

Balance plant capacity to specific market segments.

Reduce supply chain costs for exports.

FORESTRY

Optimising operations

Invest in tree breeding based on focus areas. Integrate forest engineering processes.

WHOLESALE

Improved frequency of sales

Improve the customer experience.

WE CONTINUALLY ENHANCE OUR BUSINESS MODEL TO CREATE VALUE FROM THE CAPITALS THAT WE EMPLOY IN THE MOST EFFICIENT WAY.

CREATING MEASURABLE **VALUE**

We create measurable value by focusing on the material issues and being cognisant of the risks we face and opportunities we are offered.

TARGETING OUR **OPPORTUNITIES**

LUMBER

Increase market share by 4% and improve product mix produced.

PLYWOOD

Increase export sales to 18%. Demonstrate York's quality products compared to imports. Manufacture products for specific market segments. Maintain throughput at targeted output.

FORESTRY

Improved planning across all operations. Optimal site-specie matching.

DRYMILL

Limit the product range. Integrate this division with the processing plants and the wholesale distribution system.

WHOLESALE

Provide a product offering suitable for customer needs in volumes and quantities as required.

OUTCOMES we desire

NATURAL CAPITAL

- Optimally utilise available forest land
- Healthy plantation by proactively managing pests and diseases
- Improve overall tree growth

MANUFACTURED CAPITAL

- Overall plant equipment efficiencies above 75%
- Increase productivity with strategic capital investment

INTELLECTUAL CAPITAL

- Instil the York core value system
- Embed a growth mindset within all employees
- Emphasise performance collectively as a team

HUMAN CAPITAL

- Have proficient and relevant HR policies
- Communicate openly and transparently to all employees
- Keep people accountable for their performance
- Encourage active participation in training and developing own skillset

SOCIAL CAPITAL

- Family social structures must be maintained
- Assist service delivery to secure basic needs of our staff and communities

FINANCIAL CAPITAL

- Lower cost of debt
- Meet financial covenants
- Uphold high levels of corporate governance and financial reporting standards
- Deliver sustainable capital growth and investing in cash flow accretive investments

CAPITAL TRADE-OFFS IN OUR ACTIVITIES

NURSERY

Capital reduced in creating value

Capitals enhanced through value creation

Via extensive research partnership programmes, the nursery develops high-yielding tree species and hybrids aimed at optimal site-specie matching and wood quality. Seedlings are dispatched to plantations after five to eight months.

FORESTS

Capital reduced in creating value

Capitals enhanced through value creation

York's sustainable forests are maintained according to industry-leading silviculture practices. York's silviculture regimes vary between compartments, depending on site quality. Pruning regimes are implemented from two to eight years, during which a compartment is pruned to a height of seven metres. Thinning regimes are implemented from 6,5 to 11,5 years during which higher site qualities are thinned up to three times. Clearfell ages range from 18 to 24 years.

EXTERNAL LOG PURCHASES

Capital reduced in creating value

Capitals enhanced through value creation

The shortfall in supply from York's own plantations is sourced from various sustainable external sources.

PROCESSING FACILITIES

Capitals reduced in creating value

Capitals enhanced through value creation

York has four sawmills and a plywood plant with various timber treatment facilities.

THERMAL AND ELECTRICAL ENERGY

Capital reduced in creating value

Capitals enhanced through value creation

Various operational by-products such as prunings, pulp and defect logs, bark, chips, off-cuts and other mill by-products are salvaged as inputs to generate energy for own use and resale.

WAREHOUSE AND DISTRIBUTION FACILITIES

Capital reduced in creating value

Capitals enhanced through value creation

Customer needs are met through eight distribution warehouses.

CUSTOMER BASE

Capital reduced in creating value

Capital enhanced through value creation

Customers are supplied directly from the mills or via the warehouses. Customers include:

- Truss plants
- Corporate and independent retailers
- Remanufacturers
- Furniture manufacturers
- Construction contractors
- International agents, traders and retailers

EIGHT-YEAR FINANCIAL REVIEW

Audited		CAGR % 2012 to 2019	Audited 2019	% change	Restated Audited 2018	Audited 2017	Audited 2016	Audited 2015	Audited 2014	Audited 2013	Audited 2012
Group revenue	R'000	5	**1 600 522**	(12)	1 812 350	1 832 805	1 771 049	1 543 149	1 323 976	1 131 994	1 112 843
Gross profit	R'000	1	**460 355**	(17)	552 631	497 502	500 566	404 415	377 945	410 298	421 519
Gross profit margin	*%*	*(4)*	***28,8***	*(6)*	*30,5*	*27,1*	*28,3*	*26,2*	*28,5*	*36,0*	*38,0*
Operating (loss)/ profit	R'000	(194)	**(106 314)**	(154)	196 045	151 369	182 933	144 021	116 811	161 365	166 068
Operating margin	%	(189)	**(6,6)**	(161)	10,8	8,3	10,3	9,3	8,8	14,0	15,0
EBITDA	R'000	1	**204 668**	(28)	283 666	246 101	240 048	199 390	156 262	187 153	194 726
EBITDA to revenue	*%*	*(4)*	***12,8***	*(18)*	*15,7*	*13,4*	*13,6*	*12,9*	*11,8*	*16,5*	*17,5*
Net profit before finance costs	R'000	(14)	**106 856**	(61)	272 271	599 038	390 032	196 272	123 531	192 834	303 395
Finance costs	R'000	(2)	**77 537**	(8)	84 325	88 595	56 632	58 385	56 440	54 672	87 308
Cash flow from operations	R'000	2	**223 822**	(21)	283 173	169 979	284 963	182 574	151 461	106 486	197 088
Biological assets	R'000	6	**3 154 557**	8	2 918 550	2 828 518	2 334 327	2 140 067	2 103 092	2 100 870	2 070 222
Interest bearing borrowings	R'000	3	**683 436**	(15)	804 595	912 302	894 145	743 360	562 616	597 173	558 400
Investment in property, plant and equipment	R'000	12	**81 170**	25	64 680	154 258	283 241	203 288	66 169	51 958	36 340
Net working capital	R'000	4	**161 517**	(30)	230 155	245 991	162 685	219 485	213 182	180 446	119 372
Basic (loss)/ earnings	R'000	(183)	**(36 268)**	(126)	138 280	367 286	238 212	101 468	50 994	106 864	137 818
Weighted average number of shares	Number	(1)	**317 439**	–	316 874	317 209	325 286	331 032	331 241	331 241	331 241
(Loss)/earnings per share	cents	(183)	**(11)**	(126)	44	116	73	31	15	32	42
Core earnings per share	cents	(7)	**8**	(70)	26	17	31	21	16	26	13
Headline earnings per share	cents	3	**50**	9	45	116	73	29	14	33	42
EBITDA per share	cents	1	**64**	(29)	90	78	74	60	47	57	59
Net asset value per share	cents	6	**980**	(1)	990	943	809	731	703	688	655
Tangible net asset value per share	cents	9	**862**	6	809	765	635	559	531	516	484
Underlying TNAV	cents	8	**1 134**	7	1 061	1 007	834	739	708	692	657
Return on equity	*%*	*(179)*	***(1,2)***	*(127)*	*4,4*	*12,3*	*9,0*	*4,2*	*2,2*	*4,7*	*6,4*
Total cost	R'000	7	**1 499 024**	(7)	1 616 305	1 681 436	1 588 116	1 399 128	1 207 165	970 629	946 775
External log purchases	R'000	11	**261 728**	30	201 723	269 982	140 887	210 886	182 086	146 305	122 203
Cost excluding log purchases	R'000	6	**1 237 296**	(13)	1 414 582	1 411 454	1 447 229	1 188 242	1 025 079	824 324	824 572
Cost as % of revenue	*%*	*1*	***77,3***	*(1)*	*78,1*	*77,0*	*81,7*	*77,0*	*77,4*	*72,8*	*74,1*

* *Underlying TNAV represents the tangible net asset value adjusted for the deferred tax related to the biological assets, which will only become payable after York ceases re-establishment or sale of plantations.*

OUR VALUE CREATION MODEL

STRATEGIC GOALS What we want to do	MATERIAL ISSUES What we need to do	RISKS AND OPPORTUNITIES We expect to encounter
NATURAL CAPITAL		
Enhance the quality of the biological assets to ensure extraction of optimal value on a sustainable basis	• Proactively manage pests and diseases • Refine tree breeding processes • Enhance nursery ability to produce quality hedges and cuttings • Value extraction from harvested volumes • Deliver products to mills on a cost-balanced basis • Forest planning and forecasting/ sustainability/ database management	Risks: • Long-term log supply from external sources • Threat of fire, pests and diseases • Erroneous site-specie matching Opportunities: • Introduction of technology to control and manage forestry operations more effectively • Produce wood properties suitable for structural and industrial applications
MANUFACTURED CAPITAL		
Improve operating efficiencies, upgrade outdated technologies, increase throughput and consolidate poor-performing facilities to maximise value creation	• Extract optimal value from raw material • Maintenance of equipment, utilisation of machine capacities • Using technology to identify wood properties suited for the required market segments • Refine drying techniques to ensure product stability	Risks: • Capital intensive • Weakening of the Rand for imported equipment • Sub-optimal extraction of value from raw material Opportunities: • Offset currency fluctuations with earnings from exports • Consolidate marginal operations and adding technology to extract maximum value from available raw material • Increase processing capacities in the Highveld
INTELLECTUAL CAPITAL		
Encourage dialogue to stimulate intellectual debate so that performance throughout the business can be enhanced	• Big data management • Develop ability to analyse data • Apply scientific methodology to unstructured data • Machine learning capabilities • Enhance decision-making tools	Risks: • Outdated enterprise resource planning (ERP) system • Repeated capturing of the same data • Spreadsheet thinking • Lack of analytical skills Opportunities: • Refine the art of making sound decisions based on a scientific approach to understanding/interpreting the underlying data • Enhance domain expertise with further integration of business processes
HUMAN CAPITAL		
Attract and retain new talent, develop and stimulate a growth mindset within York	• Create a professional and stimulating business culture in line with the core values of York: Connectivity; Commitment; Integrity; Innovation and Responsibility	Risks: • Political agenda of unions and unrealistic expectations • HR practices that are inadequate Opportunities: • Review remuneration policies to be transparent across the board • Introducing production incentive scheme • Get to the hearts and minds of our employees
SOCIAL CAPITAL		
Being mindful of the greater community affected by our operations and contributing to its upliftment	• Develop a sustainable community-based model	Risks: • Creating unrealistic expectations • Fulfilling the role of local government Opportunities: • Active engagement with local and provincial governing bodies to improve commitment to service delivery • Communication and community forums • Assisting with training and education
FINANCIAL CAPITAL		
Create sustainable value for our shareholders	• Illustrate the value of biological assets • Show consistency in cash generation	Risks: • Share price is not reflective of the net asset value of the Company Opportunities: • Explore alternative investor base/profile

STAKEHOLDER ENGAGEMENT
For more information on our engagement with stakeholders, refer to page 12.

WE CREATE MEASURABLE VALUE BY FOCUSING ON THE MATERIAL ISSUES AND BEING COGNISANT OF THE RISKS WE FACE AND OPPORTUNITIES WE ARE OFFERED.

Risks Opportunities

STRATEGIC RESPONSE What we did	OUTPUT What we produced	KEY ACHIEVEMENTS How we measure the results
• Acquired inbound fleet • Initiated research and development projects across various elements of the forestry value chain • Fire detection camera system upgraded • Invested in firefighting equipment • Monitoring programmes to detect early infestation and to record damage • Produced crossings of pure species for optimal response to the site and market requirements • Ensured that felled trees are optimised to the right product category	• Developed a forestry health index on a regional basis • Part of the international SNP chip evaluation of pine and genome profiling of pine at FABI. Entered into agreement to determine genetic profile of various pines and hybrids to improve selection of crosses • Nursery capacity was expanded • Improved LogTrace integration to MicroForest and ERP system to continually improve control within the value chain	• Noticeable decline in damage to plantations caused by pests and diseases (↓48% from FY2018) • York acquired external hedges and cuttings while increasing internal capacity with suitable breeding material • Logs rejected by processing plants remained the same from FY2018, at an average of 5% • Accurate delivery of product mix to designated processing plants at 94% • Inbound transport costs reduced by 7%
• Volume recovered above industry norm • Plant intake in line with planned capacities with safety margin above industry norms • Investment in upgrading of equipment to improve efficiencies • Improved overall plant maintenance with plant availability at industry norms • Continuing to target value recovery as key indicator of profitability • Expansion of export market • Introduction of moisture sensors throughout process • X-ray scanning to identify poor wood properties	• Produced a product mix as required by the market • Monitoring of quality defects and responding with corrective actions • Various technology upgrades across operations	• Target value margin for: – Sawmilling operations – 44% (impacted by log prices). Target is set at 45% – Plywood – 38% (impacted by glue and high log prices). Target is set at 42% • Overall equipment efficiency of 75% • Measure wood properties for modulus of elasticity, modulus of rupture, % moisture, South African Technical Auditing Services grading
• Continuous data collection, storage and management • Final stages of new ERP system implementation • Supply chain system – sales/customer analysis • Harvesting slicer/LogTrace • Infrastructure connectivity • Condition monitoring of equipment • Heat/steam recovery • Forestry – soil depth profiling, geo-referencing and improved tree characteristics measurement in plantations • Participation in the Pine SNP Chip project • Forestry site database including soil, climatic and topology • Tree breeding database including genomics • Road utilisation and maintenance database • Enhancing control measures throughout the business	• Efficient supply of raw material to mills • Tight stock control – limited losses • Frequency of sales/sales patterns tracked/responsive to customer needs • Raw material supply analysis • Increased fibre volume and timber quality • Identification of genes linked to traits of interest – ultimate capability to do molecular breeding/genomic selection	• Quality of decision-making • Review and reflect • Response time • Predictive capabilities • New ERP system implementation
• Restructured the HR division • Strengthened management team to proactively engage with unions • Refocus on training of staff at all levels of the business • Recruitment and promotion processes enhanced • Acquired HR specialised skills at the various operations	• On-site problem solving of HR-related issues in accordance with York policies and procedures • Improved job profile and establish the correct grade of positions • Staff appointed with the responsibility to allow them the opportunity to build a career • Remunerating staff at market-related rates	• Vibrant workforce • Structured engagement with unions • Role clarity and understanding of expected performance • Implement structured approach to remuneration anomaly
• Uplifting learners and supporting local schools and clinics in the Highveld and Escarpment • Supported local communities with skills transfer • Prevented Eskom from interrupting planned electricity supply to the entire Thaba Chweu Local Municipality	• Delivered on the triple bottom line of social, environmental and financial value • Maintained a close relationship with all our stakeholders • Prevented planned electricity interruptions by Eskom during the time of year-end school exams (learners) and festive season (tourism)	• Community social well-being • Healthy and supportive workforce • Collaborative environment and better understanding of each other's challenges
• Integrated annual report as the key stakeholder communication material • Investor roadshows • Reduced debt, with a focus on cash flow • Self-insurance fund	• Won the CSSA award for best integrated annual report in the AltX/Fledgling category four years in a row • Gearing reflects cash generative profile • Improved biological assets value due to sustainable forestry practices • Rebuilt the Jessievale mill warehouse, improving storage space and throughput • Unqualified external audit and continuous independent internal audit assessment	• Share price to reflect net asset value of the Company • Cash efficiency ratio of 9% • Financially sound and stable

PERFORMANCE AND TARGETS FOR 2020

The lead page of each of the capital sections contains the KPIs for the past four years and the targets for 2020 based on a rolling three-year forecast.

WHAT OUR **STAKEHOLDERS VALUE MOST**

THE VARIOUS STAKEHOLDER GROUPS THAT YORK ENGAGES WITH PLAY A VITAL ROLE IN ACHIEVING THE COMPANY'S OVERARCHING NARRATIVE AS WELL AS ITS OBJECTIVES.

Our relationships with our investors and partners are transparent and mutually beneficial and are rooted in our approach to empowerment principles, ownership opportunities and corporate social investment.

CUSTOMERS

Their material needs
- Good customer service expectations
- Reliable product supply
- Servicing product needs

How we respond
Face-to-face meetings, presence on the deal.

COMMUNITIES
in which York operates

Their material needs
- Employment
- Enterprise development
- Service delivery

How we respond
Community training, assisting the municipality when they are unable to deliver services.

STAFF
Permanent staff, temporary staff and contractors

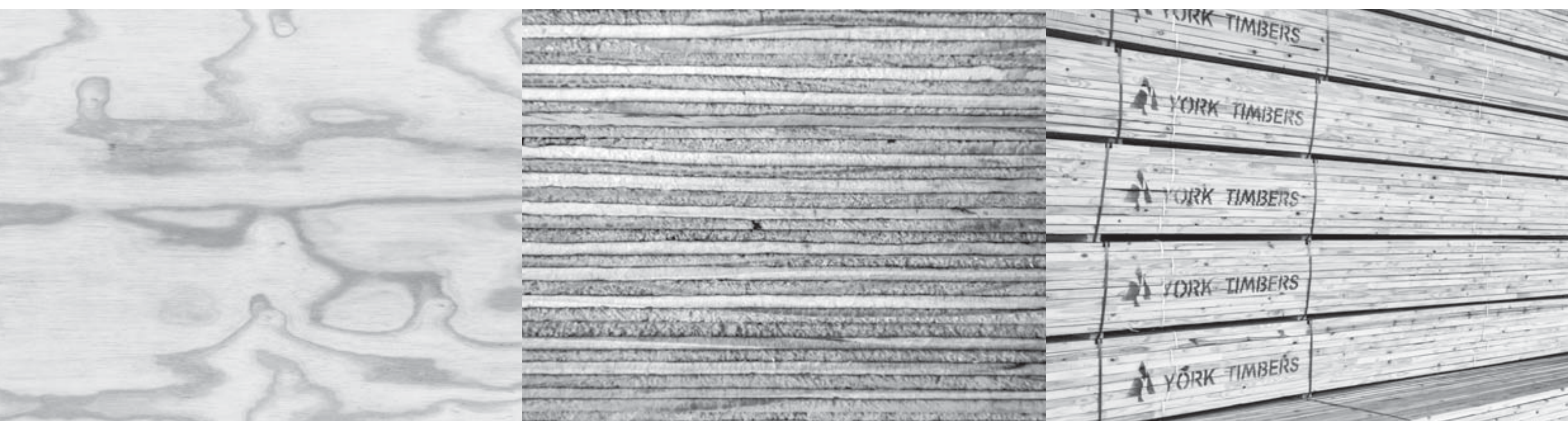
Their material needs
- Staff engagement and communication – the importance of open and honest feedback
- Training
- Health and safety

How we respond
York operates in a solution-driven culture where teamwork, individual achievement and continuous learning are encouraged. It rates and rewards its people based on their ability to add value to the business. York's people are critical to the long-term sustainability of the business.

GOVERNMENT
and regulatory bodies

Their material needs
- Compliance with laws and regulations
- Pay taxes on time

How we respond
York strives to engage with Government and regulatory bodies in a proactive and transparent manner.



SUPPLIERS

Their material needs
- Payment within terms

How we respond
Face-to-face meetings, presence on the deal.

SHAREHOLDERS AND ANALYSTS
including both present and potential future investors

Their material needs
- Growth
- Sustainability
- Operational performance
- Clear strategy
- Optimal gearing

How we respond
Through a series of meetings with major shareholders and analysts, shareholders are kept informed on matters relevant to the business.

Conference calls and meetings are held twice a year following the release of the interim and annual results. Results are distributed to shareholders, hosted on the Company website and communicated via SENS.

MEDIA

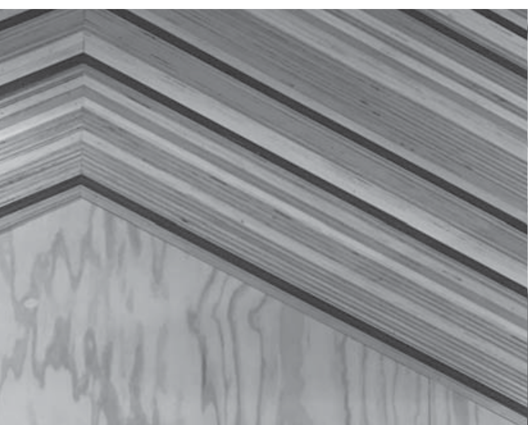
Their material needs
- Results announcements

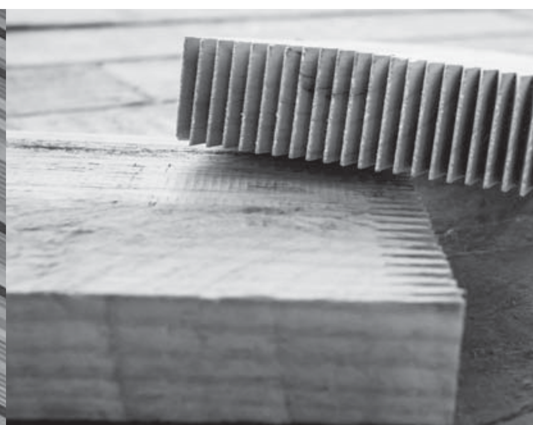
How we respond
York maintains an open relationship with the media, not only when communicating its interim and annual results, but to respond proactively to events affecting the Company and its community.

FINANCIAL INSTITUTIONS
and other providers of finance

Their material needs
- Meeting payment obligations
- Meeting covenants

How we respond
Direct communication with executive management.





WHAT OUR **STAKEHOLDERS VALUE MOST** continued

COMMITTED TO COMMUNITY RELATIONS

York's continued and committed community engagement includes assisting in service delivery to secure basic needs of our staff and communities.

York prides itself in maintaining family social structures. We believe in partnering with all stakeholders to address challenges and create social cohesion for the benefit of the entire community and our staff.

STAKEHOLDER COMMUNICATION

Shareholders and investors

Our half-year and full-year financial results are presented by the CEO soon after they are released.

All Company-related matters are regulated by the JSE and communicated through SENS announcements. Shareholders vote on key important issues affecting the Company at the annual general meeting, which is held after the financial year-end.

Academic and research institutions

York actively engages with several academic and research institutions on key focus areas in innovative forestry management developments, particularly relating to technology advancements and improved productivity.

Attracting new talent, developing and stimulating a growth mindset within York is one of our primary objectives.

The Company supports school and tertiary education career expos to create interest and awareness in forestry and wood science as a career. High-potential and talented individuals who can add value to the Company in their different fields of study are identified and the talent pipeline is strengthened.

Government engagement

York works closely with the Department of Public Enterprises and the Department of Economic Development and Tourism to promote growth and co-operation in the sector, as we are mindful of the opportunities the industry in which we operate can contribute to economic upliftment.

Our engagement with Government at provincial and municipal levels enables us to better understand each other's challenges.

Proactive communication with employees

The objective of increased communication is to promote a positive industrial relations climate and improved employee relationships. A drive to establish consistent, direct communication with employees and unions on a number of platforms has commenced. This involves opening interactive communication channels between employees and various levels of management, with the objective of communicating production issues, relationship issues and support mechanisms for employees and to minimise the potential distorted information flow from unions to employees.

York is strengthening the capacity to manage human resources at site level and ensuring there is active engagement between employees at all levels.

York's commitment to its employees is to have a healthy and supportive workforce. This is demonstrated by listening to individual concerns and addressing issues raised as well as improving access to training and development.

Increased use of induction training is being made available to communicate Company values and information pertinent to the role the employee will be occupying at York. This includes an explanation of the Group and the impact of the specific role and benefits offered. The employee support and communication platforms are also explained, as well as mechanisms for airing concerns and grievances.

Focus groups

During the course of the year, York interacted with focus groups on matters of mutual interest and mostly in the conservation arena.

Threatened Grasslands Programme

This programme is managed under the auspices of South African National Biodiversity Institute, a branch of the Department of Environmental Affairs.

The grassland biome of South Africa is one of the most valuable biomes, but also the most threatened due to habitat transformation. One of the key objectives of this programme is to expand the grasslands under formal protection, particularly in the private sector.

The programme is important due to the high biodiversity in the grasslands, but also for its potential to generate high-quality water for downstream users, a significant benefit to our stakeholder community.

Blyde Restoration Working Group

This group aims to facilitate collective action through the Natural Resource Management Programmes initiated by the Department of Environment, Forestry and Fisheries, SANParks and other stakeholders to implement large-scale and sustainable ecosystem restoration in the Blyde River catchment area.

The upper Blyde and the Klaserie River subcatchments are a high-priority biodiversity and water resource area in the Olifants River catchment and within the Mpumalanga province. The Olifants catchment is extensive, however, degraded due to large-scale industrial water pollution, soil erosion, water scarcity and large impoverished communities. The upper Blyde River, which flows through York's forests for more than 13 kilometres, is a very important source of high-quality water with high volume flowing into the Olifants River, restoring its flow and diluting pollutants. This value is being threatened by the invasion of alien plant species and ecosystem degradation throughout the catchment. The upper Blyde River is home to a number of endemic species, including a minnow fish that is not found anywhere else in the world. The restoration of degraded ecosystems is an important management need in this area to establish a resilient and healthy catchment.

Fortunately, the upper Blyde catchment under York's plantations is very well managed and its flagship conservation and alien plant eradication programmes provide other stakeholders with an opportunity to learn from our successes and knowledge.

Griffon Poison Centre

The Griffon Poison Centre has an extensive database on pesticides and offers a 24-hour support line in the event of medical emergencies.

Water management

The catchment management agency, Inkomati-Usuthu Catchment Management Agency (IUCMA), responsible for the water management of the areas where York's sawmills are located, is closely involved in the decisions made by the mills in terms of water management. All water used by York requires a licence. The licence application process is facilitated by the IUCMA, who provide feedback in terms of best practice guidelines and required improvement. Reporting to the IUCMA is undertaken according to the requirements stipulated in the issued licence.

Air quality management

Air emission licences are required for a number of York's sawmill operations. The air quality officer of either the Ehlanzeni District Municipality or the Gert Sibande District Municipality facilitates the applications and highlights improvement opportunities and requirements. Reports to the air quality officer are prepared in accordance with the requirements of the licences.

Collaboration with external institutions and industry bodies is vital to ensure that we are updated with the latest developments in a broad spectrum of related fields. York works with world-class research institutions to ensure that our business practices are continuously improving and are scientifically sound and environmentally sustainable.

Commercial industry forums

BMI Forum

The BMI Building Research Strategy Consulting Unit conducts research into the building industry and scenarios for South Africa's residential and commercial property and related sectors. York engages with this forum on a monthly and quarterly basis.

Crickmay

Crickmay benchmarks approximately 70% (based on production) of the formal softwood sawmills in South Africa. The tool used to benchmark the sawmills, the inter-mill comparison, is produced on a quarterly basis and compares the participating mills' key costs and sales information on a Rand per cubic metre basis against the most profitable mills. This helps mills identify areas of opportunity. The comparison is also done annually on an international basis.

Crickmay produces a monthly publication, the Lumber Index, primarily for the sawmilling industry, that provides information to assist sawmills in obtaining prices commensurate with the quality of the lumber being produced. It also provides market information to local end-users to assist them in acquiring timber at fair and affordable prices. York engages with Crickmay monthly and quarterly.

Supplier relationships

York's suppliers undergo a stringent qualification process before they are enrolled on the preferred supplier list. The management of supplier relationships is of vital importance to York's value chain.

York's procurement strategy consists of sourcing product and trading in the most competitive supplier markets, thereby ensuring that products and services are of the highest quality, at the right price and the right time, and are placed in the correct quantity.

The main criterion when qualifying a supplier, aside from the key requirement that a supplier does not cause any production and process interruption, is that the supplier is a BBBEE status level contributor according to the Code of Good Practice on Black Economic Empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, 53 of 2003.

Sport and recreational bodies

The York Adventure Club's membership exceeds 1 500. The club, with the various events hosted by York, has given the Company the opportunity to increase the leisure and wellness footprint.

Trail running

The York Adventure Club offers trail running comprising running and hiking over trails. Trail running generally takes place on hiking trails, often in mountainous terrain, where there can be much steeper ascents and descents, presenting an enjoyable challenge to both novices as well as experienced runners alike.

York Enduro Mountain Bike Rally

The York Enduro is the perfect platform for raising awareness among our corporate partners in support of the Qhubeka Bike Initiative for our employees across all business units. To date, this has enabled York to distribute in excess of 800 Qhubeka bicycles to our employees, alleviating the cost of public transport and reducing travel time, as well as providing a fitness and recreation opportunity for all involved.

York Enduro 2019 was cancelled in lieu of various negotiations with different stakeholders. York, however, assisted employees to acquire 300 mountain bikes.

Industry bodies

Forestry Stewardship Council

The Forestry Stewardship Council's (FSC) priority is the promotion of environmentally responsible, socially beneficial and economically viable management of the world's forests.

Internationally accepted principles and criteria for forest management are applied to evaluate forestry management for certification. The requirements for certification include the Chain of Custody certification programme and the Controlled Wood programme, both of which track traceability of timber resources and ensure product integrity to the consumer.

All FSC requirements have been adopted into York's operational environment and all of York's plantations are FSC-certified.

FSC certification provides York's customers with the assurance that its products are produced responsibly in terms of environmental, social and economic aspects and considerations and, additionally, its shareholders are assured that the Company is managed in a responsible manner.

The FSC accredits various certification organisations who, in turn, verify FSC certificate-holder compliance to their requirements. SGS Group Management SA (SGS) is the certifying body that certifies York's operations.

York is required to consult regularly with local communities on the off-site impacts of its operations. This includes the positive impact in the socio-economic environment. At each annual forest management audit, SGS contacts York's stakeholders for their comments and inputs regarding its ongoing certification.

IN ACHIEVING ITS GROWTH OBJECTIVES, YORK DOES NOT RANK THE REQUIREMENTS OF ONE STAKEHOLDER ABOVE ANOTHER, BUT AIMS TO LIVE UP TO ALL PARTIES' NEEDS EQUALLY.

WHAT OUR **STAKEHOLDERS VALUE MOST** continued

Environmental Management Committee of Forestry South Africa

The Environmental Management Committee (EMC) is a sub-committee of Forestry South Africa (FSA), the national forestry industry representative body. FSA members participate in the EMC, which meets three times a year.

The role of the EMC is to:

- Promote environmental standards in forest operations and among members of FSA;
- Provide a platform for FSA members to share and discuss environmental management practices within the plantation forestry industry;
- Inform the FSA executive of environmental and associated risks facing the industry in South Africa;
- Create awareness of, and promote the implementation of relevant environmental legislative developments, environmental research results and new technologies;
- Assess, prioritise and make recommendations on environmental funding applications submitted to FSA;
- Provide a platform to co-ordinate FSA partnership work on environmental issues, for example, the South African National Biodiversity Institute Grassland Programme and Working for Water;
- Provide a conduit for communication to flow from and to other committees, subcommittees and working groups to FSA. Other committees include the Timber Industry Pesticide Working Group, Damage Causing Animal Working Group and the National Standards Setting Working Group;
- Provide recommendations to FSA on publicity and promotion with respect to environmental management; and
- Keep abreast of and provide information on technical developments around FSC and other certification schemes.

The table shows our key collaborations with each institution and where York is a member of focused industry working groups:

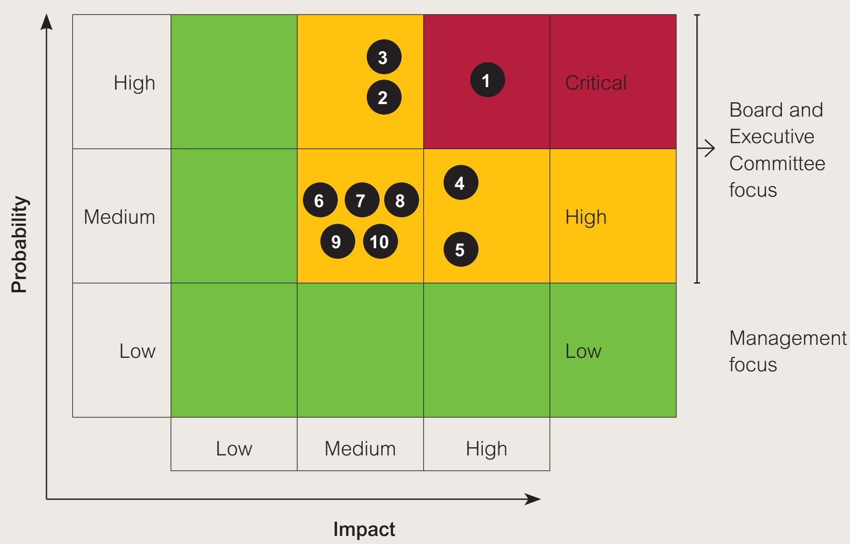
INSTITUTION/ INDUSTRY BODY	PROGRAMMES AND/OR PROJECTS
University of Cape Town	• Behaviour ecology and conservation biology research • Baboon population dynamics
University of Pretoria Forest Molecular Genetics	• Tree Protection Co-operative Programme • Fingerprinting/genotyping of material in our breeding programme for quality control • Development of the Pine SNP Chip for genomic breeding (in collaboration with Camcore) • Pest and disease screening and monitoring
Forestry and Agricultural Biotechnology Institute (FABI)	• Fusarium Pathogen Screening Working Group
Multidisciplinary research programme	York has formed a strategic partnership to establish a multidisciplinary research programme focused on the structural engineering of advanced wood products within the context of a sustainable, timber-based built environment and the wood-based bioeconomy in South Africa. The programme will involve researchers and experts from civil and chemical engineering, architecture (built environment), material science, data science (information science), biological sciences (genetics and breeding) and other related bioeconomy disciplines. The aim is to stimulate the development of a sustainable, mass timber construction industry in South Africa and the African continent based on advanced engineered wood products from locally grown forest plantations.
University of Stellenbosch	• Forestry and wood science research • New sawlog management regimes based on wood properties • Forest Industry Productivity Database
University of British Columbia	York's staff is enrolled in a PhD study on the impact of altitude, soil geology and soil depth on *P.patula* solid wood properties for structural timber and plywood production.
North Carolina State University Camcore	• Access to material and data from a wide variety of species • Testing of species on a wide variety of sites of different companies • Development of the Pine SNP Chip for genomic breeding (in collaboration with the University of Pretoria)
Forestry South Africa	• Forestry Baboon Working Group • Timber Industry Pesticide Working Group • Member of the FSA Environmental Management Committee
Institute for Commercial Forestry Research	• Sirex Wasp Control Programme • Pine Growth and Yield Group
International Union of Forest Research Organisations	• Conferences to share forestry research results

TOP TEN RISKS
TO VALUE CREATION

THE TOP RISKS YORK FACES, TOGETHER WITH THE PROBABILITY OF THESE EVENTS OCCURRING AND THE IMPACT THEREOF (HIGH, MEDIUM AND LOW), ARE LISTED HERE. THE MITIGATING STRATEGIES, TOGETHER WITH OPPORTUNITIES ARISING AND MEASUREMENT OF THE IMPACT, ARE LISTED BELOW.

The Board and management team continuously review the top corporate risks to ensure an appropriate understanding of our operating environment.

The residual risks facing York are reflected on this heat map:



The numbers on the heat map correspond to risks discussed on pages 18 to 23.

YORK CONTINUALLY ASSESSES ITS MAJOR RISKS AND RESPONSES THERETO.

TOP TEN RISKS TO VALUE CREATION continued

1 TOTAL COST OF EMPLOYMENT

- Rapidly rising total cost of employment (salaries and wages) to unsustainable levels.
- Increased from 22% in 2015 to 26% of total fixed cost.
- Competing unions push up cost of employment.
- True cost of employment shows an even higher rate for employing wage-earning employees if consideration is given to the benefits offered to these employees by the Company.

Probability

Impact

Mitigating strategies and opportunities arising

- Increased levels of mechanisation.
- Implementation of productivity measures.
- Potential consolidation of York's sawmill operations in the Escarpment region.
- Proper consideration and motivation of each and every employee placement with the aim of reducing the headcount.
- Rationalisation of headcount with engineering solutions where possible.

Measuring the impact

- Total cost of employment.
- Profitability – EBITDA/revenue.
- Total cost excluding external log purchases.
- Net cash from operating activities.

Capitals affected

2 YORK SHARE PRICE

- York's share price is disconnected from the long-term value of the Company.
- Trading at substantial discount to net asset value.
- Total shareholder returns not linked to Company's performance.
- Creates a negative perception of the Company among investor community.
- Limiting ability to raise capital at a realistic level to fund growth plans.

Probability

Impact

Mitigating strategies and opportunities arising

- Revision of business strategy in progress.
- Formulated policy on dividend payments and/or share buyback.
- Continuous annual profitability.
- Corporate action.
- Investor communication ongoing.

Measuring the impact

- Focus on cash generation and reducing debt.

Capital affected

High Medium Low

3

MARKET CONDITIONS/ PRESENCE IN THE MARKET

- Poor economic growth and a resultant slump in the building and construction industries.
- Reduced levels of sale – specifically plywood – resulting in increased stock levels.
- Impact of the strikes on customer confidence.

Probability

Lumber

- Strong lumber price competition.
- Demand is weak.
- York requires a specific product mix selling basket. Log supply is a constraint.

Plywood

- Local demand for shutterply has diminished due to poor economic conditions and slowdown in construction activities.
- Pressure from Brazilian imports at reduced prices.
- Export market: lower demand with significant price reductions, given downward spiralling prices from Brazil.

Impact

Mitigating strategies and opportunities arising

- Focus on maintaining profit margins and scaling down operations.
- Expand channels to market. Focus on frequency of sales.
- Improve the distribution network.
- Development of a balanced customer base – also addressing slow moving stock.
- Continue to pursue niche export markets.
- Re-establishing North American markets with agent selling directly to end-customers and retailers.
- York product quality acknowledged by the market.
- Scaling down operations to reduce stock and generate cash.
- Service to the market. Frequency of sales and punctual delivery.
- Presence during customers' decision-making process.
- Expansion of the customer base.
- Develop alternative uses for plywood.

Measuring the impact

- Improving segmental profitability.
- Increase net cash from operating activities.
- Maintain local market share and improve export volumes.
- Reduce stock levels.
- Improve net cash flow from operating activities.

Capitals affected

TOP TEN RISKS TO VALUE CREATION continued

4 UNION RIVALRY AND INDUSTRIAL RELATIONS STRATEGY

- Risk of disruptions due to ongoing rivalry between opposing unions.
- NUMSA is not recognised within the Bargaining Council for the Wood and Paper sector.
- On-site negotiations are costly and time consuming.

Probability

Impact

Mitigating strategies and opportunities arising

- Recognition agreement with NUMSA is being finalised.
- Continuous and direct communication with employees and unions on a number of platforms.
- Appointment of an experienced communication consultant.
- Open the communication channels between employees and various levels of management to minimise distorted information flow from unions to employees.
- On-site negotiations and targeting multi-year wage agreement.
- Strike mitigation action plans.
- Aligning Human Resources division structure to accommodate changing requirements.
- Building of relationships and company culture.

Measuring the impact

- Active responsible social citizen.
- Adherence to Company policies and procedures.
- Business interruption impacting EBITDA.

Capitals affected

5 LAND EXPROPRIATION WITHOUT COMPENSATION

- Government is investigating the possibility of changing the Constitution of South Africa to enable the expropriation of land without compensation.
- York, as a substantial private land owner, could become a target for expropriation.
- Creating uncertainty and a negative perception among investors.

Probability

Impact

Mitigating strategies and opportunities arising

- Forestry industry's collective response and engagement with Government via Forestry South Africa. A constructive meeting was held with a positive response.
- Direct communication and inputs to Government.
- Structures to efficiently deal with land claims are in place.

Measuring the impact

- Value of biological asset.
- Supply of sufficient raw material to processing plants.
- Change in total landholding that could impact financing from banks.
- This could lead to reduction of staff, scaling down of operations and retrenchment.
- The productive asset base of the business being reduced, impacting the profitability of the Company.

Capitals affected

High Medium Low

6 EXTERNAL LOG PROCUREMENT AND SALES

- South African Forestry Companies Limited's (SAFCOL) marketing policy that allows it to limit the supply of logs to the market and thereby inflate the floor price.
- No clear price policy and lack of long-term supply agreements.
- This has pushed up log prices in the Mpumalanga and Limpopo provinces to 15% above the industry average.
- Profitability of processing operations is slowly being eroded by SAFCOL's historical excessive log price increases.
- Excess volumes not offered as part of the bidding process are then either exported or sold outside the tender process.

Probability

Impact

Mitigating strategies and opportunities arising

- Ongoing engagement with SAFCOL on the revision of its marketing policy – specifically relating to a transparent pricing mechanism as well as the implementation of three- to five-year renewable log supply agreements.
- Engagement with SAFCOL on proposed co-operation models.
- Alternative log supply solutions are being actively pursued and procured.
- Consolidation of operations by implementing new technology.
- Sappi supply and offtake agreements.
- Exploration of opportunities for expansion of forestry landholdings in South Africa.
- Enhance the effectiveness of processing facilities.

Measuring the impact

- Procure external logs at market related prices.
- High log prices impact value margin of sawmills.
- Direct EBITDA impact.
- Investment in processing facilities becomes risky if there is no security of raw material supply.

Capitals affected

7 MILL INTAKES AND PRODUCT MIX

- Log mix supply optimisation and erratic supply due to third-party suppliers.
- Product mix is determined by the log mix delivered to the processing plants.
- Log mix is impacted by log diameter and length.
- Processing technologies vary between processing plants requiring logistics to supply optimal log mix to each processing facility.

Probability

Impact

Mitigating strategies and opportunities arising

- Effective procurement of external logs in terms of price, volume and period of supply.
- Infield log mix management via LogTrace system.
- Three-month rolling forecast combined with efficient production and market supply planning.
- Acquired inbound logistics capability to be flexible in order to supply the optimal mix to the processing plants.

Measuring the impact

- Net cash from operating activities.
- EBITDA return on capital employed.
- Sustainability of own plantations.
- Processing plants' throughput and value margin in terms of market elements.
- Producing quality products.

Capitals affected

TOP TEN RISKS TO VALUE CREATION continued

8

INFORMATION SYSTEMS (TECHNOLOGY DISADVANTAGE)

- Current ERP system is old, outdated and no longer supported.
- Various other systems are being used throughout York which are not integrated, creating islands of information.
- Radio communication capabilities for operations.

Probability

Impact

Mitigating strategies and opportunities arising

- New ERP/financial system project implementation in progress. Phased implementation with target go-live date of 1 November 2019.
- Data management and enhanced decision-making tools.
- Big data analysis capability increased.
- Migration and upgrade to digital radios in progress.

Measuring the impact

- Control IT spend.
- Enhance decision-making.
- Enhance control environment throughout the organisation.

Capitals affected

9

TRANSPORT AND LOGISTICS COSTS

- Increasing cost of inbound and outbound transport.
- Fleet management control.
- Increasing repair and maintenance costs due to aging equipment.

Probability

Impact

Mitigating strategies and opportunities arising

- Insourcing of operations – acquisition of major inbound log transport contractor operations.
- Mercedes Benz facility of R50 million for the acquisition of new trucks.
- Optimise decisions on equipment replacement requirements.
- Reduce delivery cost of raw material and final product to customers.
- Focus on central dispatch planning to improve both efficiencies and customer service levels.
- Continuous training by workshop staff with various original equipment manufacturers – inspection and preventative maintenance.

Measuring the impact

- Transport and logistics costs.
- Value margin – sawmills.
- Value margin – plywood plant.
- Profitability – EBITDA/revenue.
- Total cost excluding external log purchases.
- Net cash from operating activities.
- EBITDA return on capital employed.

Capitals affected

High Medium Low

10 FIRE

- Plantation fire – loss of trees younger than 10 years.
- Skew age distribution of trees in the escarpment due to 2007 fires, resulting in increased pruning and thinning operations and leading to higher fuel load.
- Neighbouring plantations constituting a higher risk due to non-conclusion of firefighting agreements and fire readiness preparation.
- Neighbouring community unrest due to unresolved Government issues.
- Fire at processing plants – physical loss and business interruption.
- Fire risks at warehouse operations.

Probability

Impact

Mitigating strategies and opportunities arising

- Self-insurance fund for forest fires is in place.
- Implemented a Fire Management and Protection Plan. Continuous improvement.
- Focus on identification of high-risk areas, fuel load reduction.
- Under-canopy burning implemented to further reduce fuel load in high-risk areas.
- Most compartments planted are being burnt prior to planting to reduce fuel load. This has been complemented by the addition of mulching capability, which has added capacity to reduce fuel load when unable to burn.
- Early detection and rapid initial attack.
- Enhanced digital detection with wider coverage, resulting in reduced manual lookouts – phasing out of manual detection.
- Continued investment in adequate firefighting equipment – first forestry company to implement the latest technology compressed air foaming system (CAFS) firefighting trucks (2x) for the South African forestry industry for the control of wild fires.
- All applicable employees are trained and prepared. Process to be expanded going forward.
- External service providers to retrain all York fire proto teams.
- All strike teams are fully trained and equipped. They are placed at strategic positions on high fire danger days to ensure quick response to fires.
- Improved communication with teams adds to quicker response time.
- Audited and approved fire plans are in place for all processing plants.
- Regular testing of fire hydrants and equipment.
- Implementing fire audits and plans for warehouse sites.
- Risk engineer annual review of processing risk – including fire – York improvement shown annually.
- Sprinkler systems are in place at selected sites.

Measuring the impact

- Value of biological assets.
- Profitability – EBITDA/revenue.
- Total cost excluding external log purchases.
- Net cash from operating activities.
- EBITDA return on capital employed.
- Self-insurance fund value.
- Time to respond from onset of fire.

Capitals affected

CHAIRMAN'S REPORT

THE BOARD REMAINS CONFIDENT THAT THE OPERATIONAL STRENGTHS AND EFFICIENCIES THAT THE GROUP HAS IMPLEMENTED WILL ASSIST IT IN WEATHERING THE CURRENT MARKET CONDITIONS AND WILL UNDERPIN ITS RECOVERY.

Dr Jim Myers
Chairman

WEATHERING THE STORM

This past year has been challenging across our operating spectrum. We have experienced unprecedented labour action, with aggressive and destructive results, a weak economic environment and management distractions due to the labour negotiations. Action began in April 2018 and continued off and on until January 2019. Not only was property destroyed but management individuals were attacked. It is clear that we are not alone in experiencing these aggressive labour actions and, as a result, the overall economy was weakened. Government spending on major construction projects was minimal, impacting the construction industry across the board. In spite of these conditions, management focused on the preservation of value. That has brought the Company through significant stress and succeeded in maintaining a sound financial backdrop for the Company remaining strong.

THE ECONOMIC ENVIRONMENT

South Africa continues to experience a tough economic environment, which is characterised by a lack of growth and a high unemployment rate. Disruptions to electricity supply and the shifting of political focus to the general elections in May added to the deterioration of the local economy.

Business confidence is low and capital investment projects are on hold or postponed. The housing market, that consumes the biggest percentage of the lumber products York produces, is not growing. The industry is also experiencing high stock levels and prices are under severe pressure.

The plywood market is the hardest impacted by the lack of economic growth as it is the main product for shuttering in cement forming work. The top five construction companies in South Africa are struggling financially and two have filed for business rescue. The primary driver of the recovery of the construction sector is Government spending and the private sector's confidence in the South African economy to invest.

Real GDP growth in calendar year 2019 is expected to be barely positive, with only a mild recovery the year thereafter. The marginal easing of interest rates is not expected to stimulate spending significantly. The recovery of the construction and housing sectors is therefore not foreseen in the short term.

Tension between the USA and China has further added jitters to the global economy.

YORK'S PERFORMANCE IN 2019

During the year, we were subjected to extensive labour actions, with four strikes causing the loss of 239 production days. The aggressive actions of the unions have led to the disruption of management and the Board and translated directly into weaker financial results. We were finally able to reach agreement in January 2019 with all parties.

Our strong management has, however, managed to preserve the core values of the Group. The process caused York to change its approach to labour relations to improve open communication and thereby prevent any recurrence of the events of the past year. It should stand us in good stead negotiating with two strong unions going forward.

In terms of our financial results, the labour disruption resulted in a loss of focus on shareholder value as a strategic objective:

- Revenue was down 12% compared to the previous year;
- Gross profit decreased by 17% and operating profit by 154%;
- Core earnings are down 70% at R25 million and headline earnings are up 10%;
- Biological assets appreciated by 8% to R1 134 million; and
- Underlying tangible net asset value of 11,39 cents per share represents an increase of 7%.

Despite this, management preserved value on which the Company can continue to build. This commitment and a strong ethical culture will carry York through the current demanding economic environment. As the Company recovers from the impact of the labour action and weak economic environment, we will return to our focus on shareholder value.

York's financial highlights for the past year are shown on the front flap, with an eight-year financial review on page 6.

OUTLOOK

The Board remains confident that the operational strengths and efficiencies that the Group has implemented will assist it in weathering the current market conditions and will underpin its recovery.

The restructuring of the Human Resources division will prevent further disruption in the short term. In the long term, we believe in the resilience of the Company and the strength of its management team, to recover and return to its strategy of providing value to all its stakeholders.

York has developed export markets for plywood successfully, but these markets have lost confidence in the Company's ability to deliver products consistently due to the recent strikes. We are committed to restoring relationships and exploring new market opportunities. This will take time and we will have to prove to these markets that we can supply our product on time and at the required volumes and quality.

We believe that, as the economy turns, York will be able to return to growth and maintain even stronger market presence based on the efficient operating environment created over the past years. York's product quality remains well-regarded in the market and the return to a growing global economy will see the demand for York's plywood returning.

The fundamentals in the business remain sound, with healthy forests, a talented and experienced management team and workforce and the financial means to support the strategy.

APPRECIATION

I wish to thank my fellow Board members for their non-wavering support. On behalf of the Board, I welcome our new Board members and look forward to our future interactions.

We appreciate the commitment of our Chief Executive Officer, Pieter van Zyl, and his senior management team and the dedication from all York's employees. We touch the lives of a large community with your help.

Together we remain committed to long-term value creation for all stakeholders.

Dr Jim Myers
Chairman

27 September 2019

CHIEF EXECUTIVE OFFICER'S REVIEW

Pieter van Zyl
Chief Executive Officer

DESPITE MACRO-ECONOMIC CHALLENGES IN ITS PRIMARY MARKET AND PROLONGED LABOUR ACTION, YORK MANAGED TO RETURN POSITIVE RESULTS.

THE PAST YEAR

Cost-effective operations

York was affected by significant labour unrest during the past year. It has resolved the issues and has overcome the disruptions. The strike did, however, have a direct bearing on our results:

- Turnover is down 12% to R1,601 billion;
- Gross profit is down 17% to R460 million;
- EBITDA is down 28% to R205 million; and
- Cash generated by operations is down 21% to R224 million.

The business has, despite the obstacles, remained profitable and cash-generative as a result of its cost-effective operations. Through ongoing cost-consciousness and stringent controls, total costs in the business have been contained to an escalation of 7% per annum over the past seven years. This will stand us in good stead going forward.

Balance sheet remains strong

York has a strong balance sheet:

- The biological assets are now valued at R3,155 billion;
- Tangible net assets are carried at R2,735 billion; and
- Cash reserves at year-end amount to R89 million.

It gives York the capability to unlock value from raw material and service its market effectively through its established distribution network.

FINANCIAL HIGHLIGHTS
York's financial highlights for the year are reflected on the front flap.

York continues to deliver long-term value:

REVENUE GROWTH

Total revenue has grown at a CAGR of 5% over the past seven years.

REMAINING PROFITABLE

Total EBITDA of more than R1,7 billion delivered over the past seven years.

CONSTANTLY IMPROVING BIOLOGICAL ASSETS

The continual improvement is reflected in a 6% CAGR since 2012.

CASH GENERATED FROM OPERATIONS

York continues to deliver positive cash flows from operations.

REDUCED DEBT

During the year, net debt reduced by R121 million.

UNDERLYING VALUE

Underlying TNAV has grown at a CAGR of 8% since 2012.

CHIEF EXECUTIVE OFFICER'S REVIEW continued

STRATEGIC UPDATE

LUMBER
Cost optimisation

Optimise our supply chain to deliver lumber at a competitive price and improved margins.

Progress in 2019

Finger jointing capacity was consolidated to optimally utilise resources, reduce lead times and reduce inventory.

Overall equipment effectiveness was improved to increase productivity.

The Jessievale warehouse was completed and consequently product flow was improved.

Opportunities in 2020

Increase Jessievale capacity by approximately 40% to fully utilise the available raw material.

Integrate the sawmilling operations in the Escarpment, with a focus on customer demands.

The target is to consolidate processing into a more flexible and productive unit while not increasing unit cost of production.

PLYWOOD
Perform at capacity

The plywood plant is an internationally competitive plywood manufacturing facility and the objective is to fully utilise this capability.

Progress in 2019

Upgrades on critical machinery were completed.

Effective production management plans were implemented to balance customer orders with raw material properties and plant capacities.

Overall equipment effectiveness was achieved through improved maintenance planning and short interval control.

Opportunities in 2020

Balance plant capacity to more efficiently supply specific market segments.

Reduce supply chain costs for exports.

FORESTRY
Optimising operations

Operations are optimised to improve the quality and volume of the raw material, reduce the environmental risks, optimise supply chain costs and adapt to market requirements.

Progress in 2019

Log transport was insourced to leverage economies of scale.

Mulching and mechanical pitting were implemented in the Highveld to reduce fire risk and improve tree growth.

LogTrace reporting was improved to increase transparency, responsiveness and log scaling flexibility.

Opportunities in 2020

Invest in tree breeding, focusing on improved wood properties, increase yield response to site-specie matching.

Integrate forest engineering processes with product optimisation for specific mills aimed at target market segments.

WHOLESALE
Improved frequency of sales

The warehouses enable York to have a distributed network of product buffers and sales units. This reduces the lead time between placement of an order and delivery of the product.

Progress in 2019

The finger jointing capacity of the Roodekop drymill was increased to improve market flexibility.

Supply chain co-ordination was improved to ensure that the optimal mix of products was stored at the warehouses.

Opportunities in 2020

Improve the customer experience when dealing with York operations to enable successful businesses.

OUTLOOK AND FOCUS FOR THE YEAR AHEAD

RESEARCH

All future value creation is based on the quality of York's biological assets, which we constantly develop and improve.

York works with world-renowned research institutions to achieve the best quality product.

Future value creation (capital affected)

NEW INITIATIVES

We are particularly excited about a new opportunity to sponsor a chair position in wood structural engineering and the associated laboratory at the University of Pretoria. It represents a strategic partnership to establish a multidisciplinary research programme in South Africa's bioeconomy. This will be announced soon.

Future value creation (capitals affected)

REBUILDING CUSTOMER RELATIONSHIPS

During the prolonged strikes, York lost market sentiment. It is currently rebuilding its position as a reliable supplier – we have the ability to supply superior quality products at a competitive price with the required grading and sustainability certifications, making our products more attractive than the lower quality imported alternatives. We are working to regain and extend our market share.

Future value creation (capital affected)

ALTERNATIVE MARKETS

We have identified markets that utilise plywood in many applications other than just concrete shuttering. We have also identified under-supplied gaps in the market. We will augment our current market presence by pursuing these alternative markets.

Future value creation (capital affected)

LEADING ETHICALLY

The Board and management of York shall continue to lead ethically and by example. During the strike action, various accusations of impropriety were levelled at management but were duly allayed as false tactics.

Refer to the Social and Ethics Committee report on page 44 for more information on these events.

Future value creation (capitals affected)

NEW ERP SYSTEM

The new ERP system is due to go live during the last quarter of the 2019 calendar year. The system will deliver better access and analysis of data for improved decision-making. It will also introduce an enhanced control environment. Data analysis will be fully integrated, with the benefit of reducing administrative costs.

Future value creation (capitals affected)

VALUE APPRECIATION

We will continue to show the underlying value in our operations and assets to combat the disappointment of ongoing low share price levels. Management will continue to take responsibility for rectifying the anomaly.

Future value creation (capital affected)

YORK CONTINUES TO FOCUS ON CREATING VALUE FROM ITS RESOURCES.

YORK'S MOST VALUABLE ASSET

I am both impressed by and grateful for the resilience that York's employees showed to recover after the strikes. The bulk of the Company's EBITDA, namely R201 million, was achieved in the six months from January to June 2019.

I thank all our management and employees for the extra effort they put in.

GRATITUDE TO THE BOARD

I also wish to extend my heartfelt gratitude to the Board for their support through the turmoil caused by the strikes. Their wisdom and experience came to bear. Thank you!

Pieter van Zyl
Chief Executive Officer

27 September 2019

OUR LONG-TERM **SUSTAINABILITY**

YORK SUBSCRIBES TO THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT AND ASSOCIATED SUSTAINABLE DEVELOPMENT GOALS (SDGs).

The 17 SDGs balance the three dimensions of sustainable development: economic, social and environmental. This distillation of challenges makes them actionable for business leaders. Our primary focus, as it relates to the identified material issues, is on the following goals:

CAPITAL	SDG	OUR PRIMARY FOCUS
NATURAL CAPITAL		
Enhance the quality of the biological assets to ensure we extract optimal value on a sustainable basis	15 LIFE ON LAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns
	13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts
MANUFACTURED CAPITAL		
Improve operating efficiencies, upgrade outdated technologies, increase throughput and consolidate poor-performing facilities to maximise value creation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
	7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all
HUMAN CAPITAL		
Attract new talent, develop and stimulate a growth mindset within York	4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
	8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
SOCIAL CAPITAL		
Being mindful of the greater community affected by our operations and contributing to its upliftment	3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages
	6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all

THE RELEVANT MATERIAL ISSUES

- Proactively manage pests and diseases
- Refine tree breeding processes
- Enhance nursery ability to produce quality hedges and cuttings
- Value extraction from harvested volumes
- Management of conservancy areas
- Extract optimal value from raw material

- Development of new pine species
- Carbon sequestration in sustainable forests

- Maintenance of equipment, utilisation of machine capacities
- Using technology to identify wood properties suited for the required market segments
- Refine drying techniques to ensure product stability
- Biomass power plant under consideration

- Create a professional and stimulating business culture in line with the core values of York:
  - Connectivity
  - Commitment
  - Integrity
  - Innovation
  - Responsibility

- Developing a sustainable community-based model

WE ALSO RESPECT AND CONSIDER

1 NO POVERTY	End poverty in all its forms everywhere	2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	10 REDUCED INEQUALITIES	Reduce inequality within and among countries
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

BOARD OF DIRECTORS

WHO GOVERNS US

DR JIM MYERS

(Born 1940) US citizen
Chairman
Appointed: 26 February 2007

Qualifications: *BA Mathematics (Texas A&M); MA Mathematical Physics (Arizona); PhD Industrial Engineering/Operations Research (Texas Tech)*

Skills and experience: Jim has over 30 years' international business experience, specialising in the telecommunications industry. Jim's wide-ranging experience includes the definition, development and implementation of management systems for the finance, engineering and production disciplines. He first came to prominence in Africa when he led the team that acquired MTN South Africa in the early 1990s on behalf of the giant American company before it was later sold. He was the principal driver behind the establishment and promotion of the consortium that acquired the SBC/Telekom Malaysia equity stake in Telkom SA.

Jim's vast international deal-making experience is both inspiring and valuable in the next phase of York's growth.

PIETER VAN ZYL

(Born 1963)
Chief Executive Officer
Appointed: 8 April 2009

Qualifications: *BSc Agric (Pretoria); BSc Agric Economics Hons (Pretoria); MBL (Unisa)*

Skills and experience: Pieter has considerable experience in manufacturing and the solid wood processing industry. He has a successful track record in delivering complex change and returning companies to profitability. His leadership in cost optimisation and knowledge of market dynamics distinguishes him in the industry. His vision and ability to inspire teams are significant in executing growth strategies. This, coupled with his skill in identifying strategic investment opportunities, provides a solid platform for York's success. Pieter brings a wealth of timber and sawmilling industry knowledge and expertise to York. His diverse skills cover manufacturing, marketing, change management, investment banking, people and strategy development. Pieter's executive management style is completely hands-on, ensuring an accurately executed strategy.

DINGA MNCUBE

(Born 1959)
Independent non-executive
Appointed: 6 March 2013

Qualifications: *BSc Forestry (Washington State); MSc Forestry Business (Idaho); MCom Business Management (Johannesburg)*

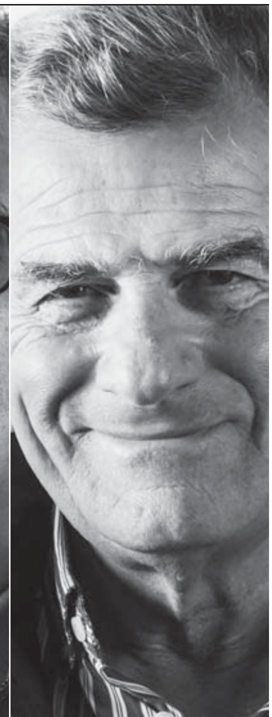
Skills and experience: Dinga has 20 years' executive experience in forestry, timber processing, paper and pulp businesses. He is a leading figure in the forestry transformation process. Among other achievements, Dinga played a prominent part in the revival of Project Grow, an award-winning enterprise development programme at Sappi. He played a key role in driving Sappi's R814 million black economic empowerment transaction in 2010. Dinga is a vital figure in York's transformation efforts, backed up by his solid industry experience.

SHAKEEL MEER

(Born 1962)
Non-executive
Appointed: 4 September 2007

Qualifications: *BSc Engineering (KwaZulu-Natal); Advanced Management Programme (Insead); Developing Strategy for Value Creation (London Business School); Senior Management Development Programme (Euromoney); MBL (Unisa)*

Skills and experience: Shakeel is an executive at the Industrial Development Corporation with overall responsibility for corporate strategy, management of listed equities, marketing and communications, assets and liabilities management, procurement, information technology and research as well as overall responsibility for managing off-balance sheet and ring-fenced funds. He has previous experience in investments in various sectors of the economy, including mechanical engineering – design and maintenance of systems. Shakeel's experience and familiarity with the workings and people in the South African financial markets arena are important to York.



DR AZAR JAMMINE

(Born 1949)
Independent non-executive
Appointed: 5 October 2010

Qualifications: *BSc Hons Mathematical Statistics (Wits); BA Hons Economics cum laude (Wits); MSc Economics (London School of Economics); PhD Economics (London Business School); Post-Doctoral Fellowship Centre for Business Strategy (London Business School)*

Skills and experience: Azar started his career as an investment analyst and has more than 30 years' experience in economics. He specialises in macro-economics and financial markets and is co-author of the books McGregor's Economic Alternatives, Trends Transforming South Africa and Mindset for the new generation in South Africa. York is fortunate to have Azar with his distinguished reputation guiding its approach to its economic challenges.

Executive | Audit Committee | Social and Ethics Committee
Remuneration and Nomination Committee | Risk and Opportunity Committee

GERALD STOLTZ

(Born 1978)
Chief Financial Officer
Appointed: 1 December 2017

Qualifications: *BCom Accounting (Hons) (CTA) Pretoria; CA(SA)*

Skills and experience: Gerald has 18 years of experience in the timber industry. He functioned successfully as the Corporate and Processing Financial Manager and participated on the senior management committee for five years at the Company before being appointed as the Chief Financial Officer. He has valuable knowledge and experience of the Company and the timber industry. He has extensive expertise in financial modelling and demonstrates sound financial technical expertise. His strategic financial decision-making skills, leadership experience shown in a listed environment as well as proficiency in solid wood processing and forestry financial management are extremely valuable to York.

MAX NYANTEH

(Born 1978)
Independent non-executive
Appointed: 14 February 2019

Qualifications: *BCom Accounting (Hons) (CTA) UCT; CA(SA)*

Skills and experience: Max has over 15 years of experience in financial services, which includes, *inter alia*, current employment at Identity Capital Partners as part of a team of professionals whose activities include carrying out strategic investments and advisory work. His previous employment was at Standard Bank, in the capacity of Dealmaker – Leveraged Finance where he was responsible for deal sourcing, financial structuring, negotiation and execution of leveraged financed type transactions in the business banking area.

HETISANI MBANYELE-NTSHINGA

(Born 1980)
Independent non-executive
Appointed: 14 February 2019

Qualifications: *BTech Human Resources Management Technicon Witwatersrand; MBA University of Witwatersrand*

Skills and experience: Hetisani has extensive experience in the forestry and agricultural sectors and was responsible for growing Yarona Farms from a subsistence farming company to an award-winning maize producer in the Free State. Her valuable knowledge of human resource practices and outsourced management was attained in various capacities to senior management at Eskom, National Treasury, the National Empowerment Fund and Afgri.

ANDRIES BRINK

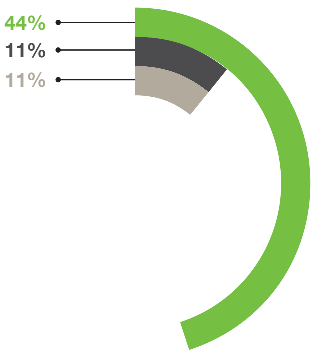
(Born 1958)
Independent non-executive
Appointed: 14 February 2019

Qualifications: *BCom Accounting Pretoria, (Hons) (CTA) Unisa; CA(SA)*

Skills and experience: Andries is a qualified chartered accountant with an extensive 30 years of experience in auditing domestic and multinational companies until his retirement in 2018. He currently serves as non-executive director at a number of international companies in South Africa. He served on the Africa Governance Board of PricewaterhouseCoopers (PwC) for four years and, until recently, he acted as a leader of the Africa Private Company Services (PCS) and the PwC Global PCS leadership team.

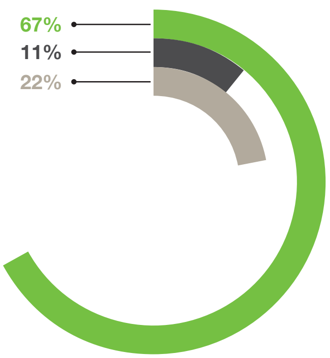
BOARD OF DIRECTORS continued

Board diversity



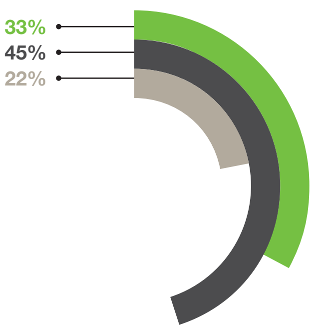
Black
Black female
Female

Independence



Independent non-executive directors
Non-executive directors
Executive directors

Diversity of age



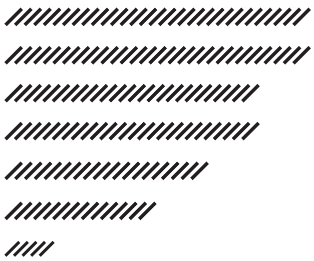
35 – 50 years
51 – 65 years
66 – 80 years

YORK'S BOARD IS COMPRISED OF INDIVIDUALS WHO BRING VALUABLE AND EXTENSIVE SKILLS TO THE COMPANY.

Nine directors

constituting a majority of non-executive directors, the majority of whom are independent.

SKILLS AND EXPERTISE



66%	Accounting, auditing, financial services, corporate finance
66%	Multinational/large corporate
55%	Strategic planning, innovation
55%	Africa and international expansion
44%	Solid wood processing and forestry industry
33%	Economics/IT/telecommunications
11%	Human resources

DIRECTORS' CVs
A brief CV of each director is on pages 32 and 33, reflecting diversity in terms of academic qualifications, expertise and race.

0 – 5 YEARS

Gerald Stoltz
Chief Financial Officer
Board member since: 2017

Max Nyanteh
Independent non-executive director
Board member since: 2019

Hetisani Mbanyele-Ntshinga
Independent non-executive director
Board member since: 2019

Andries Brink
Independent non-executive director
Board member since: 2019

6 – 9 YEARS

Dr Azar Jammine
Independent non-executive director
Board member since: 2010

Dinga Mncube
Independent non-executive director
Board member since: 2013

>9 YEARS

Shakeel Meer
Non-executive director
Board member since: 2007

Dr Jim Myers
Independent non-executive director
Board member since: 2007

Pieter van Zyl
Chief Executive Officer
Board member since: 2009

EXECUTIVE COMMITTEE | WHO LEADS US

MANAGEMENT IS RESPONSIBLE FOR THE IMPLEMENTATION AND EXECUTION OF THE APPROVED STRATEGY THROUGH POLICY AND OPERATIONAL PLANS DELEGATED TO IT BY THE BOARD. THE KEY FUNCTIONAL AREAS ARE HEADED UP BY COMPETENT INDIVIDUALS AND ARE ADEQUATELY RESOURCED.

PIETER VAN ZYL
Chief Executive Officer

GERALD STOLTZ
Chief Financial Officer

KUDAKWASHE PHAIRAH
General Manager: Forestry

SIXOLILE MSAYI
Country Manager

SUE HSIEH
Company Secretary

NUNO GOMES
Marketing Executive

SENIOR MANAGEMENT TEAM, ADVISORS AND CONSULTANTS

Senior management team

Rakesh Bhagwandhin	*Forestry Financial Manager*
Deon Breytenbach	*General Manager: Processing*
Schalk Grobbelaar	*Group Engineer*
Reinhard Mulder	*Strategic Development Manager*
Rudi Röhrs	*Executive Sales Manager*
Koot van der Walt	*Wholesale Division Manager*
Estella van Wyk	*Central Procurement Manager*
Anina Coetzee	*Acting Chief Human Capital Officer*
Oscar Tait	*Sabie Operations Manager*

Corporate advisors

Eric Droomer	*Corporate advisor*
Gerhard Kruger	*Information systems, design of architecture and software developer*
Andre Moller	*Forestry Mentor and Operational Manager*
Happy Nkhoma	*Corporate Public Affairs Advisor*

Consultants on retainers

Dr Charlie Clarke
Martin Herbert
Mike Howard
Prof Mike Wingfield

CORPORATE GOVERNANCE

COMMITMENT TO ETHICAL AND EFFECTIVE LEADERSHIP

York's governing body is its Board of Directors (Board) and it supports integrated thinking, which takes account of the connectivity and interdependencies between a range of factors that affect York's value creation ability in a sustainable manner. The Board considers good corporate governance as integral to the organisation and essential to creating value for all stakeholders and enhancing the performance of the Group.

The Board understands that the foundation of good corporate governance is ethical and effective leadership, which will yield beneficial governance outcomes such as sustainable performance and value creation for the Group and its stakeholders. The Board is committed to such leadership by providing strategic direction and informed oversight of implementation and performance to management.

STATEMENT OF COMPLIANCE

York subscribes to full compliance with the Companies Act, 71 of 2008, as amended (Companies Act), the JSE Limited Listings Requirements (JSE Listings Requirements) and the King IV Report on Corporate Governance for South Africa, 2016 (King IV), as well as all other applicable laws and regulations.

APPLICATION OF KING IV

This report has been prepared in terms of the JSE Listings Requirements, where certain practices of King IV are mandatory.

GOVERNANCE STRUCTURE

There is a clear division of responsibilities at Board level.

The Board delegates authority to relevant Board committees to ensure that all issues of strategy, performance, resources and standards of conduct and responsible governance are applied.

The roles of the independent non-executive Chairman and the Chief Executive Officer (CEO) are separate and distinctly defined.

The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning and also serves as the chief link between management and the Board.

The Company Secretary supports and co-ordinates the functioning of the Board and its committees.

A brief CV of each director is on pages 32 and 33, reflecting diversity in terms of academic qualifications, expertise and race.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board considered the indicators set out in King IV holistically and on a substance-over-form basis when assessing the independence of each director for purposes of categorisation. The majority of directors serving on the Board are classified as independent as they have an absence of an interest, position, association or relationship which is likely to influence unduly or cause bias in decision-making. The Board is satisfied that these directors act with independence of mind and in the best interest of the Company.

One non-executive member, who has served for longer than nine years on the Board, will continue to serve in an independent capacity. The Board has conducted an assessment every year after nine years and has concluded that the member exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

BOARD APPOINTMENTS

Directors are appointed in a formal and transparent manner. Each of the directors has been separately identified by the Nomination Committee as a person with the required skills, business experience and qualifications as well as ethical integrity to contribute to the strategy and performance of the Company.

The Board considers the nomination and values of those that will ensure diversity among the Board members, taking into account the recommendations put forward by the Nomination Committee.

THE KING IV APPLICATION REGISTER
is available on **www.york.co.za**

CORPORATE **GOVERNANCE** continued

Appointments of directors are ratified at the annual general meeting of shareholders.

Paul Botha, one of the longest serving non-executive directors on the Board, resigned on 27 November 2018. His service and contribution to the Company during his tenure has been invaluable. Maserame Mouyeme and Thabo Mokgatlha resigned on 30 November 2018. Gavin Tipper resigned on 3 December 2018. Max Nyanteh, Hetisani Mbanyele-Ntshinga and Andries Brink were appointed as independent non-executive directors with effect from 14 February 2019. Max Nyanteh and Andries Brink were also appointed as a member and Chairman of the Audit Committee, respectively.

One-third of the directors are required to retire by rotation at the annual general meeting as required in terms of the Companies Act and York's memorandum of incorporation. Details of the directors considered for re-appointment are given in the notice of annual general meeting to shareholders. The Board supports the re-election of these directors.

DIRECTOR INDUCTION

Newly appointed directors participate in an induction programme managed by the CEO and Company Secretary. The induction programme is to familiarise new directors with their rights, duties and functions; ensure that they attain a level of understanding of the business, operations and industry as well as to maximise the level and degree of their contribution to the Board.

The new directors are provided with the essential knowledge of the Company's strategy, risks, operations and knowledge in industry perspectives. The newly appointed independent non-executive directors attended a site visit as part of their induction to familiarise themselves with the forestry and sawmilling operations. They were also given an opportunity to meet the management team. The site visit and interaction with the management team allow the directors to gain a comprehensive understanding of York, its business environment and the markets in which it operates.

DIRECTOR DEVELOPMENT

As part of the directors' development at York, a series of meetings, presentations, site visits and events are held throughout the year. These visits provide valuable insight for the directors to track value creation to all stakeholders of the organisation.

During June 2019, the directors visited York's Sabie and plywood operations and plantations. During the visit, directors had opportunities to interact with staff from various divisions ranging from junior to management levels. The directors also had sight of the opportunities in structural engineering of advanced engineered wood within the context of a sustainable, timber-based built environment and the wood-based bioeconomy in South Africa.

BOARD COMMITTEE COMPOSITION

The allocation of roles and responsibilities and the composition of Board committees have been considered holistically by the Board with the aim to promote effective collaboration among committees with minimal overlap and fragmentation of duties, as well as a balanced distribution of power. These delegation arrangements are to promote independent judgement, to assist with balance of power and to assist with the effective discharge of its duties by the Board. Members of the executive and senior management are invited to attend Board committee meetings, either by standing invitation or on an ad hoc basis to provide pertinent information and insights in their areas of responsibility.

GENDER AND RACE DIVERSITY DISCLOSURE

York has adopted a formalised and combined policy on the promotion of gender and race diversity at Board level, which is reflective of the process followed in appointing its Board. The voluntary target set for female representation on the Board has been set at 10% and a voluntary target for race diversity was set at 40%. Gender and race diversity targets were effectively maintained during the financial year.

Diversity targets relating to the composition of the Board are considered and, in the event of replacement opportunities for directors, the balance of skills required to enable the Board to properly perform its duties and meet its responsibilities are also taken into account.

The composition of the Board is set out on page 34.

The Board diversity policy is available on **www.york.co.za**.

EVALUATION OF THE PERFORMANCE OF THE BOARD

Performance evaluations of the Board, its committees, the Chairman and individual members were undertaken during the reporting period. The evaluations were conducted formally and were not externally facilitated but in accordance with the methodology approved by the Board. The contribution, value and participation were considered satisfactory and positive. The skills on the Board were also assessed to be well balanced.

The Board is satisfied that the evaluations process is improving its performance and effectiveness. It is also satisfied that all committee members collectively have the skills and capacity to fulfil the mandate and that all the committees have performed their responsibilities in compliance with their terms of reference for the period under review.

DIRECTORS' DISCLOSURES OF CONTRACTUAL INTERESTS

Directors of the Company provide disclosures to the Company Secretary as soon as the disclosures are updated. Directors are also given the opportunity to disclose any material interest in contracts with the Company or its subsidiaries at every Board meeting in terms of section 75 of the Companies Act. These updated disclosures are noted by the Company Secretary and kept in a separate register of directors' disclosures.

BOARD AND COMMITTEE MEETING FREQUENCY

Board committee membership, attendance and compliance with King IV

Board and committee meeting attendance for the year under review:

	DIRECTOR	BOARD	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	RISK AND OPPORTUNITY COMMITTEE
For the period 1 July 2018 – 31 December 2018						
Independent	Dr Azar Jammine	7/7	1/1	1/1 Remuneration[#]		
	Dr Jim Myers	7/7[#]		1/1 Nomination[#]		1/1
	Dinga Mncube	7/7			1/1[#]	1/1
	Thabo Mokgatlha^	3/7	1/1	1/1		
	Maserame Mouyeme^	3/7		1/1	1/1	
	Gavin Tipper<	4/7	1/1[#]		1/1	
Non-executive	Paul Botha>	4/7		1/1		1/1[#]
	Shakeel Meer	6/7				1/1
Executive	Pieter van Zyl	6/7	1/1[##]	1/1[##]	1/1	1/1
	Gerald Stoltz	7/7	1/1[##]			1/1[##]
For the period 1 January 2019 – 30 June 2019						
Independent	Dr Azar Jammine	2/2	2/2	1/1 Remuneration[#]		
	Dr Jim Myers	2/2[#]		1/1 Nomination[#]		1/1
	Dinga Mncube	2/2				1/1[#] Appointed as Chairman on 4 March 2019
	Max Nyanteh*	2/2	2/2 Appointed as member on 14 February 2019		Appointed as member on 4 March 2019	
	Hetisani Mbanyele-Ntshinga*	2/2		1/1	Appointed as member on 4 March 2019	
	Andries Brink*	2/2	2/2 Appointed as Chairman on 14 February 2019			Appointed as member on 4 March 2019
Non-executive	Shakeel Meer	1/2				1/1
Executive	Pieter van Zyl	2/2	2/2[##]	1/1[##]		1/1
	Gerald Stoltz	2/2	2/2[##]			1/1[##]
Membership compliance with King IV		Majority independent directors	All independent non-executive directors	**Remuneration** All non-executive directors with majority and Chairman being independent **Nomination** All non-executive directors with majority being independent	Executive and non-executive directors with majority being non-executive	Executive and non-executive directors with majority being non-executive
			Each committee comprises at least three members			

^ *Resigned on 30 November 2018*
> *Resigned on 27 November 2018*
By invitation
< *Resigned on 3 December 2018*
Chairman during the period
* *Appointed as independent non-executive director on 14 February 2019*

CORPORATE **GOVERNANCE** continued

COMPANY SECRETARY

The Company Secretary is appointed on a full-time basis and provides professional and independent guidance on corporate governance and legal duties, and co-ordinates the functioning of the Board and its committees. The Company Secretary also ensures that the appropriate statutory and other records are maintained. The Board is assured that the Company Secretary has the necessary competence and objectivity to provide independent guidance and support at the highest level of decision-making in the Company. The Board has ensured that the Company Secretary is empowered and that the position carries the necessary authority.

The Board confirms that the Company Secretary maintains an arm's-length relationship with the Board and the directors and is not a director of the Company. Based on the outcome of a formal assessment conducted by the Chairman and CEO on the Company Secretary's performance and independence, the Board is of the opinion that the Company Secretary has the requisite competence, qualifications, knowledge and experience to carry out the duties of a secretary of a public company, and is suitably independent of the Board to be an effective steward of the Company's corporate governance framework.

DEALINGS IN SECURITIES

During the period under review, York's share trading policy and rules were adhered to and, when required, the necessary consent was obtained by directors and/or staff to trade in York securities.

The policy and rules mirror the provisions of the Financial Markets Act, 19 of 2012, and the JSE Listings Requirements and were drawn up in the spirit of good corporate governance. In summary, the directors and the Company Secretary are prohibited from trading in York securities during any closed periods and at any time when any of the directors are aware of unpublished price-sensitive information and/or if clearance to deal in securities has been refused. Directors and the Company Secretary must obtain clearance to deal in York securities from the Chairman of the Board and, in the case of the Chairman, from the Chairman of the Audit Committee or the majority of the other directors serving on the Board.

The closed periods are from 1 January to the date of publication of the interim results and from 1 July to the date of publication of the preliminary, abridged or provisional annual financial statements, as well as during any cautionary period.

The policy is freely available to directors and employees from either the Company Secretary or York's Human Resources division.

Clearance for director dealings was given in terms of paragraph 3.66 of the JSE Listings Requirements.

There were no dealings in shares by an associate of a director during the year under review.

Directors' shareholdings are detailed on page 91.

ORGANISATIONAL INTEGRITY AND CODE OF ETHICS

Directors and employees are required to maintain the highest ethical standards to ensure that York's stakeholders are assured of its integrity and good faith in their interactions with the Company. York has a documented Code of Ethics and Business Conduct (the Code), which commits each director and employee to the vision of growing value for the stakeholders of York. The Code addresses a broad range of accepted statutory obligations and best practice requirements. The Code is available online and in the employee handbook.

FAIR BUSINESS PRACTICES

York subscribes to the principles regulating fair business practices set out in the Competition Act, 89 of 1998, and administered by the Competition Commission of South Africa. As such, its employees and officers are prohibited from engaging in any form of anti-competitive practice that amounts to collusive conduct among parties or with other persons.

GOING CONCERN

The directors believe that the Group will continue as a going concern in the financial year ahead.

More detail is available in the Audit Committee report on page 87.

INTEGRATED REPORTING AND STAKEHOLDER INCLUSIVITY

The Company publishes an integrated report annually. It is a stand-alone report that connects detailed information at a high level and, in a complete, concise way, the matters that could significantly affect the Group's ability to create value. The report captures the Company's strategy, governance, performance and prospects in the context of its external environment. The integrated annual report also includes the consolidated and separate annual financial statements. York regularly provides information to stakeholders through the JSE Limited's Stock Exchange News Service (SENS), the media and its website **www.york.co.za**.

York fully appreciates that its ability to create value for itself depends on its ability to create value for all stakeholders. The Company takes into account the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of its duties in the best interest of the Company over time, thereby adopting an inclusive, stakeholder-centric approach.

Details of York balancing the needs, interests and expectations of stakeholders are reported on page 12.

BOARD FOCUS AREAS IN THE PAST YEAR

FOCUS AREA	STRATEGIC RESPONSE	FUTURE VALUE CREATION Capitals affected
Union activity	The 2018 calendar year was marred by numerous strikes undertaken by the National Union of Metal Workers of South Africa (NUMSA), with the longest strike commencing on 13 November 2018 and countered with a lockout by the Company. The strike was resolved with production resuming in line with a start-up plan from 14 January 2019. The strikes were premised on various issues from disciplinary sanctions to falsehood but ultimately concerned recognition of NUMSA as the majority union of the Company's bargaining units. 50% plus one member is all that is required to establish majority at a bargaining unit of an organisation irrespective of whether the union concerned belongs to the sector in which it recruits its members or not. The Constitution and Labour Relations Act provide that an employee has a right to join a union of their choice, provided it is legally registered in South Africa. York's membership of the National Bargaining Council for the Wood and Paper Sector (bargaining council) does not serve as a barrier to entry to prevent NUMSA from organising outside of its sector nor to compel NUMSA to join the bargaining council. NUMSA was ultimately recognised once it achieved majority membership at the Company. The effect of recognising NUMSA is that the Company will bargain with NUMSA at plant level and not at a centralised bargaining level. Additional Board meetings were called throughout the year to address issues pertinent to the strikes encountered at the time and to consider workable solutions. The strikes provided an opportunity for the Board to highlight weaknesses in certain structures within the Company. It became evident that the Human Resources structure did not fit the business needs as it was operating on a centralised basis. Policies, communication and a lack of information were highlighted as areas of concern at the processing sites and a need was identified to standardise the wage process across the Group with the ultimate aim of integrating the wage and salary payrolls onto a single platform. More details on the restructuring of the Human Resources division as well as the Wage Staff Policy Review Framework can be found on page 72.	
Potential acquisitions, disposal and shareholder value strategy	Numerous acquisitions were considered by the Board during the reporting period. The potential acquisitions fell short in unlocking shareholder value or did not meet the requisite needs of the Company and were also not EBITDA-accretive investments after having applied the strategic filter. During the reporting period, the Company disposed of an immovable property that was an outlier plantation and due to the distance from its processing operations, had been converted recently to eucalyptus trees. The disposal represented a profitable realisation of the biological assets. Unlocking shareholder value was a critical consideration for the Board. The Board reviewed the Company's share price performance over the past years and the key observations of historical financial events. It was observed that the enterprise value/EBITDA multiple of York is within the range of selected comparable, local and international firms. The difficulties in unlocking value in York's current operating environment were considered. The Board is actively considering alternatives to unlocking shareholder value, which it will table to shareholders when appropriate and after viability has been properly investigated and established.	

CERTIFICATE OF THE CHAIRMAN AND COMPANY SECRETARY IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The Chairman and Company Secretary hereby certify that, to the best of their knowledge, judgement and belief and after due and careful enquiry, the Company has complied, where applicable, with the JSE Listings Requirements.

Dr Jim Myers
Chairman

Sue Hsieh
Company Secretary

27 September 2019

RISK AND OPPORTUNITY COMMITTEE REPORT

COMPOSITION AS AT REPORTING DATE

Chairman

Dinga Mncube

Other committee members

Dr Jim Myers

Pieter van Zyl

Shakeel Meer

Andries Brink

Some members of the senior management team attend by invitation. Eric Droomer, an external corporate advisor regularly attends the committee meetings.

The Company Secretary acts as the Committee Secretary.

The overall role and associated responsibilities and functions of the committee are to govern risk, technology and information and screen opportunities in a way that supports York in setting and achieving its strategic objectives.

FOCUS AREA	STRATEGIC RESPONSE	FUTURE VALUE CREATION Capitals affected
Proposed transactions	Numerous business acquisitions/transactions were tabled before the committee for consideration. One of the transactions was the disposal of an outlier plantation that was converted to eucalyptus trees due to its distance from the Company's processing facilities. The sale of the plantation will not impact the sustainable raw material supply to York's processing plants. The transaction revealed a profitable realisation of the biological assets (the net asset value of the property concerned was R39,2 million as at December 2018 compared to the sale price of R54 million). Most of the proposed transactions scrutinised during the period under review were not EBITDA-generative nor able to achieve the strategic goal of delivering a sustainable return to shareholders, save for the acquisition of an inbound fleet. This will unlock value through elimination of cost duplication and enhance log supply efficiency to the processing plants.	
Protection and preservation of assets	The strategic goal with the natural capital is to enhance the quality of the biological assets to ensure optimal value extraction on a sustainable basis. Advanced technologies are a critical part of York's future to improve forest management results (precision forestry). By utilising advancement in tree bioengineering, the Company should be able to predict the best genotypes for the best sites resulting in the best products. York's long-term breeding strategy is to align the breeding programme with the Company's strategy by improving the deployment speed of genetic material. Land optimisation is also an opportunity that has been identified as part of forest planning due to its crucial integration across the value chain. York has established a strong, highly-experienced support team that meets regularly to provide guidance and oversight to the Forestry team to achieve these objectives.	

ACTIVITIES DURING THE YEAR

The committee is updated with an overview of sales and market conditions given the absence of a significant improvement in economic growth and is further provided with the marketing strategy given the interrupted productions as a result of the intermittent strikes throughout the year.

The committee had a post-project review of the mechanised harvesting capital expenditure. The project has not only reduced costs but improved operational control, flexibility and expertise within the entire log supply chain.

During the April/ May 2018 strike, the Jessievale warehouse was destroyed in a fire. The insurance pay out for the rebuilding of the warehouse allowed York to improve the storage capacity, dispatch area and material flow, thereby enhancing the drymill throughput. The rebuilt and upgraded warehouse was completed during the remainder of the financial year.

During the period under review, the committee also considered technology and information governance.

In relation to risk

The oversight of risk governance is allocated to the committee. The committee is made up of executive and non-executive directors as members, with a majority being non-executive directors. As the Risk and Opportunity Committee and Audit Committee of the Company are separate, the Audit Committee Chairman is a member of both committees for more effective functioning.

The risks encountered and opportunities identified by the Company are standing items on the agenda and reviewed on an ongoing basis, along with the mitigating control actions arising from those risks. The committee also reviews the actions taken to address the previous matters of concern.

Key risks that the organisation faces, as well as undue, unexpected or unusual risks in addition to actions taken to monitor the effectiveness of risk management and how the outcomes were addressed can be found on page 17.

In relation to technology and information

The accountability of technology and information governance within York lies with the Board, which is responsible for the direction, evaluation and monitoring of the use of technology and information to support and achieve the business strategy. The Board delegates to management the responsibility for the implementation of the structures, processes, controls and mechanisms for the technology and information governance framework. The Board has appointed the Audit Committee and Risk and Opportunity Committee as the governing bodies to assist in carrying out its responsibilities and to obtain independent assurance regarding technology and information governance and controls.

In ensuring that information assets are managed efficiently, the Company is in the process of reviewing its policies and procedures addressing information security, management and privacy. The risks that the business faces by virtue of its use of technology and information, as well as the associated controls used to mitigate those risks, will continuously be assessed and placed in the management framework for technology and information. This framework is periodically reviewed to ensure continuing relevance of the risks and controls in the Company's strategic and operational environment.

Information on the new ERP system acquisition and implementation can be found on page 70.

The Board is satisfied that the committee has performed its responsibilities in compliance with its terms of reference for the period under review.

Dinga Mncube
Chairman of the Risk and Opportunity Committee

27 September 2019

SOCIAL AND ETHICS COMMITTEE REPORT

COMPOSITION AS AT REPORTING DATE

Chairman

Dinga Mncube

Other committee members

Hetisani Mbanyele-Ntshinga

Max Nyanteh

Pieter van Zyl

The Company Secretary acts as the Committee Secretary.

The overall role and associated responsibilities and functions of the committee are to, among others, monitor good corporate citizenship, setting the direction for how stakeholder relationships as well as ethics should be approached and conducted in the Company.

FOCUS AREA	STRATEGIC RESPONSE	FUTURE VALUE CREATION Capital affected
Organisational ethics	Sharing of information within an organisation is a requisite in the decision-making process. Often, the information shared, albeit not price-sensitive, is of a confidential nature. The Company's Code of Ethics and Business Conduct is endorsed by the Board wherein it is expressly stated that information gained and collected in the course of the Company's business will be safeguarded with full respect, privacy and confidentiality. There were instances where this Code was not being adhered to between certain members of the Board and management. Certain management members also disclosed confidential information to union officials, same with ulterior agendas, resulting in instability of the crucial relationship with unions. This is not a reflection of the organisational ethics but an unfortunate snapshot of how various agendas influenced select individuals' conduct. An increase in awareness of ethical behaviour and identifying symptoms of ethics breach will be emphasised from Board level through to management and all other levels of the organisation. This highlighted the importance of a company's ethical measures and good corporate governance practices. The Company remains committed to ensuring that the core values of the Company are upheld. This will preserve the adherence to the Company's Code of Ethics and Business Conduct at all times.	

FOCUS AREA	STRATEGIC RESPONSE	FUTURE VALUE CREATION Capitals affected
Responsible corporate citizen and stakeholder relationship	The strikes throughout this reporting period highlighted to the Board and management the need to move from a centralised approach in engaging with wage staff to a site-based approach. Communication and lack of information were highlighted as areas of concern by the wage employees. As a result, a need had been identified to standardise the wage process across the Group with the ultimate aim of integrating the wage and salary payrolls onto a single platform. A Wage Staff Policy Review Framework is in development with regards to the appointment, remuneration benchmarking, job description, performance review and promotion of wage employees. The framework will also place focus on how to extend opportunities for growth, training and career path development to the wage staff. Critical to the framework will be the transparency in communication concerning processes and decision-making. This will entail not only that the communication must be consistent and effective, but that both the Human Resources manager and the wage staff's line manager need to be involved and available for discussion with the staff concerned. By undertaking this framework, the relationship between management and wage staff can be strengthened by working towards specific objectives. The strikes also revealed York's standing in the communities in which it operates. There was overwhelming support from the communities to work with York in an effort to resolve the strikes. While we are aware that the impact of strikes affects the community as well, support would not have been garnered if it were not for the active stakeholder-inclusive approach adopted by the Company as well as its contribution to the communities. In conjunction with the aforementioned framework, the Company is cognisant that its workforce comes from its communities. This means that social capital requires continuous investment to create a strong foundation from which to build the Company and society where it operates. To this extent, projects for the communities have been identified such as recycling, waste removal and improvements for safety considerations. In addition, training will be enhanced and provided to the community so that skills can be developed for recruitment by the Company and in return, upliftment of individuals and the community as a whole.	

ACTIVITIES DURING THE YEAR

During the second quarter of the financial year, NUMSA made allegations of union bashing against the CEO and demanded an investigation. The CEO agreed to the investigation to pre-empt a possible strike by NUMSA. Even though the demands raised by NUMSA did not relate to any allegation of racism on the part of the CEO, the investigation became misdirected to include allegations of racism. The inclusion of this aspect transpired to be a conspired effort to remove the CEO from his office by select managers in the Company and union officials. Despite demanding for an investigation based on allegations of union bashing, as claimed by NUMSA, NUMSA refused to participate in the investigation. Various assumptions and inaccuracies contaminated the initial investigation, culminating in conclusions drawn based on allegations that were not tested nor made available to the Board. The Board deemed it appropriate to enlist the services of an eminent Senior Counsel to consider the evidence in its totality afresh. The subsequent investigation by the Senior Counsel revealed that the first investigator misquoted the CEO and that the sequence of the words as incorrectly quoted provided an entirely different context and meaning to such words. As such, and having regard to actual words uttered, no union bashing nor racist meaning or slur could be attributed to the phrase as uttered. The Board was satisfied that there is no basis for the allegations against the CEO and resolved that no further action be taken in relation to this matter.

Numerous Board meetings were called to address the strikes that were encountered throughout the year. As a result of these circumstances, one committee meeting was held during the reporting period as special Board meetings concerned resolving the strike at hand, managing stakeholder relationships as well as labour and employment. With the appointment and induction of the new directors during the latter half of the reporting period, the committee is fully constituted and meetings will be held twice a year.

The Board is satisfied that the committee has performed its responsibilities in compliance with its terms of reference for the period under review.

Dinga Mncube
Chairman of the Social and Ethics Committee

27 September 2019

REMUNERATION AND NOMINATION COMMITTEE REPORT

COMPOSITION AS AT REPORTING DATE

Chairmen

Dr Azar Jammine
Remuneration

Dr Jim Myers
Nomination

Other committee member

Hetisani Mbanyele-Ntshinga

Some members of the senior management team attend by invitation. The Company Secretary acts as the Committee Secretary of the Remuneration and Nomination Committee (Remco).

York has a combined Remuneration and Nomination Committee and holds meetings for both together. When nomination matters are discussed at the Remco meetings, the Chairman of the Board chairs such discussions. The Chairman of the Remco chairs the meeting when remuneration matters are discussed.

The overall role and associated responsibilities and functions of the committee are to have oversight of the process for nominating, electing and appointing members of the Board and to oversee the setting and administering of remuneration at all levels in the Company.

FOCUS AREA	STRATEGIC RESPONSE	FUTURE VALUE CREATION Capitals affected
Fill Board vacancies	The resignation of four non-executive directors during the second quarter of the financial year gave rise to vacancies on the Board. The resignations resulted in the Audit Committee only consisting of one director. In accordance with the JSE Listings Requirements, Companies Act and King IV, the Audit Committee must consist of at least three members. King IV recommends that all members should be independent, non-executive directors. The Company had until 31 January 2019 to fill the vacancies on the Audit Committee. The Remco commenced with the recruitment of new independent non-executive directors having the required knowledge, experience and competence (as well as being cognisant of the transformation required at Board level). The recruitment process was negatively affected by the festive season recess and consequently the vacancies on the Audit Committee could not be filled by 31 January 2019. The JSE was given the assurance that the financial functioning of the Company was unaffected by the resignation of the two directors who had previously served on the Audit Committee and that there were adequate controls in place relating to the functioning of the Audit Committee. A dispensation request was granted by the JSE in terms of which the Company's non-compliance with paragraph 3.84(c) of the JSE Listings Requirements was condoned until 28 February 2019. On 14 February 2019, Hetisani Mbanyele-Ntshinga, Max Nyanteh and Andries Brink were appointed as independent non-executive directors of the Company. Messrs Nyanteh and Brink were appointed as a member and Chairman of the Audit Committee respectively.	

FOCUS AREA	STRATEGIC RESPONSE	FUTURE VALUE CREATION Capitals affected
Short-term incentive and salary increase	No short-term incentives were awarded to staff during the reporting period as the Company's financial results were negatively impacted by the continued and aggressive labour actions during the period under review. The average annual increase for salary employees is determined by applying the estimated average consumer price index (CPI), which for 2019 was 4,9%. With the South African economy in recession, the Remco resolved that the average increase would be rounded up to 5%. The CEO volunteered not to receive an increase for the 2020 financial year. The CEO felt it would be inappropriate for him to receive a salary increase given the past year's financial performance. He wishes to lead by example. Given the reasons provided by the CEO, the Remco respected his decision not to accept his annual salary increase.	

BACKGROUND STATEMENT

This report outlines York's remuneration policy and its implementation. The Remco is mandated by the Board to establish a remuneration policy that will promote the attainment of the strategic objectives of the Company and encourage individual performance. External factors that influenced the Company's remuneration decisions include CPI, labour unions, Government legislation and the impact of market and economic conditions. Notwithstanding the fact that the Company had a challenging year financially, maintaining the livelihood of employees amidst the weak economic conditions prevailing in the South African economy was the predominant external factor influencing remuneration decisions.

The Remco used the services of 21st Century and PE Corporate Services (external consultants) to determine remuneration that is fair and reasonable. The Remco is satisfied that the external consultants were independent and objective.

The Remco believes that the remuneration policy achieved its objectives during the year under review.

The Remco's future areas of focus will be on grading York's employees' jobs to ensure that all positions are graded at the appropriate level. This will also entail benchmarking of all positions against industry standards.

In accordance with King IV and the JSE Listings Requirements, a remuneration policy and implementation report were proposed for endorsement, as separate resolutions, at York's 2018 annual general meeting. 59,44% of York shareholders (present or represented by proxy) voted against both the non-binding advisory resolutions pertaining to the endorsement of York's remuneration policy and endorsement of York's remuneration implementation report. As a result of more than 25% of the votes being cast against the non-binding advisory resolutions, York invited those shareholders who voted against either of these resolutions (dissenting shareholders) to engage with the Company, as required in terms of King IV and paragraph 3.84(k) of the JSE Listings Requirements. The invitation was communicated in a SENS announcement published on 15 November 2018 communicating the results of the Company's annual general meeting. Dissenting shareholders were requested to forward their concerns or questions regarding York's remuneration policy and the implementation report thereof to the Company Secretary via email by 9am on 26 November 2018. The invitation stated that, following receipt of written communication by the Company Secretary, dissenting shareholders would be invited to attend a meeting with the Chairman of the Remco at a venue to be communicated. Only two dissenting shareholders provided written communication of their concerns or questions. They were therefore contacted directly rather than a meeting being held.

King IV and paragraph 3.84(k) of the JSE Listings Requirements stipulate that the remuneration policy must record the measures that the Board commits to taking in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised.

The concerns by the dissenting shareholders were mainly in respect of the CEO's retention payments, which were approved by 60.05% of shareholders at the 2016 annual general meeting. In response, the Board has thoroughly explained the retention payments in the Company's remuneration report so that shareholders can better understand the retention payments that were approved in 2016, as set out below:

When the CEO was approached to join the Company in 2009, after York was formed with the acquisition of Global Forest Products' plantations, the long-term incentive that was implemented for executives was the share appreciation rights scheme (scheme). No shares were offered in terms of the scheme and the participating executives would only benefit if the share price increased beyond a strike price level that was defined at each annual scheme award. The strike price included a stretch factor that increased each year for an award period of five years. Awards were made to executives although it was noted that the share price was not responding to York's positive operational results. During the five-year term of the scheme, the scheme did not prove to be effective in retaining or awarding any executives adequately, as the market valuation of the Company did not respond to its performance. The Board recognised that executives were not in control of the Company's share price and concluded that a scheme based solely on the appreciation of the share price was therefore an ineffective incentive scheme. During the financial years 2015 and 2016, the Board initiated a programme to develop an alternative incentive compensation plan.

REMUNERATION AND NOMINATION COMMITTEE REPORT continued

It cancelled the previous scheme while, at the same time, it did not wish to overlook the considerable progress achieved by the CEO in turning around the fortunes of the Company towards financial stability and profitability, refinancing the consortium debt facilities (made up of senior and mezzanine debt facilities provided to the Company by Rand Merchant Bank as lead arranger and other term debt funders in terms of the various term facilities totalling R1,2 billion), by undertaking a successful rights issue of R500 million and returning the Company's biological assets into sustainable rotation after the fires in 2007 and 2008. The Board resolved to make a once-off award payable in three parts to the CEO for his performance from 2009 to 2016. The conditions for the three payments were that the CEO had to use the after-tax proceeds to purchase York shares in the market and that the CEO had to remain in the employ of the Company until 31 December 2021, hence the term "retention payments" is used for the three payments. The payment to the CEO on page 51 is the last retention payment payable to the CEO for the once-off award that was approved by York shareholders at the 2016 annual general meeting, paid during the 2018 calendar year and hence reflected in the 2019 financial reporting period. This final payment is not attributable to the performance of the financial years 2018 and 2019. No long-term incentive award has been made to the CEO since 2016. The award approved in 2016 therefore covers the entire period from 2009 to 2019 and will vest in 2021.

OVERVIEW OF THE REMUNERATION POLICY

The Company's remuneration policy takes into account the level of complexity, the role and the responsibility, as well as the skillset required and number of employees reporting into the said position. The Patterson grading system is used to define the person's job grade, title and remuneration. Based on this, the remuneration policy is then benchmarked against industry norms and trends. York targets to remunerate at the median to top quartile of the industry to ensure the attraction and retention of talented staff.

In addition, the Company uses a short-term incentive scheme to motivate staff to perform as a team and individually as per agreed criteria.

The long-term incentive scheme is used to incentivise senior management, to enhance the performance of the Company and to retain skills and attract talent so as to ensure the continued sustainability and competitiveness of the business.

The ultimate objective of the remuneration policy is to align staff's remuneration with shareholder interests, based on professional practices. The policy is to reward York employees for their contributions to the strategic, financial and operating performance of the Company. It is important for the Company to attract, develop and retain high performers and intellectual capital as well as technical skills.

Remuneration paid varies from year-to-year, given that incentive payments vary based on individual and corporate performance.

There are no obligations in the executive employment contracts that could give rise to payments on termination of employment or office.

Strategic role assessment

York's succession plan uses a strategic role assessment tool to identify employees who offer specific strategic contributions to their respective teams, business units or the Company as a whole. The individual's contributions within his/her specific discipline and area of expertise is taken into consideration for the retention of a specific skillset to the benefit of the business. York's succession plan further identifies not only strategic skills, but also critical and scarce skills, and employees are identified through this process as capable of performing in these roles.

Training and exposure to the required skills, technology and mindsets as well as mentoring are provided to these candidates to ensure that they are well prepared to address the challenges that the new role will bring.

York's participative management practices provide a platform for individuals to participate in debates and the decision-making process of the Company so as to empower employees to have a direct influence on how the business is being managed.

IMPLEMENTATION REPORT

REMUNERATION STRUCTURE	DESCRIPTION
Guaranteed remuneration	York's overall reward policy ensures that all employees are fairly and responsibly rewarded for their individual and business unit contribution to the Company's operating and financial performance. Total guaranteed remuneration packages are benchmarked and assessed annually. Guaranteed remuneration is considered an employee's remuneration and excludes other benefits included in the employee's cost-to-company calculation.
Benefits	The benefits an employee receives come in different forms and formats, which do not necessarily form part of the guaranteed remuneration, such as: • Short-term incentive; • Long-term incentive; • York Adventure Club, to promote a work-life balance • Challenging and dynamic working environment, conducive to professional conduct; • Participative management structure; and • Performance-driven culture, underpinned by a growth mindset. These benefits form an integral part of the focus on the retention of staff and the development of the business through incentivising performance and providing continued support to existing employees.
Short-term incentives	The key objective with short-term incentives is to create a performance-driven culture by rewarding individuals for achieving strong annual results in terms of pre-determined targets. The measurement period for assessing performance against the set targets is bi-annual, coinciding with the Group's financial half-year and year-end. Short-term incentive payments are made at the Remco's discretion and are not guaranteed. See page 51 for 2020 targets for executive directors.
Long-term incentives	The broad purpose of the long-term incentives is to attract, motivate, retain and reward individuals who are able to influence the performance and strategic direction of the Company. Long-term incentives are aligned to multi-year targets for growth and long-term value creation. In general, executive directors and key individuals who are high performers, whose deliverables are essential to the success of York and who are critical from a retention perspective, are eligible for participation in the scheme. Eligible individuals are selected by the Remco and allocation of the awards are at the Remco's discretion and are not guaranteed. The York 2015 Share Plan was approved by shareholders at the 2015 annual general meeting. In terms of the York 2015 Share Plan, the maximum number of York shares that can be awarded/granted is 9 million (this equates to a maximum of 2,72% of the Company's issued shares). The maximum number of York shares that an individual can receive under this share plan is 3 million (excluding shares privately owned by the individual). Under the York 2015 Share Plan: • Performance Shares are awarded when the Group has met specified performance criteria (Performance Shares); and • Restricted Shares are granted when the individual has met specified performance criteria (Restricted Shares). A strategic role assessment tool is applied when determining whether an individual has met the specified performance criteria. When Performance Shares are awarded and/or Restricted Shares are granted, the participant is not entitled to ownership of the shares. He/she will only obtain rights in relation to an award or grant on the date that the shares vest. The vesting date occurs three years from date of the award or grant. Only on vesting date, can the Performance Shares or Restricted Shares be settled. Settlement of the Performance Shares and Restricted Shares can be done by way of cash or an issue of ordinary shares of the Company.
Annual increase	Salaried employees' annual increases are normally implemented from 1 July of each year. The estimated average CPI is used for the average annual increase. Employees' individual increases are based on their performance reviews and the percentage increase is adjusted accordingly. Employees that performed satisfactorily are awarded an average annual increase, employees that did not perform satisfactorily are awarded a below-average increase and those that exceed expectations are awarded an above-average increase. A formal performance appraisal of an employee is conducted by his/her direct line manager, whereafter senior and executive management review and assess these scores. Employees are scored on the following proficiency scale: unsatisfactory, overall improvement needed, satisfactory (successfully met expectations), exceeds expectations and extraordinary performance. After the final performance appraisals are completed and approved by the Remco, the salary adjustments are implemented. Where employees score unsatisfactorily and overall improvement is needed, processes are initiated with these employees to effect the improvements.

REMUNERATION AND NOMINATION COMMITTEE REPORT continued

Accounting treatment

In line with the Company's accounting policies, the fair value of the Restricted Shares awarded to employees is recognised as an expense, with a corresponding increase in equity, over the period that the employees become entitled to the options.

Measuring executive performance

The financial results for the year ended 30 June 2019 are measured against the set 2019 performance targets. The performance targets are set out in the categories of earnings before interest, tax, depreciation and amortisation (EBITDA); total shareholder return; underlying tangible net asset value per share and strategic position. Only the strategic position needed to be considered by the Remco for the measurement of performance targets as the targets for the other categories were not met. Given the past year's financial performance, the CEO requested that the executive directors not receive any performance bonuses. The Remco considered that a performance bonus may not be recommended, based on the difficult financial year the Company experienced. There was, however, no intention to imply that progress had not been made by the executive directors in some of the performance areas. The Remco nevertheless acceded to the CEO's request and no awards were made to the executive directors.

The Remco reviewed the executive directors' performance targets for 2020. The performance targets of the executive directors are set out in the categories of EBITDA; total shareholder return; underlying tangible net asset value per share and strategic position. Weightings are attributed to the various categories. The weighting of the performance target categories was revised slightly, with more weighting placed on EBITDA so as to focus on EBITDA generation. The new weightings for 2020 are adjusted as follows: EBITDA: 55% (2019: 50%); total shareholder return: 10% (2019: 12%); underlying tangible net asset value per share: 15% (2019: 18%) and strategic position 20% (2019: 20%).

The agreed performance criteria, its weightings and the targets for the 2020 financial year are as set out in the table on page 51 and will be measured against the results for the year ending 30 June 2020. Subject to meeting the performance targets, a cash payment of up to 100% of cost-to-company will be made to the executive directors.

The following considerations are taken into account when assessing strategic position:

Responsible corporate citizen

To be a responsible corporate citizen, the following criteria need to be met:

- Provision of a framework for engagement with the communities in which the Company operates;
- Compliance with the Constitution of South Africa, the law, leading standards and adherence to the Company's own codes of conduct and policies;
- Oversight of the Company's core purpose and values, strategy and conduct; and
- Oversight and monitoring of performance with reference to:
  - Workplace (fair remuneration, safety and health, dignity and development of employees);
  - Economy (prevention, detection and response to fraud and corruption);
  - Society (community development, consumer protection and protection of human rights); and
  - The environment (in respect of pollution, waste disposal and protection of biodiversity).

Cost optimisation

- Removal of duplication of costs through the various supply chains;
- Cost-competitiveness both locally and internationally; and
- Efficient utilisation of equipment.

Raw material supply

Suitable raw material supply to processing plants and optimisation of the product offering.

Enhancement of the quality of the biological assets

- Development of a successful hybrid tree strategy;
- Protection from fires, pests and diseases; and
- Continued research and development into the value and understanding of wood properties.

2020 performance targets

The performance targets below are applicable to the executive directors.

CATEGORY	WEIGHTING	TARGETS				
EBITDA	55%	Up to R286 million	R286 000 001 to R296 million	R296 000 001 to R306 million	R306 000 001 to R316 million	Above R316 million
		0%	20%	50%	75%	100%
Total shareholder return	10%	Up to R2,00	R2,01 to R2,20	R2,21 to R2,30	R2,31 to R2,50	Above R2,50
		0%	50%	75%	90%	100%
Underlying tangible net asset value per share (UTNAV)	15%	At least R11,34				
Strategic position	20%	0%	25%	50%	75%	100%

Payments to executive directors

	BASIC SALARY R'000	OTHER CASH BENEFITS R'000	BONUS R'000	SETTLEMENT OF LONG-TERM INCENTIVE R'000	RETENTION PAYMENT R'000	TOTAL R'000
2019						
PP van Zyl *(Chief Executive Officer)*	**5 253**	**1 046***	**–**	**–**	**10 000#**	**16 299**
GCD Stoltz *(Chief Financial Officer)*	**2 186**	**220**	**–**	**–**	**–**	**2 406**
Total	**7 439**	**1 266**	**–**	**–**	**10 000**	**18 705**
2018						
PP van Zyl *(Chief Executive Officer)*	5 020	993	1 803	–	10 000	17 816
GCD Stoltz *(Chief Financial Officer)*	793	80	2 000	495	–	3 368
JPF van Buuren *(Chief Financial Officer)* (resigned 30 November 2017)	1 661	206	1 803	–	–	1 867
Total	7 474	1 279	3 803	495	10 000	23 051

** Payment for performance targets achieved in the 2018 financial year.*

 # Final retention payment made to the CEO. See information on page 47.

Restricted Shares granted to an executive director in terms of the York 2015 Share Plan

	AWARDS HELD AT THE BEGINNING OF THE YEAR '000	GRANTED '000	SETTLED SHARES '000	CANCELLED SHARES '000	AWARDS HELD AT THE END OF THE YEAR '000	FAIR VALUE OF SHARES AT GRANT DATE R	TOTAL VALUE PROVIDED AT THE END OF THE YEAR R'000
2019							
GCD Stoltz	**752**	**–**	**–**	**–**	**752**	**2,60**	**644**
Total	**752**	**–**	**–**	**–**	**752**	**2,60**	**644**
2018							
GCD Stoltz	–	752	–	–	752	2,60	123
Total	–	752	–	–	752	2,60	123

REMUNERATION AND NOMINATION COMMITTEE REPORT continued

Non-executive directors

Non-executive directors are paid an annual fee and a meeting fee per attendance. They do not receive performance incentive payments (short-term or long-term), shares, pension fund benefits or any other form of financial assistance. The Chairpersons of the Board and its sub-committees are paid at higher levels than the other members to reflect the complexity and amount of preparation required by them. At the annual general meeting of shareholders held on 14 November 2018, it was approved that the non-executive directors' fees for the period January 2020 to December 2020 be increased by applying the average CPI of 2019.

During the reporting period under review, the Audit Committee considered that more than two Audit Committee meetings annually may be required for it to discharge its duties fully. The Audit Committee was mindful of being cost-conscious and considered that an additional two meetings would suffice. The Board considered the Audit Committee's request and took into account PricewaterhouseCoopers Inc. being appointed as the new external auditor in November 2018 and the new Audit Committee Chairman and members, who were appointed during February 2019. The Board supported the request and agreed that two additional meetings will be held for the Audit Committee. As a result, four meetings will be held instead of two during a reporting period for the Audit Committee, commencing with the 2020 financial year.

	2019 R'000	**2018 R'000**
Directors		
Dr JP Myers *(Chairman)*	**1 093**	803
PC Botha*	**188**	372
AW Brink	**168**	–
Dr AP Jammine	**442**	353
HM Mbanyele-Ntshinga	**114**	–
SAU Meer*	**276**	235
DM Mncube	**439**	374
TV Mokgatlha	**146**	310
MR Mouyeme	**146**	310
KM Nyanteh	**136**	–
GR Tipper	**188**	372
Total	**3 336**	3 129

** Directors' fees paid to these non-executive directors were paid to the companies represented by them.*

York is committed to fair and responsible remuneration across the Company. If any remuneration disparity arises, it is investigated and resolved appropriately. The Remco is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Dr Azar Jammine
Chairman of the Remuneration Committee

Dr Jim Myers
Chairman of the Nomination Committee

27 September 2019

NATURAL CAPITAL

Enhance the quality of biological assets to ensure extraction of optimal value on a sustainable basis.

HOW THE KEY PERFORMANCE INDICATORS HELP US MEASURE VALUE CREATION

KPIs were defined by considering the metrics used by the Executive Committee and the Board in determining optimal operational and strategic performance for York. KPI measurement is done monthly and reviewed by both management and the Board.

- The **value of the biological assets** is a substantial part of York's assets and the efficient management thereof represents the future success and sustainability of the Company. It is influenced by tree growth, health, yields and replanting.
- York's ability to plant forests is dependent on its **total landholding**.
- **Total forestry area planted** indicates the extent of land that is planted with trees.

- **Conservancy areas** represent all areas not available for planting and include indigenous forests, areas around water streams, fire breaks, roads and infrastructure.
- **Temporary unplanted area (TUP)** refers to York land that has been harvested and that will be replanted during the planting season with species specifically matched to the growth site.

UNLOCKED VALUE DUE TO

- Acquired inbound fleet
- Initiated research and development projects across various elements of the forestry value chain
- Fire detection camera system upgraded
- Invested in firefighting equipment
- Monitoring programmes to detect early infestation and to record damage by pests and diseases
- Produced crossings of pure species for optimal response to the site and market requirements
- Ensured that felled trees are optimised in the right product category

KEY PERFORMANCE INDICATORS

		2016	2017	2018	% change	2019	% CAGR	Rolling three-year forecast 2020
Value of biological assets	R'million	2 334	2 829	2 919	8	**3 155**	11	3 348
Total landholding	hectares	93 988	93 988	93 988	(5)	**89 579**	(2)	89 579
– Total forestry area planted	hectares	57 194	57 636	58 100	(4)	**55 628**	(1)	55 743
– Conservancy areas	hectares	33 518	33 518	33 312	(7)	**30 816**	(3)	30 816
– TUP (hectares increase as plantation approaches maturity)	hectares	3 276	2 834	2 576	22	**3 135**	(1)	3 020

NATURAL CAPITAL continued

GROUNDED IN **SUSTAINABILITY**

The foundation of forest planning and forecasting ensures that long-term sustainable forest management takes place. Timber volumes are regulated on a 40-year strategic horizon (two rotations of 20 years) which calculates sustainable annual allowable harvest volumes.

The timber volumes from the first five years of the strategic volume regulation are studied in detail and transformed from a theoretical exercise into a practical plan. This plan forms the foundation for medium- and short-term execution and ensures that operational actions are in line with long-term predictions.

Healthy trees are key to sustaining value creation in the forest over the long term. York has recognised that climate change is subjecting its plantations to significant changes in the growing environment. In response to this threat, York has developed an index to continually monitor the health of its plantations.

The key indicators are:

- Pest and disease frequency and intensity;
- Rate of change in climatic factors;
- Timber productivity monitoring; and
- Spread of invasive plant species.

Critical areas have been identified where swift and effective management interventions have mitigated forest degradation effects on the health of its plantations.

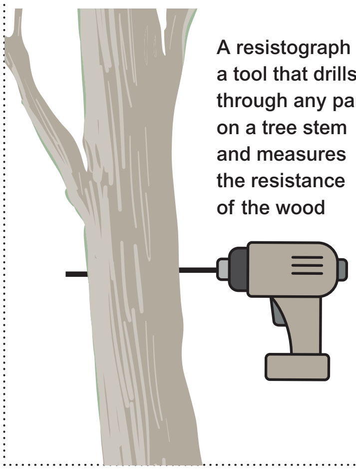
The basis for volume calculations is York's forestry database in which compartment level data, as well as measured growth data, is stored. This data is incorporated into volumetric modelling equations which assist in calculating and projecting compartment volumes into the future. Furthermore, the equations are able to separate tree volumes into utilisable pre-defined log classes and products.

Compartment growth data is physically measured in-field and with the help of improved measuring tools, a wider range and more accurate data is being obtained and stored in the database. Developments in the field of remote sensing are likely to impact the future of forest growth data collection as well as influencing growth and yield development.

The main focus of forest planning is to ensure that an accurate database is maintained and extended and that compartment volume calculation formulae are continuously monitored and enhanced to provide more flexibility and improved accuracy. Forest growth modelling is under continuous development and the ability to account for climate change, improved genetic material, site variability and wood quality is being implemented. York has established field trials to measure and verify changes in tree growth.

Cores extracted with a core borer to determine and assess wood formation

Pine SNP Chip application



A resistograph is a tool that drills through any part on a tree stem and measures the resistance of the wood

OUR FOCUS ON TREE IMPROVEMENT

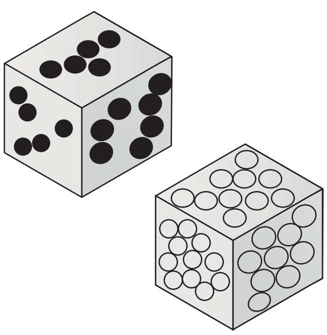
The strategic focus for tree improvement is to provide a continuously improving and sustainable supply of tested and genetically superior material, which advances the profitability of the forests and processing plants.

One of the key ingredients of a sustainable breeding programme is genetic variation, both within and between populations (species). This is especially important considering the current and future challenges posed by climate change as well as pests and diseases. York is fortunate to have large breeding populations of six different species. In addition, through our membership of Camcore, we are able to source new families within these species, as well as species not yet included in our breeding population. This allows York to make a wide variety of hybrid crosses, thereby enabling the opportunity to replace one hybrid with a more productive and/or resilient one, should the first no longer be suited to a particular site. To this end, York has been testing a large collection of hybrid crosses (on a variety of sites) over the last few years in order to identify those with the best commercial potential.

Once a particular hybrid has been adequately tested and found suitable for commercialisation, it needs to be produced in large quantities through controlled pollination. Due to the fact that there is a narrow seasonal window in which to do this (approximately two months), it is important that all necessary resources are available during this time. In the last year, a new cherry picker has been acquired to improve access to trees in orchards, thereby increasing the amount of hybrid seed produced. The target for seed production is based on annual plant requirements for commercial establishment. In addition, new seed orchards are being established in various areas in the Escarpment region to diversify risk and ensure long-term seed supply.

One of the main challenges in tree breeding is the long breeding cycle. Fortunately, significant advances have been made in molecular technology over the last few years that will shorten this cycle. Breeding programmes will be more adaptable to changes in the environment

Resistance values are converted to densities



Data is used to select the best genotypes

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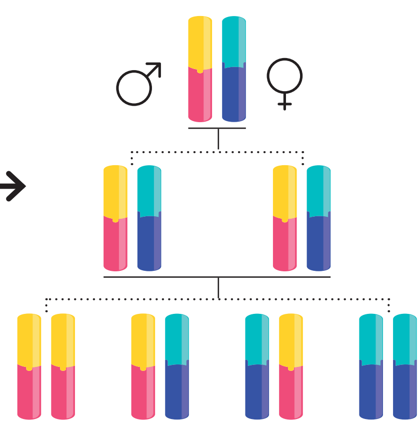


NATURAL CAPITAL continued

and markets. York is participating in a project, co-ordinated by Camcore and the Forest Molecular Genetics group at the University of Pretoria, that focuses on the development of a molecular tool, the Pine Single Nucleotide Polymorphism (SNP) Chip, that will help link pine genes to economically important traits. Another important output from this project is the development of a model that will predict how a specific trait will be expressed in a tree. This can be done at the seedling stage, thereby eliminating the period between tree establishment and trait assessment. In the case of pine, this is at least eight years. It is anticipated that the commercial Pine SNP Chip will be available towards the end of 2019.

York is currently placing a lot of emphasis on wood property research. This involves understanding the effects of genetics and environment on traits such as density, microfibril angle, tree form and earlywood versus latewood ratios. A resistograph, which is a tool that measures the resistance of a needle drilled through any point on the tree stem, has also been acquired. These resistance values can be converted to densities by a specialised software programme, and the data used to select the best genotypes for further breeding. A PhD project is currently underway to better understand pine wood properties. The same study true population will be genotyped, using the Pine SNP Chip, to understand which genes are associated with various desirable traits.

IMPROVED NURSERY PRACTICES

York's nursery is improving efficiencies and increasing plant production to meet the full demand for commercial establishment. The planned nursery capacity is four million hybrid cuttings per annum to supply York's requirements over the next five years. In order to achieve this, the construction of additional rooting tunnels and an additional grow-out area for rooted cuttings is in the planning stage. Hedge (mother plant) productivity is one of the most essential elements in the nursery. Hedge cutting production is at its peak during the warmer summer months and gradually reduces towards winter. York produces on average 42 hybrid cuttings from each hedge annually. With the increased demand for hybrid planting material, as determined by the annual planting plan, York has successfully established and is gathering data from a modern research tunnel which is testing combinations of hedge spacing, heating position, fertigation regimes and genotype differences on annual hedge cutting production. This data will be used to optimise the establishment and management of new hedges to increase annual cutting production to meet 100% of York's future hybrid planting material needs.

In addition to increasing the production of future hedges, York has implemented an intensive hedge bank management system on all current production hedges. This system involves the use of improved nutrition sources and water management regimes to sustain the viability of current hedge material. The hedges are all catalogued and removed from production on a three-year rotational basis.

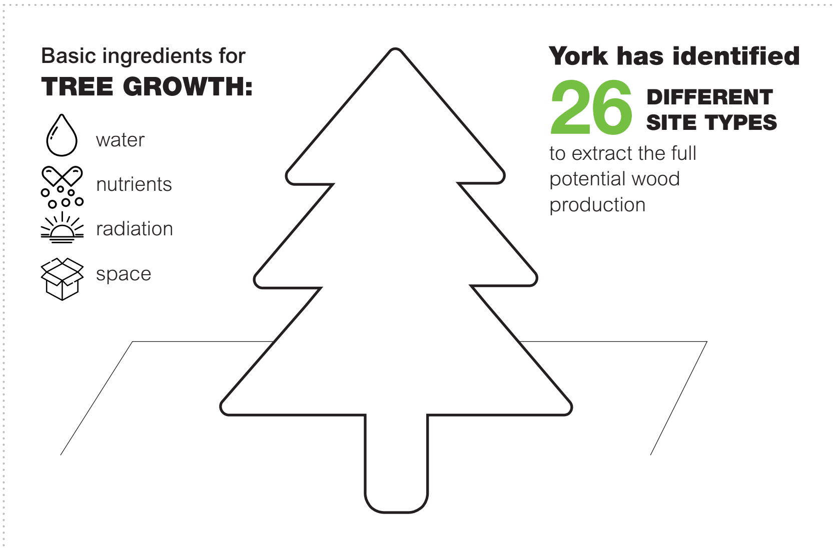
Suitable plant quality from the nursery is an essential part of successful field establishment. The so-called paper-pot system involves propagating cuttings in a paper pot in the nursery. Available information indicates that this improves the root architecture and plant quality in eucalypts, however, not much information is available for pines and a trial has been established at York's nursery. In addition, five growing media types and three tray types are being tested. This trial has also been established in-field in order to monitor the growth of plants produced by the paper-pot system. York continues to test new propagation technologies to enhance its planting material quality.

TAPPING INTO THE FULL INHERENT POTENTIAL OF YORK'S GROWING SITES: THE DEVELOPMENT OF SITE TYPES

The basic ingredients for tree growth are water, nutrients, radiation (sunlight and temperature) and space. The availability of these resources varies from one growing site to the next. In order to extract the full potential wood production on each site, York has completed a full stratification of its landholdings in terms of climate, soil and risk factors and 26 different site types have been identified. The refinement of the classification of growth factors has facilitated the expansion of the deployment of fast-growing hybrid planting material in the Escarpment and Highveld regions over the last season. A site-specific management prescription is matched to each site type to maximise available growth resources and capture the full wood production potential.

New hedge research tunnel

NATURAL CAPITAL continued



With the changing climate, York continues to refine and reclassify its sites on a regular basis. In the process, optimal hybrid combinations with superior growth, pest and disease resistance and desired wood properties are being identified for commercial deployment.

The difference in volume yield at clearfell age between first and second choice species for a given site is between 40m^3/ha and 60m^3/ha. It is therefore imperative to match the correct specie to its optimal growing site to ensure sustainable value creation. Over the full rotation of a compartment there are three factors which contribute positively towards volume gain. These are genetic improvement, silvicultural intensity and site-specie matching, with the latter being the most significant as it can contribute on average 34% volume gain at clearfell age. Erroneous site-specie matching limits performance, resulting in diminishing returns in volume growth for every subsequent year of a rotation. York has implemented a strict site-specie matching programme to safeguard the performance of its growing sites under challenging and changing climatic conditions.

DEVELOPMENT OF OPTIMISATION MODELS FOR MECHANISED OPERATIONS

With the successful implementation of fully-mechanised harvesting and silviculture operations in the Highveld plantations, it is critical for York to understand the impact the preceding mechanised operation has on the next process in the value chain. Optimal integration between harvesting and silviculture operations is imperative. York has collaborated with industry and academic partners as part of the Stellenbosch University Forest Operation Systems Research Unit to develop optimisation models to be applied to its own operations.

These optimisation models are developed using the data generated from our operations and are aimed at improving planning, productivity and quality of operations for each site.

SAFEGUARDING THE ASSET

In a changing climatic environment, York is reinvigorating its efforts in safeguarding the continuation of value creation and sustainability of its biological assets. The strategic goal is to protect and grow this asset to extract optimal value on a sustainable basis. The strategy is to complement internal log supply to the mills with external log sources to ensure sustained profitability of our mills. Log pricing and proximity to mills impact value margins. SAFCOL's artificially high log prices remain a threat to the sustainability of processing plants within the Mpumalanga region. York continues to engage with SAFCOL on the revision of its log marketing policy. In addition, alternative log supply sources are being explored continuously.



Above left to right:
Pine emperor moth larvae
Pine emperor moth worm
Pine emperor moth

PINE EMPEROR MOTH CONTROL PROGRAMME

The pine emperor moth *(Nudaurelia cytherea)* is a native moth species which has, over the years, adapted to feed on the needles of pine trees. Although being a plantation pest for many years, the risk has been relatively low until recently, when outbreaks have increased in frequency and severity.

This pest has the potential to defoliate large continuous areas of pine plantations, severely impacting the annual wood increment. In response, York has implemented an extensive field scouting and monitoring programme in its Highveld plantations to ascertain moth population numbers and overall defoliation risk. With continuous risk monitoring, York is able to effect management interventions timeously to protect its forests.

In collaboration with the Tree Protection Co-operative Programme and the Forest and Agriculture Biotechnology Institute of the University of Pretoria, York is investigating the feasibility of new control technologies and strategies as part of a wider integrated pest management programme. This is aimed at improving the cost-efficiency and efficacy of York's control strategies.

SIREX CONTROL PROGRAMME

The *Sirex noctilio* (Sirex) wood wasp is a wood-boring wasp which attacks stressed pine trees. Stress factors include physical damage, pests and diseases, tree competition as well as climate.

Pine plantations have to be well-managed to ensure they are not exposed to stress factors that threaten to weaken their natural defences, making them more vulnerable to attacks by natural pests such as Sirex.

York's improved silvicultural practices and timeous execution of thinning operations have ensured that stand competition and stress levels remain low. This has greatly reduced Sirex populations to undetectable levels.

Although recent results from the national monitoring programme show an overall improvement in Sirex control over York's landholdings, climate change is leading to a greater level of tree stress which could encourage a resurgence of Sirex.

York continues to work with the South African Sirex Control Programme (SASCP) as part of its integrated pest management strategy. This includes national and regional monitoring to assess any changes in Sirex threat levels to prevent a resurgence of this pest. Furthermore, York has developed in-house risk maps to identify vulnerable zones on its landholdings.

The SASCP's strategic approach to managing Sirex risk also includes biological control, with two main biological control agents being used on York's plantations. The most successful biological control agents have been the use of the parasitic nematode *Deladenus siricidicola* and supplemented with *Ibalia leucospoides*, a parasitoid wasp of Sirex. The introduction of these biological control agents puts pressure on Sirex populations and manages the Sirex populations to acceptable levels in York's plantations.

NATURAL CAPITAL continued

NEW APPROACHES TO FIRE PROTECTION

A recent study completed by the Council for Scientific and Industrial Research, using satellite imaging data, has shown that Mpumalanga is the only province with a decline of fire incidents in South Africa. This decline is testament to the collaboration and involvement of forestry companies in fire awareness and protection.

York is cognisant of the intensified effect of climate change on fire risk and has taken a holistic approach in the protection of its assets. Mechanical mulching, effective harvest residue management, fuel load reduction activities (under-canopy burning) and investment in advanced firefighting equipment are some of the measures taken in mitigating the risk on York's landholdings. York is an active member of both the Lowveld and Escarpment Fire Protection Association and the Umpiluzi Fire Protection Association. This preserves York's input and access to early-detection technologies and rapid response firefighting resources as well as up-to-date assessments of regional fire risk.

Over the past year, York also invested in compressed air foam (CAF) system fire trucks, a first in the industry. The CAF system has already shown its exceptional ability in active firefighting situations.

The early fire detection camera system, Forest Watch, has been upgraded to its third generation which has brought about significantly improved vision and imaging capabilities. The image sampling engine (ISE) now captures and processes images from high-definition cameras with improved accuracy and speed. The ISE automatically initiates the necessary fire alarms, which are geo-referenced for swift activation of firefighting resources.

Demonstration of the CAF system

ENGINEERING
THE FOREST

THE PRINCIPLE OF SUSTAINABLE HARVESTING HAS BECOME A KEY CONSIDERATION IN THE FORESTRY INDUSTRY. INCREASED PRESSURE TO IMPROVE EFFICIENCIES, OUTPUT AND PROFITABILITY IN A RESPONSIBLE MANNER HAS SET THE CHALLENGE TO SUSTAINABLE HARVESTING.

Significant advances have been made in the field of forestry engineering, especially harvesting technologies, resulting in increases in productivity and output while reducing waste and other inefficiencies in the harvesting supply chain.

Regions suitable for timber production are predominantly located in rural areas with communities mostly dependent on the forestry industry for job opportunities. The challenge is to balance the introduction of new technology with the community needs.

York is fortunate to have good relationships with the communities it operates in. Numerous entrepreneurs have emerged as a result of knowledge transfer and trust that has been established between York's harvesting staff and community members. The community understands that to prosper, new technology needs to be implemented which will contribute to community upliftment. Many harvesting contractors have embraced this mindset and are adapting quickly to accommodate the changes required. York's harvesting operations have come a long way in modernising its activities with great success. The philosophy of sharing our knowledge and developing our community partners will continue to ensure progress and sustainability for all.

Sustainability and economic growth in the harvesting and transportation sectors lie in the balance between environmental constraints and the requirement of a consistent volume flow of timber. By ensuring good collaboration between harvesting and road linkage, most spatial and environmental concerns can be addressed, limiting the impact normally associated with timber extraction (harvesting and transport) and the related forest disturbance.

York adheres to a maximum limitation of impact area. All activity, over a specified period of time, is limited to the applicable local area identified for harvesting and transportation operations with specified landing and processing zones. York endeavours to limit the size of the area being harvested at any given time in order to reduce the environmental impact of harvesting and transportation, while remaining cost-effective.

Planning, correctly executing and controlling the transport of timber is essential. Transportation planning is integrated with forestry operations via several entities collaborating as one unit within York. Road access, harvesting planning and product availability as well as mill requirements are all evaluated in order to maximise productivity and fibre utilisation. Decision support systems are used to help create databases to fast-track

NATURAL CAPITAL continued

transport destination planning. Where possible, return flows are created to increase laden kilometres and payloads.

Log optimisation during harvesting operations is one of the most crucial value chain decisions that has an impact on value recovery. This is influenced by the targeted products as well as purpose of supply. Product-specific dimensions such as length and diameter in centimetre class intervals also impact optimisation. York has significantly enhanced its management systems and technology to support value extraction throughout the chain. Mechanised systems in the Highveld have also considerably improved log-making precision. York's in-house developed log tracking system (LogTrace) is invaluable and continually improves control within the value chain. LogTrace's integration with MicroForest and, in future with the new ERP system, presents many opportunities to extract more value. The acquisition of an inbound log transport business, now part of York Fleet Solutions, also brought critical skills that will further unlock value and enhance log supply efficiency to the processing plants.

LogTrace allows York to track all products after being harvested which are then available for transport to the processing plants and external customers. It also permits full traceability in terms of FSC requirements via the ability to track harvested products all the way back to their source.

All forestry activities and processes are recorded in MicroForest. The integration of MicroForest with LogTrace and later with the ERP system, provides greater visibility of the flow of timber and will be further enhanced in the future. This will help in creating a better understanding of the financial impact of the flow of operations. The integration of the systems will also allow for the tracking of activities from the nursery and how this translates to the final timber product.

ENVIRONMENTAL MONITORING AND ASSESSMENT

Grasslands, stream conditions, indigenous forests, species and biodiversity values are continuously monitored and incorporated into a public monitoring summary which is available on request. Monitoring is prioritised based on threatened habitats and species. The most threatened biome in South Africa is the grassland biome. To determine the condition of the grassland, a grazing index will be determined during monitoring in 2019. It is, however, important to consider the social, economic and cultural value of grazing to local communities in conjunction with grazing capacity to reach an optimal mutually beneficial solution. Monitoring of the Treur River barb fish *(Barbus treurensis)*, which is endemic to the Treur River on York's property, was completed during 2019. A small population was reintroduced in 1994 after it was thought to be extinct. It is now found on a 12 kilometre section of the Treur River and is a success story.

BENEFITS FROM THE FOREST AND ECOSYSTEM SERVICES

York is the custodian of 89 579 hectares of FSC-certified land of which 30 816 hectares consist of conservation areas, streams and representative samples of natural biodiversity. Public opportunities for recreational activities are actively promoted through the York Adventure Club. Non-timber forest products, for the benefit of local communities, include the collection of firewood, grasses for the manufacture of brooms and the provision of grazing for animals belonging to community members who live on our properties. York continues to identify opportunities for enhancing local economic development on its landholdings.

ENVIRONMENTAL VALUES AND IMPACTS

All generic forestry activities have been classified in a risk assessment matrix developed in the FSC Forest Management standard for South Africa. The impact of the forestry activities on 13 environmental values have been assessed. York is involved in a project with the Mpumalanga Tourism and Parks Agency to identify priority conservation areas using critical biodiversity areas as the criterion which will be incorporated spatially in York's Geographic Information System for non-commercial areas. This will result in more efficient use of funds allocated for the maintenance of non-commercial areas.

COMMUNITY RELATIONSHIPS

York proactively engages communities in its rural operating environment to better understand their needs. It is only via a better understanding of each other's needs and requirements that we are able to build trust within our communities and identify common interests. Relationships are built through communication and support in a culturally sensitive manner. Opportunities for economic development are enhanced by prioritising employment of local community members, preferential use of local suppliers and community projects.

MANUFACTURED CAPITAL

Improve operating efficiencies, upgrade outdated technologies, increase throughput and consolidate poor-performing facilities to maximise value creation.

HOW THE KEY PERFORMANCE INDICATORS HELP US MEASURE VALUE CREATION

KPIs were defined by considering the metrics used by the Executive Committee and the Board in determining optimal operational and strategic performance for York. KPI measurement is done monthly and reviewed by both management and the Board.

- **Capital expenditure** towards the purchase of property, plant and equipment is a measure of the Company's strategy.
- The **value margin** measures the extent to which value has been added through the production process. The calculation is based on the log costs together with the variable costs. The value margin is used to determine the break-even volume required to cover fixed costs. This is measured separately for the sawmills and the plywood plant.
- The **safety margin** is also measured separately for the sawmills and the plywood plant. It is a measure used to quantify the ability of a processing unit to cover its operational costs. It is calculated by dividing volume produced above break-even volume by the break-even volume.
- **Growth will be influenced** by volumes, measured as market share in both lumber and plywood products.

UNLOCKED VALUE DUE TO

- Volume recovered above industry norm
- Plant intake in line with planned capacities with safety margin above industry norms
- Investment in upgrading of equipment to improve efficiencies
- Improved overall plant maintenance with plant availability at industry norms
- Continuing to target value recovery as key indicator of profitability
- Expansion of export market
- Introduction of moisture sensors throughout process
- X-ray scanning to identify poor wood properties

KEY PERFORMANCE INDICATORS

		2016	2017	2018	% change	2019	% CAGR	Rolling three-year forecast 2020
Purchase of property, plant and equipment	R'million	283	154	65	25	**81**	(34)	80
Value margin								
– Sawmills	%	43	43	44	(5)	**42**	(1)	45
– Plywood plant	%	43	41	38	20	**46**	2	42
Safety margin								
– Sawmills	%	19	17	22	(62)	**8**	(24)	20
– Plywood plant	%	27	34	33	15	**38**	12	35
Market share								
– Lumber	%	23	24	21	(5)	**20**	(6)	21
– Plywood	%	65	65	65	–	**65**	–	70

FROM SUSTAINABLE RAW MATERIAL TO **COMPETITIVE STRUCTURAL ELEMENTS**

Wood is the age-old building material that has not only withstood the test of time, but is also the building material that can ensure a sustainable and prosperous future. Whether used in the 1 400-year-old Horyuji temple in Japan to support a five-storey 35-metre tall tower or the ultra-modern 18-storey 85,4-metre Mjøstårnet engineered wood building in Norway completed during March 2019, wood is not only here to stay, it is modernising the world.

The building blocks of wood are cellulose. It is the structural component of wood that gives it a competitive edge. Cellulose is an organic compound constituted from carbon, hydrogen and oxygen. Trees absorb energy from the sun to drive photosynthesis. This chemical process enables trees to convert carbon dioxide and water into cellulose and release oxygen. Effectively, wood is nature's solar-powered batteries. 50% of dry wood consists of carbon. For every 1kg of wood, 1,84kg of carbon dioxide is absorbed. When comparing wood with other building materials on a life cycle assessment basis, engineered wood absorbs 580kg of CO_2/m^3 whereas concrete emits 460kg of CO_2/m^3 and steel emits 12kg of CO_2/m^3. Considering that 40% of the carbon emissions in the world originate from buildings, it is clear that wood has a competitive advantage.

The unique properties of wood also make it a most viable structural element. It is the structural properties of wood that enable it to provide long spans like those required in the 163-metre diameter Superior Dome in the USA completed in 1991. Wood's ability to provide low-frequency reverberation control makes it the material of choice when constructing opera houses like the Sydney Opera House in Australia. The predictable structural properties and manufacturability of wood enabled the 18-storey 57,9-metre tall Brock Commons Tallwood House in Canada to be constructed in only nine weeks. The aesthetic and variable appearance of wood is what gives the Metropol Parasol in Spain, with a floor area of 12 670m², its iconic status. The longevity and flexibility of wood is why the Horyuji temple has survived 46 earthquakes of magnitude 7,0 or higher since 607AD. Wood's heat and electrical conduction properties are very low and it does not expand due to heat.

Lumber and plywood are primarily utilised for their structural and appearance properties. These properties are derived from the naturally-occurring inherent properties of trees. Trees are sourced from sustainably managed plantations. Each tree is unique in terms of its inherent properties such as strength, stiffness, density, wood tension, colour, extractives, grain pattern and knots. The primary objective of York's

Veneer ribbon from the log peeler

MANUFACTURED CAPITAL continued

manufactured capital is to efficiently extract the maximum value from each individual tree and convert it into a product that can reliably be classified in terms of its structural and appearance properties. This objective is achieved by measuring, classifying and processing each log based on its individual properties, applying effective maintenance strategies to ensure that processing equipment is utilised to its optimal capacity, utilising adaptive and controlled drying techniques, measuring and grading each board based on its specific properties to classify it for a specific application per market segment and controlling final product dimensions for ease of use.

Once harvested, logs are transported to processing facilities and each log is individually characterised and tracked. Logs are then digitally measured and sorted according to their optimal final use. Cutting patterns are selected to achieve the optimal value recovery and marketability of the final product. After the wood has been dried, each board or piece of veneer is graded and optimised according to its individual structural and appearance properties. The product is inspected, structurally tested and graded before being finished and transported to local and international customers. York's manufacturing processes have stringent quality conformance procedures which are monitored by local and international third-party accreditation bodies. To ensure efficient and effective utilisation of technology and resources, York implements quantifiable performance measurements including:

- Short interval control;
- Overall equipment effectiveness;
- Value recovery;
- Volume recovery;
- Safety margin;
- Production mix; and
- Throughput.

The efficiency with which York is processing and extracting the maximum value from its raw material is measured in terms of the following:

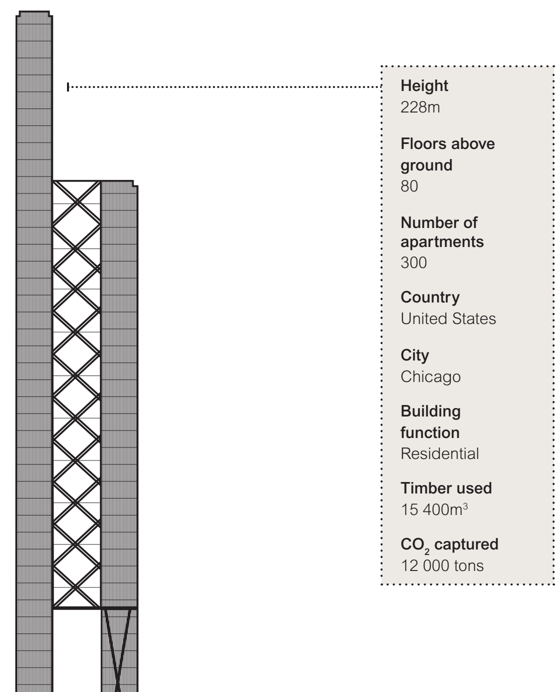
Value recovery

- Sawmilling operations are currently achieving 42% against a target of 45%. The value recovery is negatively impacted by above market-related log prices.
- Plywood is currently achieving 38% against a target of 42%. The value recovery is negatively impacted by above market-related log prices and the glue price that is linked to the oil price and the Rand to Dollar exchange rate.

Overall equipment effectiveness

- The target for all operations is 75%.

Wooden skyscrapers are estimated to be approximately a quarter of the weight of an equivalent reinforced concrete structure and reduce the building carbon footprint by 60% to 75%. Buildings have been designed using cross-laminated timber (CLT) which gives a higher rigidity and strength to wooden structures. CLT panels are prefabricated and can therefore speed up building time.



RIVER BEECH TOWER

Height
73m

Floors above ground
22

Number of apartments
55

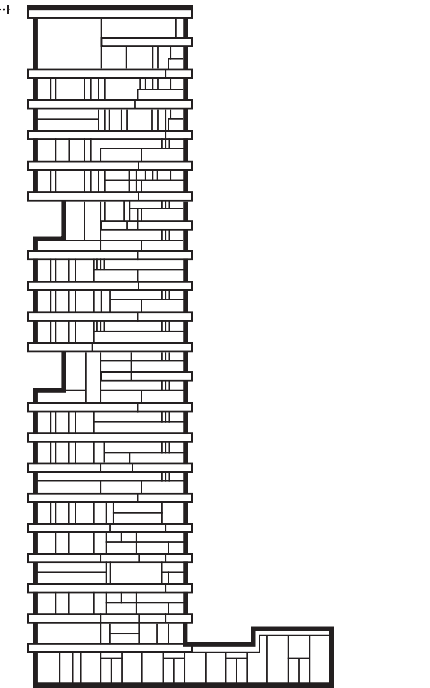
Country
Netherlands

City
Amsterdam

Building function
Residential

Timber used
3 800m³

CO_2 captured
3 000 tons



HAUT

Height
300m

Floors above ground
80

Number of apartments
1 000

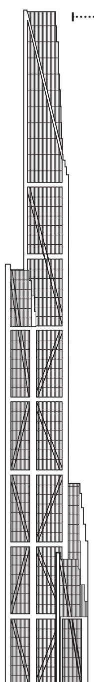
Country
United Kingdom

City
London

Building function
Residential

Timber used
65 000m³

CO_2 captured
50 000 tons



OAKWOOD TOWER

York's objective to convert sustainably grown trees into competitive structural elements is achieved through the effective and efficient integration of knowledge, intellect and technology into manufactured capital.

York strives to progressively improve the value recovered from its raw material. Value recovery and volume recovery are industry benchmarking measurements and York's performance is better than the industry standard. York's production capacity targets a safety margin above the industry norm. Technology acquisitions and upgrades are performed to improve processing efficiencies, availability and reliability. A range of laser, X-ray, moisture and colour sensors are integrated into measurement technologies to achieve this objective. York's ability to unlock value from its raw material enables it to compete in the international market and is enabling it to explore export opportunities.

Longevity and reliability of technologies are achieved by the implementation of appropriate maintenance policies. These policies include preventive and predictive maintenance, design changes, modernisations and partnerships with critical original equipment manufacturers.

York's manufacturing capital combines modern capabilities with old school methodology in order to produce structural elements that will contribute to a prosperous and sustainable future.

York's final product is audited by the South African Technical Auditing Service, an independent third party, to ensure conformance to the South African National Standards with regard to modulus of elasticity, modulus of rupture, moisture content and dimensional properties. This certifies that York's lumber meets the national standards and reacts in a predictable manner when used in structural applications.

The lumber market can be divided into different segments including roof trusses, general construction, utility, doors, furniture and packaging. Each of these segments has different requirements in terms of structural, appearance and dimensional properties. The product market value and demand are variable between different

MANUFACTURED CAPITAL continued

segments and therefore the challenge is to meet the market demand while generating the maximum value from the raw material. York achieves this by matching optimal cutting patterns to log classes. As the market value and demand varies over time, so does the raw material cost, properties and availability. For this reason, York continuously optimises the cutting patterns to generate the maximum value recovery, taking into consideration the processing capacity constraints.

Natural and manufacturing defects are continuously monitored through a quality control plan which includes measuring defects, determining the root causes for defects and implementing corrective actions to improve quality conformance.

Technology is used to efficiently and effectively perform optimisation and quality control.

Manufactured capital and intellectual capital are integrated at this point. Technology is used to digitise physical properties of logs, lumber, veneer and plywood. This digital information is then used to classify raw material and finished goods and apply optimal processing decisions. Examples of York's recent technology acquisitions and upgrades include LogTrace, 3D log scanning, distributed supervisory control and data acquisition (SCADA) systems, a visual defect analyser for veneer, blister detection for plywood, rotary lathe variable speed control and proof grading.

High variation in raw material and processing optimisation constraints restricts value extraction. To improve the value recovered from the raw material, technology upgrades are required. Wood processing technology is predominantly provided by specialist technology suppliers located in Europe or North America. For this reason, processing technology is capital-intensive and severely influenced by the Rand foreign exchange rate. This does, however, also provide a barrier to entry for potential competitors.

Height
57,9m

Floors above ground
18

Number of apartments
305

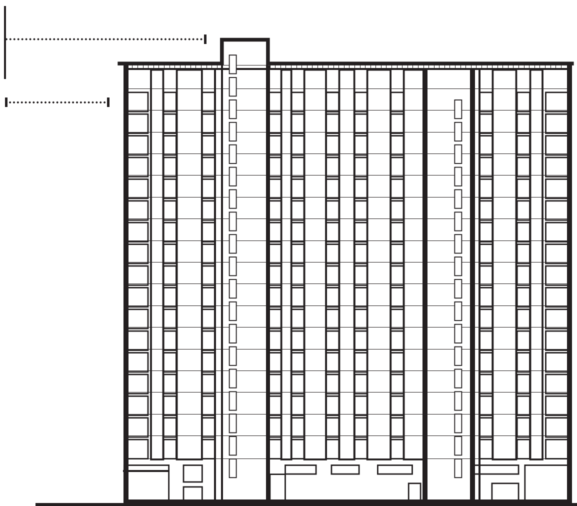
Country
Canada

City
Vancouver

Building function
Residential

Timber used
2 233m^3

CO_2 captured
2 432 tons



BROCK COMMONS TALLWOOD HOUSE

Height
84m

Floors above ground
24

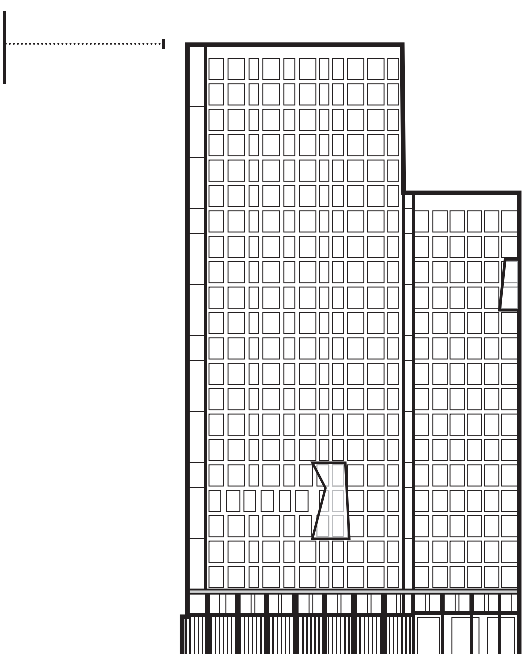
Country
Austria

City
Vienna

Building function
Residential
Hotel
Office

Timber used
3 600m^3

CO_2 captured
2 800 tons



HOHO

INTELLECTUAL CAPITAL

Encourage dialogue to stimulate intellectual debate so that performance throughout the business can be enhanced.

HOW THE KEY PERFORMANCE INDICATORS HELP US MEASURE VALUE CREATION

KPIs were defined by considering the metrics used by the Executive Committee and the Board in determining optimal operational and strategic performance for York. KPI measurement is performed monthly and reviewed by both management and the Board.

- Big **data management** gives an indication of management's ongoing commitment to innovation.
- The **ability to analyse data** is vital to York's efficiency and internal controls.
- **FSC certification** indicates that York operates in an environmentally, economically and socially responsible manner.
- The **diversified product mix** of lumber to plywood fluctuates over time in line with customer requirements and efficiencies.
- The new ERP system **creates a dynamic platform** for York's decision-making process.

UNLOCKED VALUE DUE TO

- Continuous data collection, storage and management
- Final stages of new ERP system implementation
- Supply chain system – sales/customer analysis
- Harvesting slicer/LogTrace
- Infrastructure map
- Condition monitoring of equipment
- Heat/steam recovery
- Forestry – soil depth profiling, geo-referencing and improved tree characteristics measurement in plantations
- Participation in the Pine SNP Chip project
- Forestry site database including soil, climatic and topology
- Tree breeding database including genomics
- Road utilisation and maintenance database
- Enhancing control measures throughout the business

KEY PERFORMANCE INDICATORS

		2016	2017	2018	% change	2019	% CAGR	Rolling three-year forecast 2020
Big data management cumulative three-year cost	R'million	–	–	1	–	**1**	–	6
Ability to analyse data and machine learning capability	R'million	2	1	1	–	**1**	(15)	1
FSC certification		Yes	Yes	Yes		**Yes**		Yes
Diversified product mix – Lumber:plywood	%	82:18	81:19	66:34		**79:21**	–	60:40
New ERP system cumulative three-year cost	R'million	–	–	–	–	**8**	–	24

A NETWORK OF MINDS

The objective of York's intellectual capital management is to integrate the ability of each individual's mind into a distributed and dynamic network of minds, technology, data and knowledge.

York achieves this by implementing an adaptable organisational network structure. To ensure due process and appropriate governance, York uses a traditional hierarchical structure. For problem solving and action implementation, however, York utilises a donut structure. This donut structure enables a network of minds, consisting of internal human capital and strategic partners, to connect in an efficient and effective manner to target complex problem solving. As opportunities or risks arise, this distributed network structure adapts to allocate the required minds to take advantage of the scenario.

To remain competitive in the information age, companies are challenged to transform relevant information into malleable data representations and optimised decision-making tools. Big data management requires the ability to differentiate information in terms of relevance and importance. Often, this requires the application of a scientific methodology to organise unstructured data. Once this has been achieved, the acquired information can be used with decision-making tools and in machine-learning applications to improve performance across the value chain. The ability to effectively implement big data management is critical to York's future competitiveness and, therefore, forms an essential part of our investment in intellectual capital.

Value is created by effective stock control and raw material distribution throughout the value chain. Market trends and customer needs are converted into predictable patterns to improve sales and processing responsiveness. Fibre growth and quality is improved by identifying genes that are associated with tree properties and eventual wood properties. This knowledge is used to improve gene selection and molecular breeding.

The quality of decision-making is determined by its precision, reliability and speed of implementation. For this reason, York is implementing a gene database, LogTrace, distributed supervisory control and data acquisition (SCADA) systems and a new ERP system. These systems are integrated with reporting and decision-making tools that are used to enhance monitoring, control and prediction throughout the value chain. It also improves our ability to review and reflect historical decisions. The objective is to learn from previous decisions in order to improve future decision-making.

Value creation was previously obstructed by an outdated ERP system that was dependent on manual data capture. The system had limited built-in data quality controls and required repetitive data capture. Even though modern information-based decision tools such as spreadsheets are important, it is imperative to confirm the relevance and reliability of assumptions used in these decision-making tools. York uses spreadsheets in everyday decision-making but is well aware of the risks associated with it. The development and continuance of decision-making tools are dependent on the acquisition and preservation of analytical skills which is enhanced via the recruiting of dynamic and well-educated staff.

Value is unlocked by continuous data collection, storage and management through decision-making tools. The new ERP system will improve data reliability and capturing efficiency.

Plantations are categorised according to soil depth and type, topology and climate. Trees are geo-referenced with gene data and stored in a tree breeding database that is used for genomic studies. York participates in a Pine (SNP) Chip project to confirm tree genes. That enables the Company to compile reliable associations between tree genes and tree properties. LogTrace is used to monitor and control log stock from the plantations to the mills. The harvesting slicer is used to manage stock and integrate log distributions with market requirements. Infrastructure mapping and the road utilisation and maintenance database enables York to prioritise maintenance and operations of infrastructure. Condition-based monitoring is used to monitor and control the performance of processing equipment and to schedule preventive maintenance. The supply chain tool enables York to adapt processing capabilities to market fluctuations.

York's intellectual capital integrates old-school knowledge, modern technology and innovative mindsets in adaptable networks of teams to develop reliable solutions. This continuous development performed by York's intellectual capital has withstood the test of time, ensures competitiveness and energises future prosperity and sustainability.

HUMAN CAPITAL

Attract and retain new talent, develop and stimulate a growth mindset within York.

HOW THE KEY PERFORMANCE INDICATORS HELP US MEASURE VALUE CREATION

KPIs were defined by considering the metrics used by the Executive Committee and the Board in determining optimal operational and strategic performance for York. KPI measurement is performed monthly and reviewed by both management and the Board.

- York's most **valuable asset is its people**. Staff turnover, or rather the absence thereof, is a clear indication that their needs are met and that they want to grow with the Company.
- People trained indicates the extent to which **further development of the workforce** has taken place.

- The lost time injury frequency rate is a reliable **measure of safety**.
- In addition to their **training** and **safety**, York also cares about its people's **health**. The number of people seen at York clinics for both primary healthcare and occupational healthcare reflects the extent thereof. Staff counselling statistics are also tracked.

UNLOCKED VALUE DUE TO

- Restructured the HR division
- Strengthened management team to proactively engage with unions
- Refocus on training of staff at all levels of the business
- Recruitment and promotion processes enhanced
- Acquired HR specialised skills at the various operations

KEY PERFORMANCE INDICATORS

		2016	2017	2018	% change	2019	% CAGR	Rolling three-year forecast 2020
People trained	number	3 083	2 562	1 830	(30)	**1 274**	(26)	526
Safety – lost time injury frequency rate	factor	2	2	2	–	**2**	–	2
York clinics	number of visits	16 754	16 716	16 011	(1)	**15 895**	(2)	15 000
– Primary healthcare		14 416	14 403	13 895	8	**14 957**	1	13 500
– Counselling		2 338	2 313	2 116	(56)	**938**	(26)	1 500

HUMAN CAPITAL continued

NEW GROWTH WITHIN YORK

HUMAN CAPITAL HAS A DIRECT LINK TO YORK'S CAPACITY TO REACH ITS OPERATIONAL OBJECTIVES.

The commonality in the diverse group of employees in York is that they uphold the Company values. Through these values, the Company has created an environment where its employees can thrive and are empowered to deliver sustainably on their individual performance areas.

Employees are encouraged to interact effectively and enthusiastically with colleagues and external stakeholders. All individuals take accountability for their actions and ownership of their roles. They are not accountable alone, but hold their colleagues accountable for their roles too. Our employees care about the standard of their work and are willing to go the extra mile, which is particularly important during difficult economic conditions.

Our employees have a strong sense of ownership and this has a direct impact on the Company's ability to reach its objectives. With a continuous focus on improved positive employee experiences, engagement and commitment are expected to increase. Developing and nurturing these values lie at the centre of each individual manager's responsibility. Values are continually reinforced through visible displays, regular open discussions, as well as acknowledgement and recognition of employees who actively live by the Company values.

The restructured Human Resources division will ensure that the division delivers on its operational and organisational objectives. With newly-added specialist human resource skills, the division will be equipped to provide the organisation and its employees with professional support and service.

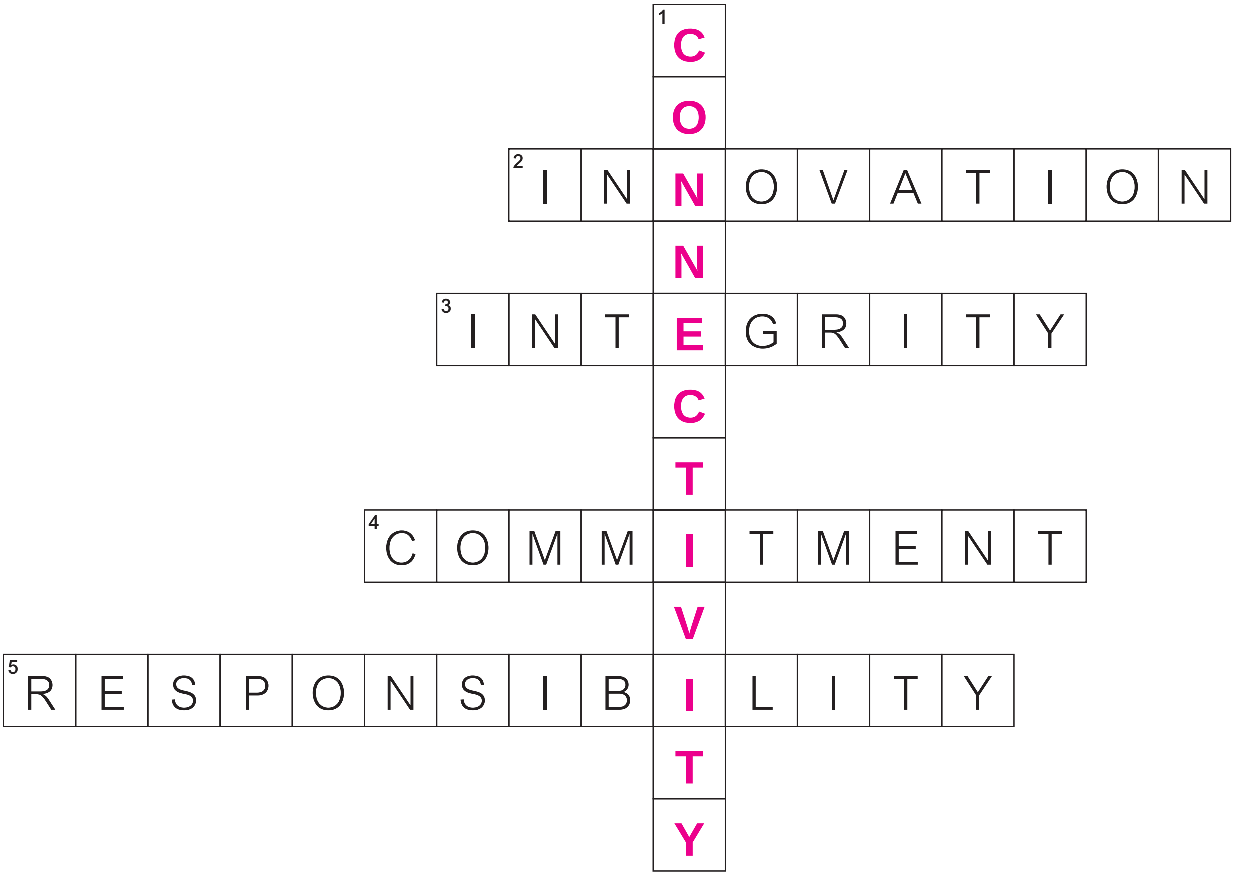
York's core values will drive and define the way this division provides its service and will create a working environment where employees can live out their talents and passion. This will inspire and create a vibrant and engaged workforce and community from which our staff can be employed.

A comprehensive Wage Staff Policy Review Framework has been developed. The human resources policies, processes and procedures are under review and will be upgraded and improved. This process will ensure that all policies are comprehensive, that they address operational needs and are aligned with best practice.

Professional job profiles are being compiled for each position to promote role clarity and create a better understanding of performance and the measurement thereof. Furthermore, these job profiles contain efficiency ratios which refer to the individual's ability to fulfil a task, being measured against production targets, machine complexity, throughput targets and overall equipment efficiency.

Despite disruptions caused by industrial action during the financial year, the Company has managed to successfully transition and continue to operate. Relations with the unions remain complex. With dedicated senior management actively engaging with the unions, relations have, however, improved. This active and dedicated engagement has further ensured the continuous reinforcement of a uniform message to the unions regarding various issues. Relationships are being rebuilt based on a strong spirit of collaboration, understanding and mutual respect.

York's core values



ACROSS

2. York seeks employees that are enthusiastic, creative, dynamic, inspiring, energetic, adaptive thinkers and have a growth mindset. This will ensure that the Company is competitive, solution driven and has the ability to evolve and unlock opportunities.

3. York employees are trustworthy, honest, self-disciplined and respectful. The qualities contribute to organisational loyalty and dedication which filter throughout the business.

4. York employees are committed to York, they are hard-working, dedicated, believe in the Company strategy and share business goals. The Company aims at excellence, introducing and delivering quality products, a high-achieving work environment and excellent customer service.

5. Company employees are accountable for their actions and take ownership of their role and impact in the Company.

DOWN

1. York employees are excited about teamwork and being part of the York team, value client relationships and communication with all stakeholders. Collaboration between business units is vital.

HUMAN CAPITAL continued

The restructuring of the Human Resources division has had the intended consequence of line management increasing and improving direct engagement with all employees. The previous centralised HR system resulted in some employees becoming despondent and seeking assistance from shop stewards rather than employer representatives. Line managers have now been empowered to engage with employees reporting to them directly, creating stronger relations between management and employees, building and improving on the relationships and confidence in management. The Company is reviewing and standardising all wage policies across its business units. Through these engagements, certain key objectives have been identified and the Wage Staff Policy Review Framework will be used as a guiding document to ensure that the review of the wage staff policies is completed in accordance with the Company's core values.

Unions seemingly bring a sentiment that is derived from a broader political agenda into the workplace. This is done instead of engaging with employees and formulating an agenda based on issues they may be experiencing in their different areas of operation. A number of the issues raised by the unions appear to be a clear transfer of the same rhetoric from one employer to the next. To get to the real issues, York has changed its approach with the unions and has created an environment where employees are able and willing to approach management with their issues.

Unions continue to demand wage increases which employers cannot afford. There seems to be an unrealistic expectation regarding wages, with unions continuing to demand annual increases significantly higher than CPI, without understanding and acknowledging that the actual total cost-to-company of an employee involves more than an individual's basic salary. York values fairness and its employees' minimum total cost-to-company far exceeds those of other employers in the same industry. With management now closely engaged with employees, there is a clearer sense of employees' frustrations and needs in the workplace. Continuous consultation and the accessibility of management has already seen improved staff relations.

With a structured approach to engaging with unions, each operation's management team is responsible for interacting directly with union representatives. This has created a collaborative culture. Union representatives are drawn in closer, educated and empowered with knowledge and information to understand the key drivers of each operation. This has resulted in a better understanding of different contexts when management and the unions consult.

This approach has had a mutually beneficial result: union representatives understand the key drivers which have a direct impact on the Company's ability to achieve its operational objectives and management can act proactively and are informed on views from the union members, thereby becoming better equipped to make decisions with due regard to employees' views.

York regards all employees as important to the success of the business. Each employee in his or her own right has a role, not only in their capacity at work, but in the broader community. Through the Wage Staff Policy Review Framework, the Company has developed a clear understanding of employees' needs regarding their careers and individual ambition. Career paths for all positions are being developed, not only for strategic and operationally important positions, but for each employee who has the ambition and potential. The implementation of these career paths will ensure that the Company has adequate depth in all areas of the operation and not only in the scarce and critical skills areas. With active formal succession plans in place, those positions and skills that are deemed strategically and operationally critical are secure.

York realises the important role it plays in the different communities it operates in. For this reason, the Company's policy is that all vacancies are advertised internally first. This creates the opportunity for internal applicants to change roles, be promoted or redeployed according to their individual career path and potential. With a dedicated focus on sourcing individuals from its surrounding communities, the Company continues to contribute to the micro-economies in and around the business. In our further commitment to the development and empowerment of our local communities, various programmes have been implemented to improve entrepreneurial and communication skills. These newly-acquired skills will enable our community members to create opportunities for small businesses or to enter the formal labour market through employment, thereby ensuring financial stability.

All new recruits and potential promotions are evaluated based on the following important elements: York's core values, having a growth mindset, education, technical ability and behavioural requirements of the position.
York has the advantage that it not only offers employees a dynamic working environment, accelerated development and involvement in the community, but it also offers a unique lifestyle. The recruitment of young professionals helps to keep the economies of the small towns we operate in vibrant.

HUMAN CAPITAL continued

Training is embedded in our company culture and each employee has the opportunity to develop and grow within the workplace to not only have a job but build a career. With a dedicated focus on employing and developing candidates with a growth mindset to take part in programmes such as apprenticeships, learnerships and skills programmes, they are then equipped with the knowledge and skills to be able to follow a technical or professional career path within the Company.

The Human Capital team strives to attract, develop, retain and empower employees to ensure that the Company is prepared for the future and to reach its strategic objectives.

TRAINING AND SKILLS DEVELOPMENT

York is a Fibre Processing and Manufacturing SETA-accredited training provider that upholds the standards of the South African Qualifications Authority. Secondary accreditation is with the Transport and Education Training Authority as well as with the Manufacturing, Engineering and Related Services SETA.

Apprenticeship programme

The programme is spread over three phases, including theoretical exposure as well as practical experience over a three-year period. Upon completion of the programme, the students write a trade test and their competency is determined. From this group of apprentices, five have qualified and have been employed including four millwrights and one diesel mechanic. In addition to the apprenticeships, one individual qualified as a diesel mechanic.

Internship programme

Four wood technology students and four forestry students as well as one electrical work experience student participated in the internship. The programme exposes the students to the technical, procedural and managerial aspects of the careers that they are pursuing.

Tertiary studies

Tertiary studies currently undertaken by our staff include: PhD in wood quality, PhD in engineering management, MBA, Honours in Structural Engineering, BCom Business Management, three Wood Technology Diplomas, Diploma in Forestry and Wood Science, Diploma in Mechanical Drafting, National Diploma in Business Management and Higher Certificate in Accounting Sciences.

Mobile equipment training

A total of 305 individuals were trained with the necessary knowledge and skills to operate machinery safely and according to business and regulatory body requirements. This includes the forklift, overhead crane, three-wheeler Bell, knuckle boom loader, cherry picker, excavator and tractor as well as the front-end loader.

Safety training

Creating an awareness of safety within the work environment, as well as providing the critical knowledge and processes pertaining to safety, is a priority at York. Training of 171 individuals included a safety induction programme, an introduction to SAMTRAC and incident investigation as well as first aid, where the attendees were taught the knowledge and skills required to offer medical assistance to injured individuals within the workplace.

Forestry-related training

Forestry-related training was attended by 455 individuals. This included the application of firefighting techniques and initial attack fire suppression, as well as courses focusing on forestry. Additional courses included log scaling, biomass harvesting for energy, brush cutter, chainsaw operator, working with hazardous chemicals, environmental weed management, Forestry Stewardship Council awareness as well as a new frontiers in forecasting forests conference.

Mill processing training

A total of 383 individuals attended a wide range of mill processing training which included board grading, industrial firefighting, parcel stacking, CCA treating operations, basic use of tools and fitting skills including lubrication of machines, safe written working procedures and lock-out procedures. Technical training included advanced steel training, setting and sharpening of saw blades, levelling and tensioning, TIA Portal service and maintenance part one, a course assisting with the road to registration at the Engineering Council of South Africa and operations management as well as an AutoCAD conference.

Personal and management development

Courses aimed at personal and management development were attended by 191 people. This included active management behaviours, advanced listening skills, disciplinary procedures, terms of delivery in international trade as well as coaching sessions, a diversity workshop and a financial policy workshop.

Generic Management Learnership Programme

In partnership with the Fibre Processing and Manufacturing SETA and the Education and Training Authority, 28 employees joined the generic management learnership programme that will result in national qualifications at NQF Level 4 at 150 credits. 68 unemployed community members were recruited as part of a clothing manufacturing learnership programme with the aim of providing a National Certificate as well as empowering the community members with the necessary skills and knowledge in order to create and maintain sustainable incomes for themselves.

Community training

Eight disabled community members attended computer training skills including basic computer skills, basic Microsoft Word and Excel. In addition, 29 community members attended a communication skills programme.

Schalk Grobbelaar, Group Engineer being awarded his PhD in engineering management

SOCIAL CAPITAL

Being mindful of the greater community affected by our operations and contributing to its upliftment.

HOW THE KEY PERFORMANCE INDICATORS HELP US MEASURE VALUE CREATION

KPIs were defined by considering the metrics used by the Executive Committee and the Board in determining optimal operational and strategic performance for York. KPI measurement is performed monthly and reviewed by both management and the Board.

- While York has substantial proactive involvement in the communities in which it operates, the extent of **CSI spend on community programmes** is one indicator of an element of that involvement. This is augmented by effort, the provision of facilities and employment, as well as general upliftment of living standards and conditions.

- **Training programmes** spending is a further monetary contribution to upliftment and the ability to secure employment for communities.
- Achievement of the required **BBBEE rating** indicates York's successful transformation.

UNLOCKED VALUE DUE TO

- Uplifting learners and supporting local schools
- Clinics in the Highveld and Escarpment
- Supported local communities with skills transfer
- Prevented Eskom from interrupting planned electricity supply to the entire Thaba Chweu Local Municipality

KEY PERFORMANCE INDICATORS

		2016	2017	2018	% change	2019	% CAGR	Rolling three-year forecast 2020
CSI spend on community programmes	R'million	11	16	17	18	**20**	23	11
Training programmes spending	R'million	6	11	8	38	**11**	21	11
BBBEE rating	Level	4	4*	4	–	**4**	–	4

** The Forestry Codes were amended in April 2017 with more stringent requirements and York retained a Level 4 rating.*

SOCIAL CAPITAL continued

INVESTED IN THE COMMUNITY

The Company believes in an integrated approach to addressing the socio-economic challenges our communities face. This is achieved by providing strategic guidance, advice, technical skills and knowledge to public and private entities. The Company views its partnership within its surrounding communities as critical to the success of its operations. We believe that, with the combination of resources available, we can achieve and improve more than by operating in isolation. Through ongoing community engagement and consultation in various forums, a sense of ownership is created around the well-being of the community and the success of the Company. These communities are our prospective employees and the Company will therefore continue to support, upskill and develop community members. York has a great appreciation for the communities it operates in. During the past year's industrial action, the communities stood united with the Company in finding a sustainable solution to end the strike.

The Company provides its technical expertise to the local communities not receiving adequate municipal service delivery. In the Highveld areas, the Company provides technical skills to the surrounding communities relating to water reticulation systems and weekly provision of water to the Warburton clinic and child day-care centres. The Company also provides drinking water to Warburton and Lochiel Combined Schools upon their request, as well as to families during funerals.

York assists with the repair and maintenance of roads in and around the communities it operates in. Sport facilities, such as soccer fields, are maintained by the Company to ensure that the community and its employees have a safe environment and suitable facilities to practice their sport. The Company also facilitates transport arrangements through its contractors for communities playing soccer matches away from home and for schools going on field trips.

Surrounding communities are given free firewood by York for their own consumption. This mitigating measure also prevents timber theft from the plantations.

York is committed to providing professional and best practice services to its employees by designated medical staff. These services include occupational and primary healthcare services to ensure a healthy and productive workforce. The Company's clinics serve as a vehicle to identify any underlying community health issues, allowing it to intervene or manage transmission. Continuous education and training by the medical staff ensure that employees remain aware of all risks relating to primary and occupational health.

York is an active member of the Sabie Chamber of Commerce. The Company sits on the committee in an advisory capacity and engages with the Thaba Chweu Local Municipality on all ongoing projects. The Company provides technical expertise to the Chamber and municipality gratuitously.

As one of the largest rate payers in the municipality, York is a member of the Sabie Rate Payers Association. The Company engages with rate payers and other Government stakeholders within the Mpumalanga Local Economic Development Department for input and support on projects, including the development of an industrial park in the Sabie area to further stimulate the micro-economy, as well as development and initiation of opportunities for economic development within the communities we operate in.

During the reporting period, the Company contributed R4 million towards small and emerging forestry contractors as working capital to assist in growing their businesses to scale and operate independently and sustainably.

York has successfully delivered on the triple bottom line in ensuring that it has healthy and functioning communities, a sustainable environmental strategy while maintaining profitability.

The Company's proactive involvement and engagement in various forums ensures that it remains abreast of all matters affecting the communities we operate in. York hosts various events, including mountain biking and trail running, allowing community members to access its property and enjoy nature in a safe environment.

York's continued support and assistance to local municipalities is starting to create a sense of dependence on the Company. The fact that York is the biggest employer in the region does not, however, mean that it must take over the role and responsibilities of local government since this also comes at a direct or indirect cost to the Company.

Although the communities appreciate York's willingness to provide assistance through the allocation of resources, skills and funds, it is not a sustainable model. Through the Sabie Chamber of Commerce and the Sabie Rate Payers Association, we are attempting to create a sense of responsibility among all businesses to take collective responsibility and hold the local

SOCIAL CAPITAL continued

government representatives responsible for poor service delivery. York continues to support the local municipalities on various fronts including:

- Assistance with repair and maintenance of roads throughout areas that York operates;
- Supplying parts and assisting with the repair and maintenance of the Sabie water reticulation system to ensure a consistent and reliable supply of potable water;
- Supply of more than 1,6 million litres of free drinking water to surrounding communities; and
- Cutting grass along public roads, resulting in increased visibility as well as a neat and tidy environment with a positive impact on tourism.

As part of the York Enduro Mountain Bike Rally, York, in partnership with Raute, donated 24 mountain bikes as prizes in a competition at five primary schools in the area. These mountain bikes were presented to the winners at each of the schools by Company representatives accompanied by professional mountain bikers who addressed the learners.

Learners from three schools in the Highveld area were surprised by a helicopter landing on their school premises with the aim of raising fire awareness among the learners who also had the opportunity to view and tour the helicopter with the pilot.

York also regularly donates firewood, hygiene packs and text books to the schools in its surrounding communities.

During the reporting period, a total of 12 236 primary healthcare visits were afforded to York employees which included family planning, HIV/Aids testing and counselling. A total of 2 182 occupational medicals were conducted at the Company's clinics. York also takes part in the Central Chronic Medication Dispensing and Distribution Government programme whereby the Company's medical professionals are enabled to dispense anti-retroviral and other chronic medication to employees at some of its operations, which has a direct impact on absenteeism since employees no longer have to take time off to collect their chronic medication from other clinics.

Basic computer skills training was provided to community members which included basic Microsoft Office skills as well as communications skills. York also provides basic firefighting training to its contractors on an annual basis.

A total of 68 unemployed community members were recruited for a clothing manufacturing learnership programme and study towards a National Certificate. This project is run in partnership with the Fibre Processing and Manufacturing Sector Education and Training Authority and aims to empower the selected community members with the necessary skills and knowledge to create and maintain a sustainable income for themselves.

The Company assisted the Sabie, Lydenburg and Graskop Business Chambers in bringing an application against Eskom to declare its decision to interrupt electricity supply to the municipality invalid and inconsistent with the Constitution. The matter was heard in the Pretoria High Court in August 2018 and a ruling was handed down on 7 March 2019. The Court confirmed that Eskom's decision and conduct was indeed unconstitutional and ordered the respondents in the case to pay all legal costs. Although Eskom has since appealed the ruling (for which a hearing date is still awaited), the Company welcomes the ruling and trusts that this case will set a precedent for the rest of the country.

One of 24 mountain bikes donated by Raute

FINANCIAL CAPITAL

Create sustainable value for shareholders.

HOW THE KEY PERFORMANCE INDICATORS HELP US MEASURE VALUE CREATION

KPIs were defined by considering the metrics used by the Executive Committee and the Board in determining optimal operational and strategic performance for York. KPI measurement is performed monthly and reviewed by both management and the Board.

- The growth in **total assets** reflects the growth of York and its ability to create increasing value for all its stakeholders.
- **Earnings before interest, taxation, depreciation and amortisation (EBITDA)** measures profitability closely linked to the availability of operating cash flow. EBITDA for the year ended on R205 million, which decreased by 28% from the previous financial year. EBITDA/revenue measures profitability together with the efficiency with which it was achieved by expressing it as a percentage of revenue.
- Strategically, York is in an expansion phase, which will require funding. The adequate **gearing** of the Company, being the balance between the use of equity and borrowings, will secure this funding. The cost of this funding is a key consideration.
- As an integral part of its restructuring, York has focused on cost-efficiency and savings. By measuring **total cost** (excluding external log purchases), the effectiveness of these efforts is monitored.
- **Net cash from operating activities** is a direct indicator of York's ability to generate positive cash flow, an important consideration in existing and all future expanded activities.
- The **market capitalisation** of York is the total value of its shares on the JSE. While the Company does not have direct control over its share price, it can ensure that the fundamentals are in place to achieve optimal valuation in the market.
- **EBITDA return on capital** employed relates profitability to shareholder investment and can be used to benchmark against the performance of similar assets and organisations. For the 2019 financial year, the return was 4% compared to 6% in the previous year.

UNLOCKED VALUE DUE TO

- Integrated annual report as the key stakeholder communication material
- Investor roadshows
- Reduced debt, with a focus on cash flow
- Self-insurance fund

KEY PERFORMANCE INDICATORS

		2016	2017	2018	% change	2019	% CAGR	Rolling three-year forecast 2020
Total assets	R'million	4 561	5 082	5 189	–	**5 206**	5	5 675
Profitability – EBITDA/revenue	%	14	13	13	–	**13**	(2)	13
Gearing	%	19	20	17	(6)	**16**	(6)	15
Total cost excluding external log purchases as % of revenue	%	82	77	78	(1)	**77**	(2)	77
Net cash from operating activities	R'million	225	31	195	(25)	**146**	(13)	260
Market capitalisation at R3/share (previously NAV/share was used)	R'million	828	861	664	(24)	**506**	(15)	951
EBITDA return on capital employed	%	6	5	6	(27)	**4**	(9)	8

FINANCIAL CAPITAL continued

FINANCIAL **OVERVIEW**

York was challenged during the year with industrial action negatively impacting the results.

STATEMENT OF **FINANCIAL POSITION**

as at 30 June 2019

The net increase in **biological assets** is the result of a decrease in the weighted average volume adjustment factor from 10% in 2018 to 2% in 2019 based on the most recent actual yield reconciliation data.

Goodwill decreased due to an impairment loss recognised. The present value of the segment was impacted by the following factors:

- Decrease in long-term revenue inflation forecast;
- Increase in volume accuracy adjustment;
- Change in referenced risk-free rate; and
- Increase in biological assets value included in carrying value of segment.

Inventories increased due to slow-down in local and international plywood sales. Lumber stock increased in preparation for the traditional high demand period.

Debtor collections over year-end increased. Included in the 2018 financial year is an insurance receivable raised.

The reduction in **borrowings** is due to the debt repayment profile. A refinance agreement was reached on the Land Bank term loan.

The increase in **trade and other payables** is due to standing timber purchased from SAFCOL of R146 million as at 30 June 2019, payable monthly until March 2020.

	2019 R'000	% change	Restated 2018 R'000
ASSETS			
Non-current assets	**3 994 693**	(1)	4 054 470
Biological assets	**2 639 014**	6	2 498 082
Investment property	**30 740**	15	26 731
Property, plant and equipment	**893 891**	(3)	920 265
Goodwill	**357 630**	(37)	565 442
Intangible assets at amortised cost	**3 616**	681	463
Other financial assets	**61 903**	56	39 707
Deferred tax	**7 899**	109	3 780
Current assets	**1 211 342**	7	1 134 957
Biological assets	**515 543**	23	420 468
Inventories	**374 553**	25	300 356
Trade and other receivables	**221 243**	(14)	258 731
Current tax receivable	**11 000**	227	3 363
Cash and cash equivalents	**89 003**	(41)	152 039
Total assets	**5 206 035**	–	5 189 427
EQUITY AND LIABILITIES			
Equity	**3 096 717**	(1)	3 130 276
Share capital	**1 480 232**	–	1 480 232
Reserves	**2 356**	(767)	(353)
Retained income	**1 614 129**	(2)	1 650 397
Liabilities			
Non-current liabilities	**1 514 237**	(3)	1 555 021
Borrowings	**530 865**	(17)	636 836
Retirement benefit obligation	**26 764**	1	26 430
Deferred tax	**930 875**	8	862 148
Provisions	**15 738**	8	14 623
Lease liability	**9 995**	(33)	14 984
Current liabilities	**595 081**	18	504 130
Trade and other payables	**434 279**	32	328 932
Borrowings	**152 571**	(9)	167 759
Lease liability	**8 152**	10	7 415
Current tax payable	**17**	13	15
Bank overdraft	**62**	589	9
Total liabilities	**2 109 318**	2	2 059 151
Total equity and liabilities	**5 206 035**	–	5 189 427

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The complete consolidated annual financial statements can be found on pages 98 and 158.

CONDENSED STATEMENT OF PROFIT OR LOSS **AND OTHER COMPREHENSIVE INCOME**

for the year ended 30 June 2019

	2019 R'000	% change	Restated 2018 R'000
Revenue	**1 600 522**	(12)	1 812 350
Cost of sales	**(1 140 167)**	(9)	(1 259 719)
Gross profit	**460 355**	(17)	552 631
Other operating income	**53 291**	90	28 106
Impairment of goodwill	**(207 812)**	(100)	–
Other operating expenses	**(412 148)**	7	(384 692)
Operating (loss)/profit	**(106 314)**	(154)	196 045
Investment income	**5 269**	8	4 899
Fair value adjustments	**207 901**	191	71 327
Interest paid	**(77 537)**	(8)	(84 325)
Profit before taxation	**29 319**	(84)	187 946
Taxation	**(65 587)**	32	(49 666)
(Loss)/profit for the year	**(36 268)**	(126)	138 280
Other comprehensive (loss)/income for the year net of taxation	**96**	(120)	(478)
Total comprehensive (loss)/income	**(36 172)**	(126)	137 802
Earnings per share			
Basic and diluted (loss)/earnings per share	**(11)**	(125)	44

York's lumber and plywood **sales** decreased following industrial action during the first half of the financial year, together with weak industry demand.

Cost of sales decreased due to lower production volumes as a result of the industrial action.

Operating loss was as a result of an increase in security fees due to industrial action, increase in insurance premiums and fuel prices. **Other operating income** was generated from the sale of an outlier plantation. **Goodwill** was impaired during the year.

The **fair value adjustment** to the biological assets is a result of the volume accuracy factor reducing from 11% to 2%.

CONDENSED STATEMENT OF **CASH FLOWS**

for the year ended 30 June 2019

	2019 R'000	% change	Restated 2018 R'000
Profit before taxation	**29 319**	(84)	187 946
Adjustment for non-cash items, interest	**125 858**	59	79 389
Adjustment for working capital	**68 645**	333	15 838
Cash generated from operations	**223 822**	(21)	283 173
Less: Interest and tax paid	**(77 542)**	(12)	(87 758)
Net cash from operating activities	**146 280**	(25)	195 415
Net cash applied to investing activities	**(79 224)**	(5)	(83 010)
Net cash applied to financing activities	**(132 088)**	6	(124 160)
Cash movement for the year	**(65 032)**	453	(11 755)
Cash at the beginning of the year	**152 030**	(5)	159 346
Effect of exchange rate movement on cash balance	**1 943**	(56)	4 439
Cash at the end of the year	**88 941**	(41)	152 030

Cash from operations decreased due to an increase in working capital and lower profit, impacted by the industrial action.

Reduction in **borrowings** in line with debt repayment profile.

FINANCIAL CAPITAL continued

VALUING ASSETS FAIRLY

The most significant item on York's balance sheet is its biological assets, which are currently valued at R3,155 billion. This represents 66% of all tangible assets and therefore the major part of York's equity.

The valuation model for the biological assets considers the present value of the net cash flows expected to be generated by the plantations over the next 20 years. It takes into account:

- **Volumes:** The expected yields per log class are calculated with reference to measurements over the last 40 years and envisaged end-products. It provides for damage due to animals or the natural elements such as wind, rain, hail, droughts and fires;
- **Log prices**, based on current and future expected market prices per log class, estimated to increase by 5,2% per annum over the long term;
- **Operating costs** until the trees reach the age of felling, including costs of harvesting, maintenance and risk management, as well as associated fixed overhead costs;
- **Inflation**, which is estimated at 5,2% per annum over the long term; and
- The expected net cash flows are **discounted** using a risk-adjusted comparable group of forestry companies' Beta to calculate the after-tax weighted average cost of capital (WACC), which is currently 13,28%.

See note 5 to the consolidated and separate annual financial statements for the detailed calculations.

Because trees are typically harvested over a period of up to 20 years, returns on assets (and therefore equity) for the timber industry appear to be low compared to other industries. This will be true up to the point where the plantation is in normalised rotation, when returns are realised on an asset base that remains fairly constant for growth changes.

York exceeds these expectations in a number of ways:

- The differential between the discount rate and inflation alone reflects the conservative nature of the valuation. Efficient extraction of value from trees harvested and their application for higher value end-products mean that York can unlock far greater value from its biological assets; and furthermore, because York's trees are harvested when they are 20 years old, this value extraction takes place quicker than the industry norm.
- Site-specie matching and genetic research from breeding results in higher yields and product value.

The market does not appear to value the biological assets adequately in York's share price.

KEY AUDIT MATTERS

York's auditor listed those matters which, in their professional judgement, were of most significance in their audit (see pages 93 to 95).

VALUATION OF BIOLOGICAL ASSETS

Due to the complexity and significant judgement and assumptions applied by the Group in determining the fair value of biological assets, the valuation of biological assets was considered a key audit matter.

York has noted the auditor's use of a valuation expert in evaluating the assumptions and methodologies applied as well as them considering consistency, historical accuracy, reasonableness, inherent risks and York's future plans.

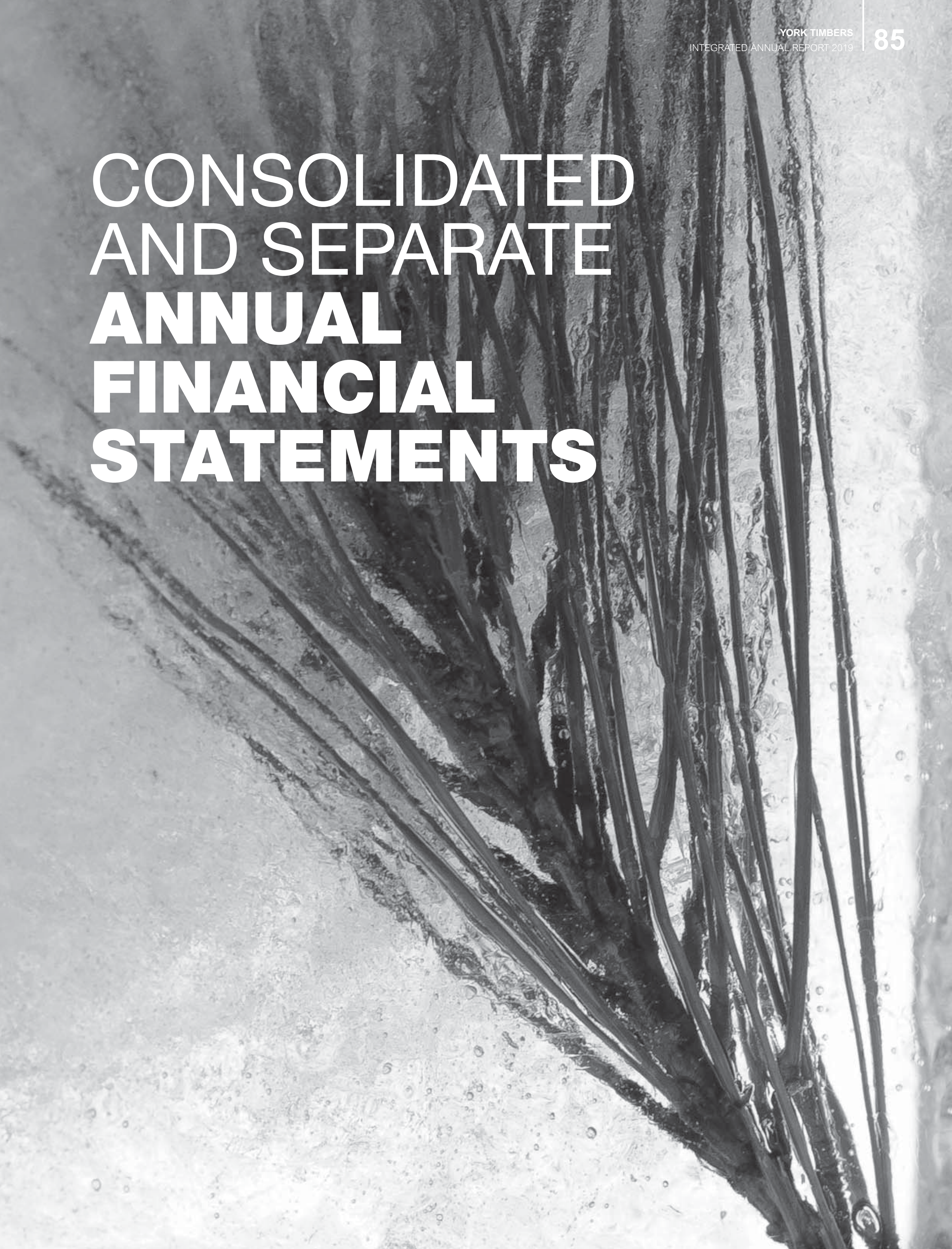
The Company remains confident that its biological assets are valued fairly.

CARRYING VALUE OF GOODWILL

Goodwill is tested for impairment at each year-end. Due to the complexity and significant judgement and assumptions applied, the carrying value of goodwill was considered a key audit matter.

York also noted the auditor's use of a valuation expert in evaluating the key assumptions and methodologies applied as well as them considering consistency, historical accuracy, reasonableness, inherent risks and economic outlook.

The Company believes that its goodwill is fairly valued.



CONSOLIDATED AND SEPARATE **ANNUAL FINANCIAL STATEMENTS**

DIRECTORS' RESPONSIBILITIES **AND APPROVAL**

LEVEL OF ASSURANCE

These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008 (the Companies Act).

PREPARER

The consolidated and separate annual financial statements were internally compiled under the supervision of:

GCD Stoltz CA(SA)
Chief Financial Officer

The directors are required in terms of the Companies Act of South Africa, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly-defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. Any system of internal financial control, however, can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group and Company's cash flow forecast for the year to 30 June 2020 and, in light of this review and the current financial position, they are satisfied that the Group and Company have or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the Group's external auditor and their report is presented on pages 92 to 97.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements set out on pages 98 to 158, which have been prepared on the going concern basis, were approved by the Board on 27 September 2019 and were signed on their behalf by:

Dr Jim Myers
Chairman

Pieter van Zyl
Chief Executive Officer

27 September 2019

COMPANY **SECRETARY'S CERTIFICATE**

In terms of section 88(2)(e) of the Companies Act of South Africa, 71 of 2008, as amended, I certify that the Company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Sue Hsieh
Company Secretary

27 September 2019

AUDIT COMMITTEE **REPORT**

MANDATE AND TERMS OF REFERENCE

The Group's Audit Committee has adopted formal terms of reference, delegated to it by the Board of Directors, as its mandate. The mandate is in line with the Companies Act, the King IV Report on Corporate Governance for South Africa, 2016 (King IV) and the JSE Listings Requirements. During the year, the Audit Committee discharged the functions delegated to it in its mandate.

The Audit Committee performed the following statutory and regulatory duties:

- Reviewed and recommended for adoption by the Board the publicly disclosed financial information, which comprised the Group's consolidated interim results for the six months to 31 December 2018 and the consolidated and separate annual financial statements for the year ended 30 June 2019;
- Satisfied itself that the external auditor, PricewaterhouseCoopers Inc, and its audit partner, complied with the suitability criteria for re-appointment as required by the JSE Listings Requirements, are properly accredited and independent and assessed the quality of the audit;
- Approved the external auditor's fees and terms of engagement for the 2019 financial year;
- Determined the nature and extent of the non-audit services that may be provided by the external auditor and pre-approved any proposed agreements with them for the provision of such services;
- Resolved to continue to source the Internal Audit function from Tereo Krino Business Assurance Consultants Proprietary Limited and approved the internal audit plan and budgeted fee for the 2019 financial year;
- Reviewed the Audit Committee charter in line with King IV recommendations;
- Held separate meetings with management and the external and internal auditors to discuss relevant matters;
- Noted that it had not received any complaints, from either within or outside the Company, relating to the accounting practices, the internal audits, the content or auditing of the consolidated and separate annual financial statements, the internal financial controls or any other related matters;
- Confirmed that a whistle-blowing facility was in place and considered the actions taken with regard to incident reports;
- Evaluated and satisfied itself as to the appropriateness of the expertise and experience of the Chief Financial Officer, as required by paragraph 3.84(g)(i) of the JSE Listings Requirements;
- Satisfied itself as to the expertise, resources and experience of the Company's finance function;
- Considered the Group's liquidity and solvency positions;
- Confirmed, with reference to reporting by management and the Internal Audit function, that the Group had established appropriate financial reporting procedures and satisfied itself that those procedures were operating;
- Satisfied itself that the adoption of the going concern basis by York Timber Holdings Limited in preparing the consolidated and separate annual financial statements was appropriate;
- Satisfied itself that the combined assurance provided is effective and monitors the relationship between external assurance providers and the Company; and
- Satisfied itself through management representations and findings by the external auditor, as well as work performed by the internal auditor that the key audit matters relating to goodwill and the valuation of biological assets have been presented fairly in the consolidated and separate annual financial statements.

AUDIT COMMITTEE REPORT continued

MEMBERSHIP

In terms of section 94(2) of the Companies Act, the Audit Committee is a statutory committee and in terms of King IV, comprising at least three independent non-executive members, elected by the shareholders at each annual general meeting. The members of the Audit Committee for the 2019 financial year were:

- AW Brink CA(SA) *(Independent non-executive, committee Chairman)* appointed on 14 February 2019;
- KM Nyanteh CA(SA) *(Independent non-executive)* appointed on 14 February 2019;
- Dr AP Jammine BSc Hons Mathematical Statistics, BA Hons Economics cum laude (Wits), MSc Economics (London School of Economics), PhD Economics (London Business School), Post-Doctoral Fellowship Centre for Business Strategy (London Business School) *(Independent non-executive)*;
- GR Tipper BCom (Wits), BAcc, MBA *(Independent non-executive)* resigned on 3 December 2018; and
- TV Mokgatlha BCom Accounting, BCompt/CTA Hons *(Independent non-executive)* resigned on 30 November 2018.

The members of the Audit Committee have the necessary academic qualifications and experience to adequately fulfil their duties as members of the Audit Committee.

The Chief Executive Officer, Chief Financial Officer, the heads of External and Internal Audit, and other relevant parties attend Audit Committee meetings by invitation.

The internal and external auditors have unlimited access to the Chairman of the Audit Committee.

Audit Committee meeting attendance	11 September 2018	1 March 2019	1 June 2019
AW Brink *(Chairman)* (appointed on 14 February 2019)	N/a	Yes	Yes
Dr AP Jammine	Yes	Yes	Yes
TV Mokgatlha (resigned 30 November 2018)	Yes	N/a	N/a
KM Nyanteh (appointed on 14 February 2019)	N/a	Yes	Yes
GR Tipper (resigned on 3 December 2018)	Yes	N/a	N/a

INTERNAL CONTROLS

Internal controls comprise the methods and procedures adopted by management to provide reasonable assurance of the safeguarding of assets, prevention and detection of errors, accuracy and completeness of accounting records, and reliability of the consolidated and separate annual financial statements of all entities in the Group.

The Internal Audit function performs independent evaluations of the adequacy and effectiveness of the Group's controls, financial reporting mechanisms, information systems and operations, and provides a degree of assurance in regard to safeguarding of assets and the integrity of financial information.

Management identified where inadequate internal control procedures existed. Management addressed the shortcomings to strengthen the relevant internal control environment.
The Audit Committee is of the view that the internal controls, as addressed, are designed and implemented effectively to identify and prevent financial loss, fraud, corruption or error.

Management addressed the shortcomings to strengthen the relevant internal control environment.

RECOMMENDATION OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Based on the information provided to the Audit Committee by management, and considering the reports of the external and internal auditors, the Audit Committee is satisfied that the consolidated and separate annual financial statements comply, in all material respects, with the requirements of the Companies Act of South Africa, International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements. The Audit Committee recommended the consolidated and separate annual financial statements to the Board for adoption by round robin resolution on 27 September 2019. These consolidated and separate annual financial statements will be open for discussion at the forthcoming annual general meeting.

The Chairman of the Audit Committee or, in his absence, the other members of the Audit Committee, will attend the annual general meeting to answer questions falling within the mandate of the Audit Committee.

Andries Brink
Chairman: Audit Committee

27 September 2019

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of York Timber Holdings Limited (York or the Company or the Group) for the year ended 30 June 2019.

NATURE OF BUSINESS

York was incorporated in South Africa with interests in investment holding. The activities of the Group are undertaken through the subsidiaries with interests in forestry, sawmills, plywood, wholesale and the hospitality industry. The Group operates in South Africa, the Southern Africa Development Community and international markets.

There have been no material changes to the nature of the Group's business from the prior year.

REVIEW OF THE FINANCIAL RESULTS AND ACTIVITIES

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 39 to the consolidated and separate annual financial statements.

Full details of the financial position, results of operations and cash flows of the Group are set out in the consolidated and separate annual financial statements.

SHARE CAPITAL

	2019 R'000	2018 R'000	2019 Number of shares	2018 Number of shares
Issued				
Ordinary shares (net of treasury shares)	**15 802**	15 802	**316 048 013**	316 048 013

There have been no changes to the authorised or issued share capital during the year under review.

DIVIDENDS

The Board has resolved not to declare a dividend for the year ended 30 June 2019.

DIRECTORATE

The directors in office during the financial period were as follows:

Director	Office	Designation	Change
PC Botha		Non-executive	Resigned 27 November 2018
AW Brink		Non-executive independent	Appointed 14 February 2019
Dr AP Jammine		Non-executive independent	
HM Mbanyele-Ntshinga		Non-executive independent	Appointed 14 February 2019
SAU Meer		Non-executive	
DM Mncube		Non-executive independent	
TV Mokgatlha		Non-executive independent	Resigned 30 November 2018
MR Mouyeme		Non-executive independent	Resigned 30 November 2018
Dr JP Myers	*Chairman*	Non-executive independent	
KM Nyanteh		Non-executive independent	Appointed 14 February 2019
GCD Stoltz	*Chief Financial Officer*	Executive	
GR Tipper		Non-executive independent	Resigned 3 December 2018
PP van Zyl	*Chief Executive Officer*	Executive	

DIRECTORS' SHAREHOLDING

As at 30 June 2019, the directors of the Company held direct and indirect beneficial interests in 1,36% (2018: 1,04%) of its issued ordinary shares, as set out below. No non-executive director holds 1% or more of the ordinary shares of the Group.

Interests in shares

	2019		2018	
Director	Number of shares	Percentage shareholding	Number of shares	Percentage shareholding
PP van Zyl	**4 507 410**	**1,36**	3 435 376	1,04
GCD Stoltz	**12 000**	**–**	12 000	–
GR Tipper (resigned 3 December 2018)	**–**	**–**	15	–
	4 519 410	**1,36**	3 447 391	1,04

Interests in share incentive scheme (units)

Director	2019 Direct	2018 Direct
GCD Stoltz (equity-settled share-based payment)	**751 880**	751 880

The register of interests of directors and others in shares of the Company is available to the shareholders on request. The directors held no indirect beneficial interest in the Company's shares.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

BORROWING LIMITATIONS

In terms of the memorandum of incorporation, the Board may raise debt from time to time for the purposes of the Group.

The Group's subsidiary, York Timbers Proprietary Limited, is subject to externally imposed capital requirements in the form of a debt-equity ratio requirement of below 1:1 in terms of the Land Bank loan facility (refer to note 19 to the consolidated and separate annual financial statements).

SPECIAL RESOLUTIONS

During the year, two special resolutions were passed by the shareholders of York and its subsidiaries. The resolutions were for general authority to repurchase shares and authorisation of non-executive directors' fees.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

GOING CONCERN

The directors believe that the Group and Company have adequate financial resources to continue in operation for the foreseeable future and accordingly, the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

AUDITOR

PricewaterhouseCoopers Inc. was appointed as auditor for the Group for 2019. The engagement partner appointed is Schalk Barnard.

SECRETARY

The Company Secretary is Sue Hsieh.

Business address: York Corporate Office
3 Main Road
Sabie
1260

INTEREST IN SUBSIDIARIES

Details of the Group's investment in subsidiaries are set out in note 8 to the consolidated and separate annual financial statements.

INDEPENDENT AUDITOR'S **REPORT**

To the shareholders of York Timber Holdings Limited

Report on the audit of the consolidated and separate financial statements

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of York Timber Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

York Timber Holdings Limited's consolidated and separate financial statements set out on pages 98 to 158 comprise:

- The consolidated and separate statements of financial position as at 30 June 2019;
- The consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- The consolidated and separate statements of changes in equity for the year then ended;
- The consolidated and separate statements of cash flows for the year then ended;
- The accounting policies; and
- The notes to the consolidated and separate annual financial statements.

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 consolidated and separate financial statements* section of our report.

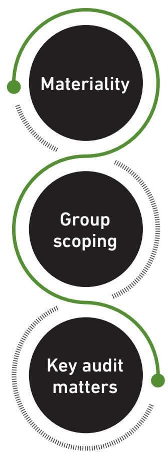
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of consolidated and separate financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

OUR AUDIT APPROACH

Overview



Overall Group materiality

- Overall Group materiality: R16 005 000, which represents 1% of total revenue

Group audit scope

We have performed full scope audits on all companies within the Group which comprise six trading companies, due to their size and risk characteristics.

Key audit matters

- Valuation of biological assets
- Impairment assessment of goodwill and property, plant and equipment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Overall Group materiality	R16 005 000
How we determined it	1% of total revenue
Rationale for the materiality benchmark applied	We chose total revenue as the benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatility and near break-even earnings, and it is a generally accepted benchmark. We chose 1%, which is consistent with quantitative materiality thresholds used for companies in this sector.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and separate financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations vary in size. We identified six trading companies (York Timber Holdings Limited, York Timbers Proprietary Limited, Agentimber Proprietary Limited, York Fleet Solutions Proprietary Limited, Sonrach Properties Proprietary Limited and Mbulwa Estate Proprietary Limited). Full scope audits were performed on these trading components. We identified these six companies as those that, in our view, require an audit of their complete consolidated and separate financial statements, due to their size and risk characteristics.

For each of the identified companies in scope, the Group audit engagement team performed the required audit work, as all supporting documentation and administrative functions are centrally based at the York Corporate office in Sabie.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matters that relate to the audit of the consolidated and separate financial statements of the current period in the table below. We have determined that there are no key audit matters to communicate in our report with regard to the audit of the consolidated and separate financial statements of the Company for the current period.

INDEPENDENT AUDITOR'S **REPORT** continued

To the shareholders of York Timber Holdings Limited

Key audit matter	How our audit addressed the key audit matter
Valuation of biological assets	
Refer to note 5 to the consolidated and separate financial statements. The Group has biological assets of R2,639 billion (2018: R2,498 billion) in non-current assets and R515 million (2018: R420 million) in current assets as at 30 June 2019 on the statement of financial position. As explained in accounting policy 1.5, the Group carries biological assets at fair value less costs to sell, with any resultant gain or loss recognised through profit and loss. The valuation methodology used by management to determine the fair value of the biological assets at year-end is the discounted cash flow method, which is complex, highly judgemental and based on significant assumptions. The most significant judgements and assumptions relate to: • A discount rate calculated as an after tax weighted average cost of capital (WACC); • Expected yields per log class calculated based on relevant growth models (growth rate); • A volume adjustment factor due to the susceptibility of the plantations to the environment; • The price per cubic metre based on the current and future expected market prices per log class (profit margin); and • Operational costs based on unit cost of the forest management system. We considered the valuation of biological assets to be a matter of most significance to the current year audit due to the complexity, significant judgement and assumptions applied by the Group in determining the fair value of the biological assets.	We evaluated the appropriateness and consistency of the significant judgements and assumptions applied by management in the discounted cash flow calculation to determine the net cash flows used with reference to the Group's historical practices in forecasting cash flows and biological asset management plans. We found the significant judgements and assumptions to be consistent with historical practices and the biological asset management plans. We used our valuation expertise to independently recalculate the discount rate (WACC) using external data sources, including a recalculation of the biological asset value at year-end. We found the discount rate used by management to be reasonable. We tested the mathematical accuracy of management's valuation model. No material differences were noted We evaluated the reasonableness of: • The projected volumes, including yields, that the existing plantations are predicted to produce in relation to the Group's historical production volumes; • The volume adjustment factor compared with actual deviations based on harvested results; • The price per cubic metre compared with actual results and current market prices; and • The operational costs of the forest management activities based on our understanding of the business, past results and the economic outlook. We found the projected volumes, yields, volume adjustment factor and price per cubic metre and operational costs to be reasonable. We independently performed a sensitivity analysis of the fair value assessment to assess the reasonableness of management's calculation, taking a reasonable change in the assumed growth rates and cash flows into account and found the calculations to be reasonable.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment assessment of goodwill and property, plant and equipment</td></tr>
<tr><td>
Goodwill with an indefinite useful life is subject to impairment assessments annually and when there is an indication of impairment.
The Group has goodwill of R 357 million (2018: R565 million) and property, plant and equipment of R894 million (2018: R920 million) as at 30 June 2019 on the statement of financial position. Impairment charge to goodwill of R208 million (2018: nil) was recognised in the current year in the statement of profit or loss and other comprehensive income. There is a risk surrounding the recoverability of these balances, as assessed annually by management as part of their impairment review.
As explained in note 6, goodwill arose from the business combinations that took place historically. Items of property, plant and equipment, including goodwill, are assigned to each cash generating unit. Goodwill is tested annually for impairment at each year-end. Goodwill has been allocated to the forestry cash generating unit for the impairment assessment.
For property, plant and equipment, management is required to determine the recoverable amount of an asset, or the cash-generating unit (CGU) to which the items of property, plant and equipment relate, when an impairment trigger is identified. The identification as to whether an impairment or impairment reversal trigger exists involves management judgement.
For those items of property, plant and equipment where an indicator of impairment was identified, and for the CGUs to which goodwill relates (which require an annual impairment test), the determination of the recoverable amount, being the higher of value in use (VIU) and fair value less costs of disposal (FVLCD), requires judgement and estimation by management. This is because the determination of a recoverable amount includes management's consideration of key internal inputs and external market conditions such as future log prices, customer demands, expected yields from the plantations, forecasted growth rates, which all impact future discounted cash flows and the determination of the most appropriate discount rate (WACC).
We considered the impairment assessment of goodwill and the CGU to which it has been allocated, including property, plant and equipment to be a matter of most significance to the current year audit due to the significant judgement, assumptions and estimates applied by management.
</td><td>
We evaluated the appropriateness of the level at which impairment is assessed being the Group's cash generating units. We also assessed the level at which goodwill is monitored for impairment to test whether it was being tested at the appropriate CGU in accordance with IAS 36: Impairment of Assets.
For property, plant and equipment, we evaluated management's assessment of impairment indicators, including the conclusions reached. Our evaluation included assessing management's process to identify impairment triggers, together with an assessment of business performance in the year and the impairment tests performed for each CGU and found the conclusions reached by management to be reasonable.
Where impairment tests were performed, including goodwill, we challenged the basis for management's estimates of growth rates and future cash flows with reference to historical trading performance, market expectations and management forecasts and found these to be reasonable.
We used our valuation expertise to independently recalculate the discount rate (WACC) using external data sources. We found the discount rate used by management to be reasonable.
We tested the mathematical accuracy of management's valuation model. No material differences were noted.
We evaluated the reasonableness of:

The future log prices by comparison to actual results and current market prices;
The expected yields that the existing plantations are predicted to produce in relation to the Group's historical production volumes; and
The forecast growth rates by comparison to historical actual growth and market expectations.

We found the future log prices, expected yields and forecast growth to be reasonable.
We tested the sensitivity of the Group's goodwill impairment model to possible changes in the key assumptions and considered the appropriateness in relation to management's impairment reviews. We concurred with management's conclusions on the impairment assessments.
</td></tr>
</table>

INDEPENDENT AUDITOR'S **REPORT** continued

To the Shareholders of York Timber Holdings Limited

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "York Timber Holdings Limited consolidated and separate annual financial statements for the year ended 30 June 2019" and in the document titled "York Timbers Integrated Annual Report 2019", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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.
- 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group's and 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 consolidated and separate 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 Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 directors 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 directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of York Timber Holdings Limited for one year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Schalk Barnard
Registered Auditor
Mbombela

27 September 2019

STATEMENTS OF **FINANCIAL POSITION**

as at 30 June 2019

		GROUP		COMPANY	
	Note	2019 R'000	Restated 2018 R'000	2019 R'000	2018 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**893 891**	920 265	**–**	–
Investment property	4	**30 740**	26 731	**–**	–
Biological assets	5	**2 639 014**	2 498 082	**–**	–
Goodwill	6	**357 630**	565 442	**–**	–
Intangible assets	7	**3 616**	463	**–**	–
Investments in subsidiaries	8	**–**	–	**1 120 970**	1 118 357
Loans to Group companies	9	**–**	–	**1 345 673**	1 350 957
Other financial assets at amortised cost	10	**61 903**	39 707	**–**	–
Deferred tax	11	**7 899**	3 780	**37**	37
		3 994 693	4 054 470	**2 466 680**	2 469 351
Current assets					
Biological assets	5	**515 543**	420 468	**–**	–
Inventories	12	**374 553**	300 356	**–**	–
Trade and other receivables	13	**221 243**	258 731	**49**	20
Current tax receivable	14	**11 000**	3 363	**–**	–
Cash and cash equivalents	15	**89 003**	152 039	**–**	3
		1 211 342	1 134 957	**49**	23
Total assets		**5 206 035**	5 189 427	**2 466 729**	2 469 374
EQUITY AND LIABILITIES					
Equity					
Share capital	16	**1 480 232**	1 480 232	**1 521 914**	1 521 914
Reserves	17, 18	**2 356**	(353)	**3 227**	614
Retained income		**1 614 129**	1 650 397	**939 894**	939 891
Total equity		**3 096 717**	3 130 276	**2 465 035**	2 462 419
Liabilities					
Non-current liabilities					
Borrowings	19	**530 865**	636 836	**–**	–
Lease liability	20	**9 995**	14 984	**–**	–
Retirement benefit obligation	21	**26 764**	26 430	**–**	–
Deferred tax	11	**930 875**	862 148	**–**	–
Provisions	22	**15 738**	14 623	**–**	–
		1 514 237	1 555 021	**–**	–
Current liabilities					
Trade and other payables	23	**434 279**	328 932	**1 677**	6 940
Borrowings	19	**152 571**	167 759	**–**	–
Lease liability	20	**8 152**	7 415	**–**	–
Current tax payable		**17**	15	**17**	15
Bank overdraft	15	**62**	9	**–**	–
		595 081	504 130	**1 694**	6 955
Total liabilities		**2 109 318**	2 059 151	**1 694**	6 955
Total equity and liabilities		**5 206 035**	5 189 427	**2 466 729**	2 469 374

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

		GROUP		COMPANY	
	Note	2019 R'000	Restated 2018 R'000	2019 R'000	2018 R'000
Revenue	24	**1 600 522**	1 812 350	**6 668**	5 948
Cost of sales		**(1 140 167)**	(1 259 719)	**–**	–
Gross profit		**460 355**	552 631	**6 668**	5 948
Other operating income	25	**31 940**	23 097	**–**	–
Other operating gains	26	**21 351**	5 009	**–**	–
Impairment of goodwill		**(207 812)**	–	**–**	–
Other operating expenses		**(412 148)**	(384 692)	**(6 669)**	(6 375)
Operating (loss)/profit	27	**(106 314)**	196 045	**(1)**	(427)
Investment income	28	**5 269**	4 899	**5**	99 328
Interest paid	29	**(77 537)**	(84 325)	**–**	–
Fair value adjustments	30	**207 901**	71 327	**–**	–
Profit before taxation		**29 319**	187 946	**4**	98 901
Taxation	31	**(65 587)**	(49 666)	**(1)**	(247)
(Loss)/profit for the year		**(36 268)**	138 280	**3**	98 654
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements on defined benefit liability		**133**	(663)	**–**	–
Taxation related to re-measurements on defined benefit liability		**(37)**	185	**–**	–
Defined benefit plan reserve		**96**	(478)	**–**	
Other comprehensive income/(loss) for the year net of taxation		**96**	(478)	**–**	–
Total comprehensive (loss)/income for the year		**(36 172)**	137 802	**3**	98 654
Earnings per share					
Per share information					
Basic (loss)/earnings per share (cents)	44	**(11)**	44	**–**	30
Diluted (loss)/earnings per share (cents)	44	**(11)**	44	**–**	30

STATEMENTS OF **CHANGES IN EQUITY**

for the year ended 30 June 2019

	Share capital R'000	Share premium R'000	Total share capital R'000	Share-based payment reserve R'000	Defined benefit plan reserve R'000	Total reserves R'000	Retained income R'000	Total equity R'000
GROUP								
Opening balance as previously reported	15 802	1 464 430	1 480 232	–	(489)	(489)	1 512 822	2 992 565
Adjustments								
Change in accounting policy (refer to note 39)	–	–	–	–	–	–	(705)	(705)
Balance as at 1 July 2017 as restated	**15 802**	**1 464 430**	**1 480 232**	**–**	**(489)**	**(489)**	**1 512 117**	**2 991 860**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**138 280**	**138 280**
Other comprehensive loss	**–**	**–**	**–**	**–**	**(478)**	**(478)**	**–**	**(478)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(478)**	**(478)**	**138 280**	**137 802**
Employees share option scheme	–	–	–	614	–	614	–	614
Total contributions by and distributions to owners of the Company recognised directly in equity	–	–	–	614	–	614	–	614
Opening balance as previously reported	15 802	1 464 430	1 480 232	614	(967)	(353)	1 652 556	3 132 435
Adjustments								
Change in accounting policy (refer to note 39)	–	–	–	–	–	–	(2 159)	(2 159)
Balance as at 1 July 2018 as restated	**15 802**	**1 464 430**	**1 480 232**	**614**	**(967)**	**(353)**	**1 650 397**	**3 130 276**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(36 268)**	**(36 268)**
Other comprehensive income	**–**	**–**	**–**	**–**	**96**	**96**	**–**	**96**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**96**	**96**	**(36 268)**	**(36 172)**
Employees share option scheme	**–**	**–**	**–**	**2 613**	**–**	**2 613**	**–**	**2 613**
Total contributions by and distributions to owners of the Company recognised directly in equity	**–**	**–**	**–**	**2 613**	**–**	**2 613**	**–**	**2 613**
Balance as at 30 June 2019	**15 802**	**1 464 430**	**1 480 232**	**3 227**	**(871)**	**2 356**	**1 614 129**	**3 096 717**
Note	16	16	16	17	18			

	Share capital R'000	Share premium R'000	Total share capital R'000	Share-based payment reserve R'000	Defined benefit plan reserve R'000	Total reserves R'000	Retained income R'000	Total equity R'000
COMPANY								
Balance as at 1 July 2017	16 562	1 505 352	1 521 914	–	–	–	841 237	2 363 151
Profit for the year	–	–	–	–	–	–	98 654	98 654
Total comprehensive income for the year	–	–	–	–	–	–	98 654	98 654
Employees share option scheme	–	–	–	614	––	614	–	614
Total contributions by and distributions to owners of the Company recognised directly in equity	–	–	–	614	–	614	–	614
Balance as at 1 July 2018	16 562	1 505 352	1 521 914	614	–	614	939 891	2 462 419
Profit for the year		**–**	**–**	**–**	**–**	**–**	**3**	**3**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Employees' share option scheme	**–**	**–**	**–**	**2 613**	**–**	**2 613**	**–**	**2 613**
Total contributions by and distribution to owners of the Company recognised directly in equity	**–**	**–**	**–**	**2 613**	**–**	**2 613**	**–**	**2 613**
Balance as at 30 June 2019	**16 562**	**1 505 352**	**1 521 914**	**3 227**	**–**	**3 227**	**939 894**	**2 465 035**
Note	16	16	16	17	18			

STATEMENTS OF **CASH FLOWS**

for the year ended 30 June 2019

		GROUP		COMPANY	
	Note	2019 R'000	Restated 2018 R'000	2019 R'000	2018 R'000
Cash flows from operating activities					
Cash generated from/(used in) operations	32	**223 822**	283 173	**(5 293)**	5 300
Interest received		**5 269**	4 899	**5**	5
Dividends received		**–**	–	**–**	99 323
Interest paid		**(74 152)**	(80 707)	**–**	–
Tax (paid)/refunded	33	**(8 659)**	(11 950)	**1**	–
Net cash from operating activities		**146 280**	195 415	**(5 287)**	104 628
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(81 170)**	(64 680)	**–**	–
Proceeds from disposal of property, plant and equipment	3	**27 399**	103	**–**	–
Additions to investment property	4	**(30)**	–	**–**	–
Sale of investment property	4	**250**	–	**–**	–
Purchase of intangible assets	7	**(3 479)**	(24)	**–**	–
Proceeds from sale of other intangible assets	7	**2**	–	**–**	–
Acquisition of subsidiaries net of cash acquired	35	**–**	(6 087)	**–**	–
Loans to Group companies repaid	9	**–**	–	**5 284**	–
Loans advanced to Group companies		**–**	–	**–**	(97 655)
Purchase of other financial assets at amortised cost	10	**(22 415)**	(14 563)	**–**	–
Proceeds on other financial assets at amortised cost	10	**219**	6 821	**–**	–
Repayment of loans from related parties		**–**	(4 580)	**–**	–
Net cash (applied to)/from investing activities		**(79 224)**	(83 010)	**5 284**	(97 655)
Cash flows from financing activities					
Proceeds from borrowings		**39 655**	51 004	**–**	–
Repayment of borrowings		**(162 121)**	(158 711)	**–**	–
Increase in cash-settled share-based payments		**–**	(6 971)	**–**	(6 971)
Repayment of lease liability		**(9 622)**	(9 482)	**–**	–
Net cash applied to financing activities		**(132 088)**	(124 160)	**–**	(6 971)
Cash movement for the year		**(65 032)**	(11 755)	**(3)**	2
Cash at the beginning of the year		**152 030**	159 346	**3**	1
Effect of exchange rate movement on cash balances		**1 943**	4 439	**–**	–
Cash at the end of the year	15	**88 941**	152 030	**–**	3

ACCOUNTING **POLICIES**

for the year ended 30 June 2019

CORPORATE INFORMATION

York Timber Holdings Limited is a public company incorporated and domiciled in South Africa.

The consolidated and separate annual financial statements for the year ended 30 June 2019 were authorised for issue in accordance with a round robin resolution passed by the directors on 27 September 2019.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these consolidated and separate annual financial statements and the Companies Act of South Africa, as amended.

These consolidated and separate annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contains the information required by IAS 34: *Interim Financial Reporting*.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rand, which is the Group and Company's functional currency and rounded to the nearest R'000.

All subsidiaries use uniform accounting policies.

These accounting policies are consistent with the previous period, except where new standards were adopted. Refer to note 39.

1.2 Segmental reporting

The Group determines and presents operating segments based on the information that is internally provided to the Group's Chief Operating Decision-Maker (CODM), comprising senior management and Executive Committee members.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and in which it may incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment and to assess its performance where salient financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

1.3 Consolidation

Basis of consolidation

Acquisitions on or after 1 July 2009

For acquisitions on or after 1 July 2009, the Group measures goodwill as the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net identifiable assets being recognised at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of a pre-existing relationship between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards are exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) related to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Acquisitions prior to 1 July 2009

For acquisitions prior to 1 July 2009, the Group measures goodwill as the excess of the cost of the acquisition over the Group's interest in the recognised amount of the identifiable assets, liabilities and contingent liabilities of the acquiree at the acquisition date fair value. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

ACCOUNTING **POLICIES** continued
for the year ended 30 June 2019

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated and separate annual financial statements.

Investments in subsidiaries in the separate annual financial statements

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are presently exercisable are taken into account. The consolidated and separate annual financial statements of subsidiaries are included in the consolidated and separate annual financial statements from the date that control commences until the date that control ceases. They are de-consolidated from the date that control is lost. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are initially carried at cost and subsequently at cost less impairment.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

For details of judgements and estimates that have a significant effect on the consolidated and separate annual financial statements, refer to:

- Note 3 – Property, plant and equipment;
- Note 4 – Investment property;
- Note 5 – Biological assets;
- Note 6 – Goodwill;
- Note 11 – Deferred tax;
- Note 13 – Trade and other receivables;
- Note 17 – Share-based payment reserve;
- Note 20 – Lease liability;
- Note 21 – Retirement benefit obligation; and
- Note 22 – Provisions.

1.5 Biological assets

Biological assets are pine and eucalyptus trees planted, where the Group controls the assets, future economic benefits are probable and the fair value can be reliably measured.

Biological assets are measured at fair value less costs to sell, with any resultant gain or loss recognised in profit and loss. Costs to sell are the costs of harvesting and bringing the timber to roadside.

Biological assets that are expected to be consumed in the next 12 months are disclosed under current assets. Biological assets are transferred to inventory upon harvesting.

1.6 Investment property

Investment property is initially recognised at cost and subsequently measured at fair value. Transaction costs are included in the initial measurement of investment property.

Any gain or loss arising from a change in fair value is recognised in profit or loss. An external, independent valuation company, having an appropriate, recognised professional qualification and recent experience in the location and category of property being valued, is used to value the portfolio. The valuations in between the professional valuations are done internally by the directors. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

Rental income from investment property is accounted for as described in accounting policy 1.21.

When an item of property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value are, to the extent that the re-measurement of an investment property on the date of classification results in a gain, applied first to reducing any impairment loss that was previously recognised in profit or loss and the remaining increase is recognised in other comprehensive income. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in profit or loss.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, measured in terms of the fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

A gain or loss arising from a change in fair value is included in profit before taxation for the period in which it arises.

1.7 Property, plant and equipment

Owned assets

Items of property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised interest and any other costs directly attributable to bringing the asset to a working condition for its intended use. The cost of self-constructed and acquired assets includes:

- The initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing items and restoring the site on which they are located; and
- Changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligations or from changes in the discount rate.

Property that is being constructed or developed for future use as investment property is accounted for at fair value. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The replaced part is subsequently derecognised. All other costs are recognised in profit or loss as an expense as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation of an item of property, plant and equipment commences when it is available for use and ceases on the earlier of the date it is classified as held for sale or the date it is derecognised upon disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

The residual values, depreciation methods and useful lives are re-assessed annually at the reporting date. The current estimated useful lives are as follows:

Item	Depreciation method	Useful life
Land	–	Indefinite
Buildings	Straight-line	10 – 49 years
Roads (included in Buildings in note 3)	Straight-line	40 years
Right of use asset	Straight-line	2 – 5 years
Plant and machinery	Straight-line	5 – 12 years
Other equipment	Straight-line	3 – 15 years

Leased assets

Operating lease

Where the Group is the lessee, a right of use asset and lease liability is recognised when a lease is classified as an operating lease.

Payments made under operating leases are recognised against the lease liability over the period of the lease.

Each part of an item of equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Company has elected to apply the practical expedient not to recognise right of use assets and liabilities for short-term leases that have lease terms of 12 months or less and leases for which the underlying asset and liability is of low value.

Capital work in progress is carried at cost less any impairments.

1.8 Intangible assets

Goodwill

Initial measurement

Goodwill is measured at cost.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Goodwill has an indefinite life. Goodwill is tested annually for impairment and when impairment indicators exist.

Other intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Useful life

For all other intangible assets, amortisation is provided on a straight-line basis over their useful lives commencing when the asset is available for use and ceasing when the asset is disposed of or no longer generates benefits for the Group.

Re-assessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite, is an indicator that the asset may be impaired. As a result, the asset is tested for impairment on an annual basis and the remaining carrying amount is amortised over its useful life.

Subsequent measurement

The Group recognises in the carrying amount of an item of intangible assets, the cost of replacing part of such an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The replaced part is subsequently derecognised. All other costs are recognised in profit or loss as an expense as incurred.

Amortisation

The residual values, depreciation methods and useful lives are re-assessed annually at the reporting date. Amortisation is provided to write-down intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

1.9 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9: *Financial Instruments*. Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

ACCOUNTING **POLICIES** continued
for the year ended 30 June 2019

Financial liabilities:
- Amortised cost.

Note 40 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group and Company are presented below:

Loans receivable at amortised cost

Classification

Loans to Group companies (note 9) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, Value Added Tax (VAT) and prepayments, are classified as financial assets and subsequently measured at amortised cost (note 13).

They have been classified in this manner because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group calculated the expected credit loss under the simplified approach using a provision matrix. The expected credit loss is calculated by applying an expected loss ratio to each age receivable group. The loss ratio is calculated as the historical payment profile and adjusted for macro-economic forecasts. A default credit loss ratio is applied to ageing periods of 90 days and over.

Derecognition

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains/(losses) on financial assets at amortised cost.

Borrowings

Classification

Borrowings (note 19) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value less transaction costs, if any.

They are 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 of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in interest paid (note 29). Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 40 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 23), excluding VAT and amounts received in advance, are classified as financial liabilities and subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are 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 of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in interest paid (note 29).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 40 for details of risk exposure and management thereof.

Derecognition

Any gains or losses arising on the derecognition of trade and other payables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are classified as financial assets and subsequently measured at amortised cost. Cash and cash equivalents are initially and subsequently recognised at amortised cost.

1.10 Tax

Current tax assets and liabilities

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- Differences relating to investments in subsidiaries and jointly-controlled entities, to the extent that it is probable that they will not reverse in the foreseeable future, and the Group is able to control the timing of the reversal; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be raised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax on investment property is provided for at the tax rate expected to apply to the proceeds on sale of the property.

Tax expenses

Income tax expense for the year comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

1.11 Inventories

Raw materials, work in progress, finished goods of timber and timber related products and consumable stores are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is based on the weighted average cost method.

The cost of harvested timber is its fair value at the date of harvest, determined in accordance with the accounting policy for biological assets. Any change in value at the date of harvest is recognised in profit or loss.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of assets

Financial assets

A financial asset, other than financial assets at fair value through profit and loss, is assessed at each reporting date to determine whether there is any objective evidence that it should be impaired.
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

ACCOUNTING **POLICIES** continued
for the year ended 30 June 2019

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets at amortised cost are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When an asset does not generate cash inflows that are largely independent from other assets, its recoverable amount is determined by assessing the recoverable amount of the cash-generating unit to which the asset belongs.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Impairment losses recognised in terms of cash-generating units are allocated first to reduce the carrying value of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash generating unit on a pro rata basis. An impairment loss is recognised in profit or loss whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Share capital and equity

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a deduction from equity and a liability is raised in the period in which they are declared.

1.14 Share-based payments

Equity-settled transactions

The grant date fair value of options allocated to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

1.15 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised in the period in which the employee renders the related service.

The accrual/liability for employee entitlements to wages, salaries and annual leave represents the amount which the Group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on expected wage and salary rates.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognised as an expense in profit and loss as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's policy is not to provide post-retirement medical aid benefits to its employees. The provision is made for a closed group of existing and former employees.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The expense is included under administration expenses.

1.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of any discount is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

1.17 Revenue from contracts with customers

The Group recognises revenue from the following major sources:

- Sale of logs;
- Sale of timber products;
- Rendering of services – transport;
- Rendering of services – treating;
- Revenue charge for forestry machinery and vehicles;
- Sale of food and beverages; and
- Accommodation income.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of logs

Revenue is recognised at a point in time for sale of logs.

The sale of logs to customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods, or within 30 days for account holding customers. A receivable is recognised for account holding customers. No financing element is recognised as the payment terms are within 30 days.

Sale of timber products

Revenue is recognised at a point in time for local and export sales of timber products.

For local timber sales, revenue is recognised when the goods leave the premises at the stand-alone selling prices. When the customer collects the goods at the premises, York no longer directs the use of the goods and the client accepts responsibility. For international plywood sales the Group recognises the revenue for goods when the original shipping documents, for clearance at destination port, are released. Due to the nature of the exportation of plywood, and the timing difference between the expected date of receipt of payment and the actual payment receipt date this could result in the recognition of contract liabilities.

Rendering of services – transport

Revenue derived from transport services to external customers where York acts as a principal is recognised in the accounting period in which the services are rendered at the gross amount. When York acts in the capacity of an agent, the transport provider insures the freight and York can no longer direct the use of the goods and the customer has the present obligation to pay for goods. The revenue recognised when York acts as an agent is recognised at the net amount.

Rendering of services – treating

Revenue relating to treating services is recognised in the accounting period in which the services are rendered.

Revenue charge for forestry machinery and vehicles

Revenue is derived principally from revenue charged for transport performed by forestry machinery and vehicles, and is measured at the transaction price received or receivable after deducting VAT. Revenue is recognised at the point in time the service has been rendered.

Sale of food and beverages

Revenue from sale of goods is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and VAT.

Accommodation income

Revenue is derived from accommodation income and is measured at the transaction price received or receivable after deducting VAT based on an overnight rate for accommodation. Revenue is recognised as performance obligations and are met over time as services are rendered.

1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, including self-constructed assets, are capitalised as part of the cost of those assets. All other borrowing costs are expensed.

ACCOUNTING **POLICIES** continued
for the year ended 30 June 2019

The capitalisation of borrowing costs commences when:

- Expenditures for the asset have occurred;
- Borrowing costs have been incurred, and
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

1.19 Translation of foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Group at the rate of exchange ruling on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at rates of exchange ruling at the reporting date (spot rate).

Any foreign exchange differences are recognised in profit and loss in the year in which the difference occurs. The profits are included under other income and the losses are included under other operating gains/ (losses).

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

1.20 Investment income and finance cost

Investment income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit and loss and interest income earned on finance leases.

Interest income is recognised as it accrues, using the effective interest method.

Finance cost comprises interest expenses on borrowings, interest expenses on finance leases, the unwinding of discounts on provisions, and changes in the fair value of financial assets at fair value through profit or loss.

1.21 Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

NOTES TO THE
CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/interpretation	Effective date: Years beginning on or after	Expected impact
• IFRS 9: *Financial Instruments*	1 January 2018	The impact of the standard is set out in note 39. Changes in accounting policy.
• IFRS 15: *Revenue from Contracts with Customers*	1 January 2018	The impact of the standard is set out in note 39. Changes in accounting policy.
• Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018	There was no financial impact.
• Amendments to IAS 40: *Transfers of Investment Property*	1 January 2018	There was no financial impact.
• IFRIC 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018	There was no financial impact.

2.2 Standards and Interpretations early adopted

The Group has chosen to early adopt the following standards and interpretations:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
• IFRS 16: *Leases*	1 January 2019	The impact of the standard is set out in note 39. Changes in accounting policy.

2.3 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2019 or later periods:

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendment deals with the determination of past service cost and gains or losses on settlement, when a plan is amended, curtailed or settled (the event). Specifically, when determining the past service cost or gain or loss on settlement, the net defined benefit liability/(asset) shall be re-measured using the current fair value of plan assets and current actuarial assumptions reflecting the benefits offered under the plan and plan assets both before and after the event. The effect of the asset ceiling shall not be considered in this exercise. The effect of the asset ceiling shall be determined after the event.

The amendment also specifies that when determining current service costs and net interest on the defined benefit liability/(asset) in a period in which an amendment, curtailment or settlement occurs, to apply inputs at the beginning of the reporting period for the current service cost and interest up to the date of the event, and to apply inputs as at the date of the event to determine current service costs and interest for the remainder of the period.

The effective date of the amendment is for years beginning on or after 1 January 2019.

The amendment will not have a material impact on the Group's consolidated and Company's separate annual financial statements.

Amendments to IAS 12: *Income Taxes:* Annual Improvements to IFRS 2015 – 2017 cycle

The amendment specifies that the income tax consequences on dividends are recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the events or transactions which generated the distributable reserves.

The effective date of the amendment is for years beginning on or after 1 January 2019.

The amendment will not have a material impact on the Group's consolidated and Company's separate annual financial statements.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

2. NEW STANDARDS AND INTERPRETATIONS continued

2.3 Standards and interpretations not yet effective continued

Amendments to IAS 23: *Borrowing Costs*: Annual Improvements to IFRS 2015 – 2017 cycle

The amendment specifies that when determining the weighted average borrowing rate for purposes of capitalising borrowing costs, the calculation excludes borrowings which have been made specifically for the purposes of obtaining a qualifying asset, but only until substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

The effective date of the amendment is for years beginning on or after 1 January 2019.

The amendment will not have a material impact on the Group's consolidated and Company's separate annual financial statements.

IFRIC 23: *Uncertainty over Income Tax Treatments*

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax-related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax-related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 1 January 2019.

The Group will adopt the interpretation for the first time in the 2020 consolidated and separate annual financial statements.

It is unlikely that the interpretation will have a material impact on the Group's consolidated and Company's separate annual financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	2019			2018		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land	**113 133**	**–**	**113 133**	116 052	–	116 052
Buildings	**289 659**	**(67 576)**	**222 083**	282 746	(67 239)	215 507
Right of use asset	**34 381**	**(19 717)**	**14 664**	31 936	(12 873)	19 063
Plant and machinery	**602 855**	**(175 611)**	**427 244**	602 273	(130 866)	471 407
Other equipment*	**191 488**	**(85 094)**	**106 394**	155 477	(67 937)	87 540
Capital – Work in progress	**10 373**	**–**	**10 373**	10 696	–	10 696
Total	**1 241 889**	**(347 998)**	**893 891**	1 199 180	(278 915)	920 265

3. PROPERTY, PLANT AND EQUIPMENT continued

	GROUP						
	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
2019							
Reconciliation of property, plant and equipment							
Land	**116 052**	**–**	**(2 919)**	**–**	**–**	**–**	**113 133**
Buildings	**215 507**	**–**	**(3 532)**	**20 419**	**(10 311)**	**–**	**222 083**
Right of use asset	**19 063**	**3 293**	**–**	**–**	**(7 692)**	**–**	**14 664**
Plant and machinery	**471 407**	**104**	**(1 314)**	**16 751**	**(59 589)**	**(115)**	**427 244**
Other equipment*	**87 540**	**3 061**	**(226)**	**37 145**	**(21 126)**	**–**	**106 394**
Capital – Work in progress	**10 696**	**78 005**	**–**	**(74 315)**	**–**	**(4 013)**	**10 373**
	920 265	**84 463**	**(7 991)**	**–**	**(98 718)**	**(4 128)**	**893 891**
2018							
Reconciliation of property, plant and equipment							
Land	115 123	54	875	–	–	–	116 052
Buildings	210 695	2 003	2 231	(33)	10 751	(10 140)	215 507
Right of use asset	21 011	5 012	–	–	–	(6 960)	19 063
Plant and machinery	459 435	18 203	278	(113)	46 686	(53 082)	471 407
Other equipment*	86 124	16 293	2 823	(134)	149	(17 715)	87 540
Capital – Work in progress	40 155	28 127	–	–	(57 586)	–	10 696
	932 543	69 692	6 207	(280)	–	(87 897)	920 265

* *Other equipment refers to furniture and fittings, motor vehicles, computer equipment and spare parts. They have been grouped together as the total net carrying value for these assets is less than 20% of the total net carrying value of property, plant and equipment.*

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

3. PROPERTY, PLANT AND EQUIPMENT continued

Property, plant and equipment encumbered as security

As per note 5, landholdings amounting to 53 730 (2018: 58 050) hectares were encumbered in favour of Micawber 558 Proprietary Limited as security for loans and borrowings, as per note 19.

Assets are encumbered in terms of instalment sale agreements.

Assets comprising the Plywood plant with a carrying value of R325,3 million (2018: R357,5 million) are subject to a notarial bond.

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Carrying value of plant and equipment under instalment sale agreement obligation				
Plant and machinery	**31 187**	38 232	**–**	–
Other property, plant and equipment	**79 599**	62 928	**–**	–

The Group has entered into instalment sale agreements with WesBank, Absa, Mercedes-Benz Financial Services and Toyota Financial Services for plant, equipment and vehicles (refer to note 19).

The present value of minimum instalment sale agreement payments due at year-end were R99,0 million (2018: R97,9 million) (refer to note 19).

Impairment

The impairment relates to cost incurred on a project of which the future benefits have become doubtful. It is included in other operating expenses.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company and its respective subsidiaries.

4. INVESTMENT PROPERTY

	GROUP					
	2019			**2018**		
	Valuation R'000	**Accumulated depreciation R'000**	**Carrying value R'000**	**Valuation R'000**	**Accumulated depreciation R'000**	**Carrying value R'000**
Investment property	**30 740**	**–**	**30 740**	26 731	–	26 731

	GROUP				
	Opening balance R'000	**Additions R'000**	**Disposals R'000**	**Fair value adjustments R'000**	**Total R'000**
2019					
Reconciliation of investment property					
Investment property	**26 731**	**30**	**(250)**	**4 229**	**30 740**

4. INVESTMENT PROPERTY continued

	GROUP	
	Opening balance R'000	Total R'000
2018		
Reconciliation of investment property		
Investment property	26 731	26 731

Lease agreements for investment properties are at market-related rentals and are renewed annually.

Registers with details of investment properties are available for inspection by shareholders or their duly authorised representatives at the registered office of the Group.

Details of valuation

The effective dates of the revaluations were 16 April 2019 and 1 May 2019. Revaluations were performed by independent valuators, Tetragon Valuers Proprietary Limited and Value Tec Property Valuations. These valuators are not connected to the Group and have recent experience in location and category of the investment property being valued. The valuation was based on the open market value for existing use.

The fair value measurement for investment property of R30,7 million (2018: R26,7 million) has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Amounts recognised in profit and loss for the year excluding fair value adjustments				
Rental income from investment property	**1 508**	1 531	**–**	–
Direct operating expenses on rental generating property	**(809)**	(2 090)	**–**	–
Total	**699**	(559)	**–**	–

Level 2 fair value

The valuation is based on market value. The comparable sales approach is used to determine market value. This approach consists of comparing the subject property to similar properties that were sold in the recent past in an open market situation, and making appropriate adjustments to the value for market trends. This results in a market value for the subject property. A 1% change in the value of investment property would result in a R0,3 million (2018: R0,3 million) adjustment to profit and loss.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

5. BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Reconciliation of biological assets				
Opening balance	**2 918 550**	2 828 518	**–**	–
Reconciliation of biological assets due to changes in standing volume:				
– Increase due to growth and enumerations[1]	**515 384**	304 220	**–**	–
– Adjustment to standing timber values to reflect changes to sales price, cost and discount rate assumptions[2]	**(4 570)**	101 170	**–**	–
Decrease due to harvesting and disposal	**(336 242)**	(328 088)	**–**	–
Standing timber purchased	**133 246**	71 811	**–**	–
Standing timber harvested	**(71 811)**	(59 081)	**–**	–
Closing balance	**3 154 557**	2 918 550	**–**	–
Classified as non-current assets	**2 639 014**	2 498 082	**–**	–
Classified as current assets[3]	**515 543**	420 468	**–**	–
Closing balance	**3 154 557**	2 918 550	**–**	–

[1] *Enumerations refer to updates that are made to the merchandising model's data due to more accurate information being collected about the trees in the plantations. These are used to adjust the model's theoretical yields to actual yields and are done systematically over the life of the plantations.*
[2] *Being the movement after the increases in growth and enumeration and decreases due to harvesting, from the opening balance value and consists of the impact of changes to the discount rate, log sales prices and operating costs from the prior year balance.*
[3] *The biological assets to be harvested and sold in the 12 months after year-end.*

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Change in discounted cash flow value (DCF) attributable to				
Opening balance	**2 918 550**	2 828 518	**–**	–
Net growth[4]*	**(61 687)**	85 450	**–**	–
Revenue and price[5]*	**(6 452)**	83 351	**–**	–
Operating costs*	**(79 685)**	(33 968)	**–**	–
Discount rate*	**78 293**	(57 530)	**–**	–
Standing timber purchased	**133 246**	71 811	**–**	–
Standing timber harvested	**(71 811)**	(59 082)	**–**	–
Disposals	**(29 100)**	–	**–**	–
Change in volume adjustment estimate[6]*	**273 203**	–	**–**	–
Closing balance	**3 154 557**	2 918 550	**–**	–

* *The total of these amounts equals the fair value adjustment disclosed in note 30.*
[4] *Growth in the DCF model refers to changes in the forecast yield at maturity of planted trees. Temporary unplanted hectares increased by 559 hectares from prior year. The DCF volumes over the 20-year period decreased by 4%.*
[5] *Revenue and price changes relate to inflationary adjustments over the next year, following year and over the long term.*
[6] *An accuracy factor is used to calculate the accounting estimated volume. The improvements in control measures have resulted in an adjustment of 2% (2018:10%). This is a downwards adjustment of harvestable volume.*

5. BIOLOGICAL ASSETS continued

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Reconciliation of standing volume (m^3)				
Opening balance	**5 946 639**	6 001 889	**–**	–
Increase due to growth and enumeration[1]	**953 231**	704 236	**–**	–
Decrease due to harvesting and sales	**(621 898)**	(759 486)	**–**	–
Total standing volume	**6 277 972**	5 946 639	**–**	–
Landholding (hectares)				
Pine[7]	**55 077**	56 520	**–**	–
Eucalyptus[7]	**551**	1 580	**–**	–
Temporary unplanted areas	**3 135**	2 576	**–**	–
Conservancy areas	**30 816**	33 312	**–**	–
Total landholding	**89 579**	93 988	**–**	–

[1] *Enumerations refer to updates that are made to the merchandising model's data due to more accurate information being collected about the trees in the plantations. These are used to adjust the model's theoretical yields to actual yields and are done systematically over the life of the plantations.*

[7] *The planted pine and eucalyptus trees are valued in determining the fair value of the biological assets. The temporary unplanted and conservation areas are carried at cost and included under land in note 3.*

Methodology and assumptions used in determining fair value

Volumes: The expected yields per log class are calculated with reference to growth models relevant to the planted area. The growth models are derived from actual trial data that has been measured annually since 1976. A merchandising model, using the modelled tree shapes at various ages, is used to divide the trees into pre-defined products as basis for calculating log yields.

Volume adjustment factor: In a manner consistent with prior years, volumes expected from York plantations in MicroForest are adjusted down with 8% (2018: 8%). In the 2019 financial year, the harvesting volumes expected from York plantations in MicroForest were further reduced by a weighted average of 2% (2018: 10%), based on the most recent actual yield reconciliation data. The further reduction in volumes were done in an effort to acknowledge deviations such as the impact from baboon damage and other natural elements, genetic defects and pest and diseases from the planned harvesting volumes.

Log prices: The price per cubic metre per log class is based on current and future expected market prices per log class. It was assumed that prices will increase at 5% over the next year, 4,90% over the following year and at 5,20% over the long term (2018: 5,15% over the next year, 5,33% over the following year and at 5,50% over the long term). Log prices are computed at a weighted average of external market prices and internal prices charged to the Group's processing operations. Internal prices are generally lower than external prices and are based on an internationally recognised log paying capability calculation. This calculation references the final product value derived from the log, as well as a level of profitability of the processing operation required for sustainability.

Operating costs: The costs are based on the unit cost of the forestry management activities required for the trees to reach the age of felling. The costs include the current and expected future costs of harvesting, maintenance and risk management, as well as associated fixed overhead costs. The costs exclude the costs necessary to get the asset to the market. An inflation rate of 5% over the next year, 4,90% over the following year and at 5,20% over the long term (2018: 5,15% over the next year, 5,33% over the following year and at 5,50% over the long term) was used.

Costs to sell: Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes. Cost to sell include harvesting cost and cost to bring logs to roadside, that are part of operating cost.

Discount rate: In determining the weighted average cost of capital (WACC), a comparable group of forestry companies' Beta is used to determine Beta applied in the WACC.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

5. BIOLOGICAL ASSETS continued

Level 3 fair value

The valuation model considers the present value of the net cash flows expected to be generated from the plantations. The cash flow projections include specific estimates for 20 years (2018: 20 years). The expected net cash flows are discounted using a risk-adjusted discount rate that takes into account the Beta factors of a comparable group of forestry companies.

	GROUP		COMPANY	
	2019 %	**2018 %**	**2019 %**	**2018 %**
Key assumptions used in the calculation of the discount rate				
Beta factor	**1,17**	1,25	**–**	–
Risk-free rate[8]	**8,84**	8,84	**–**	–
Cost of equity	**16,46**	16,97	**–**	–
Pre-tax cost of debt	**10,25**	10,00	**–**	–
After-tax weighted average cost of capital	**13,28**	13,55	**–**	–
Target debt-equity ratio	**35:65**	35:65	**–**	–

[8] In the current year, the annualised yield of the bootstrapped zero coupon perfect fit bond curve maturing over ten years was used (2018: R186 bond). The reason for the change in the referenced risk-free rate is due to the volatility in the R186 bond as well as the bond maturing in December 2026. The underlying segment matures over a long period. The curve represents a suitable fit for the period under consideration. This is a change in estimate that resulted in an additional downward adjustment of R146,1 million.

The Group is exposed to a number of risks relevant to its commercial tree plantations, namely:

Regulatory and environmental risk: The Group has established environmental policies and procedures aimed at compliance with environmental legislation. Management performs regular reviews to identify environmental risks and to ensure that the management systems in place are adequate. The Group manages its plantations in compliance with the International Forest Stewardship Council's (FSC) requirements for sustainable forestry.

Supply and demand risks: The Group is exposed to risks arising from fluctuations in the price and demand for log products. When possible, the Group manages these risks by aligning its harvest volumes to market demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with expected demand on a sustainable basis.

Climate and other risks: The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks. The Group subscribes to various national fire prevention associations which use differing weather conditions to indicate fire risk. The Group insures itself against natural disasters such as fires and floods. Refer to note 10.

Pledged as security

Landholdings amounting to 53 730 (2018: 58 050) hectares, including those on which the plantations are planted, and the fixed property referred to in note 3, were encumbered in favour of Micawber 558 Proprietary Limited, as security for borrowings, as per note 19.

5. BIOLOGICAL ASSETS continued

Pledged as security continued

Certain additional freehold land and biological assets are pledged as security for mortgage and notarial covering bonds of R1,4 billion.

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Forecast volume of trees in the plantations at maturity, as used in the DCF valuation (sum of maturity volumes over the 20-year cycle) (m^3)				
Balance at year-end	**21 173 651**	22 061 121	**–**	–
Sensitivity analysis				
100 basis points increase in the current log price	**48 034**	45 364	**–**	–
25 basis points increase in forecast log prices (Year 1 and 2 and long term)	**104 337**	93 214	**–**	
25 basis point increase in the forecast cost inflation rate	**(28 105)**	(26 057)	**–**	–
50 basis points increase in the pre-tax cost of debt	**(36 531)**	(32 303)	**–**	–
25 basis points increase in the discount rate	**(71 908)**	(63 591)	**–**	–
100 basis points increase in projected volumes	**39 890**	45 715	**–**	–

The above sensitivity analysis shows how the present value of the discounted cash flows would be affected if the key valuation parameters were attributed other values than those that form the basis of the current valuation of the discounted cash flows. A decrease by the same percentage would have the opposite effect on the valuation.

6. GOODWILL

	GROUP					
	2019			**2018**		
	Cost R'000	**Accumulated impairment R'000**	**Carrying value R'000**	**Cost R'000**	**Accumulated impairment R'000**	**Carrying value R'000**
Goodwill	**565 442**	**(207 812)**	**357 630**	565 442	–	565 442

Goodwill arose from the business combination that took place in July 2007 and represents the difference between the fair value of the net assets purchased and the then acquisition price.

Goodwill is tested for impairment at each year-end. For the purpose of impairment testing, goodwill has been allocated to the Forestry segment. The segment net assets are compared to the fair value less cost to sell (2018: value in use) that are expected to flow from forestry segment cash flows only.

The fair value less cost to sell (2018: value in use) was determined based on the assumptions detailed below. The cash flows have been based on the approved budget for the 2020 financial year as well as a forecast to 2035 using a long-term inflation rate of 5,20% (2018: 5,50%). The period is longer than would normally be the case due to the nature of the underlying assets. The plantations are managed in rotation based on a clearfell age for pine of 20 years (2018: 20 years). The plantations are managed to harvest approximately 1 900 hectares per annum.

Volumes: The expected yields per log class are calculated with reference to the yield curves of the species matching to growth sites variability. The growth models are derived from actual trial data that has been measured annually since 1976. A merchandising model, using the modelled tree shapes at various ages, is used to split the trees into pre-defined products.

Volume adjustment factor: In a manner consistent to prior years, volumes expected from York plantations in MicroForest are adjusted by 8% (2018: 8%). In the 2019 financial year, the harvesting volumes expected from York plantations in MicroForest were further reduced by a weighted average of 2,9% for the first rotation period, based on the most recent actual yield reconciliation data and in the residual period the volumes were adjusted for the expected yield. The further reduction in volumes were done in an effort to acknowledge deviations such as the impact from damage caused by baboons and other natural elements, genetic defects and pest and diseases from the planned harvesting volumes.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

6. GOODWILL continued

Log prices: The price per cubic metre is based on current and future expected market prices per log class. It was assumed that prices will increase at 5% in the first year, at 4,90% in the following year and at 5,20% over the long term (2018: 5,15% in the first year, at 5,33% in the following year and at 6,63% over the long term).

Operating costs: The costs are based on the unit cost of the forestry management activities required to enable the trees to reach the age of felling. The costs include the current and future expected costs for establishment, harvesting, maintenance and risk management, as well as associated fixed overhead costs. Costs include all cost associated to delivering the product at roadside (point of sale). A long-term inflation rate of 5,2% (2018: 5,50%) was used.

Discount rate: The Group's after-tax weighted average cost of capital (WACC) was applied to the after-taxation net cash flow.

Level 3 fair value

The valuation model considers the present value of net cash flows expected to be generated from the segment. The cash flow projections include specific estimates for 15 years. The expected net cash flows are discounted using a risk-adjusted discount rate that takes into account the Beta factors of a comparable group of forestry companies.

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Results of impairment testing				
Carrying amount of segment assets	**2 820 776**	3 177 912	**–**	–
Fair value less cost to sell (2018: value in use)[1]	**(2 612 964)**	(3 367 023)	**–**	–
Net result: impairment/(no impairment)	**207 812**	(189 111)	**–**	–

[1] The present value of the segment decreased due to the following reasons:
- *Decrease in long-term revenue inflation forecast;*
- *Increase in volume accuracy adjustment;*
- *Change in referenced risk-free rate; and*
- *Increase in the biological asset valuation included in the carrying amount of the segment assets.*

	GROUP		COMPANY	
	2019 %	**2018 %**	**2019 %**	**2018 %**
Key assumptions used in the calculation of the discount rate				
Risk-free rate[1]	**8,84**	8,84	**–**	–
Cost of equity	**16,46**	16,97	**–**	–
Pre-tax cost of debt	**10,25**	10,00	**–**	–
Target debt-equity ratio	**35:65**	35:65	**–**	–
After-tax weighted average cost of capital	**13,28**	13,55	**–**	–
Beta factor	**1,17**	1,25	**–**	–

[1] In the current year, the annualised yield of the bootstrapped zero coupon perfect fit bond curve maturing over ten years was used (2018: R186 bond). The reason for the change in the referenced risk-free rate is due to the volatility in the R186 bond as well as the bond maturing in December 2026. The underlying segment matures over a long period. The curve represents a suitable fit for the period under consideration.

6. GOODWILL continued

The following sensitivity analysis shows how the present value of the segment's future cash flows would be affected if the key valuation parameters were attributed other values than those that form the basis of the current valuation of the segment's future cash flows. A decrease by the same percentage would have the opposite effect on the valuation.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Sensitivity analysis[1]				
100 basis points increase in the current log price	**142 068**	153 999	**–**	–
25 basis points increase in forecast log prices	**153 816**	168 137	**–**	–
25 basis points increase in forecast cost inflation rate	**(38 539)**	(75 292)	**–**	–
50 basis points increase in the pre-tax cost of debt	**(53 116)**	(67 533)	**–**	–
25 basis points increase in discount rate	**(103 662)**	(131 807)	**–**	–
100 basis points increase in projected volumes	**49 160**	56 037	**–**	–

[1] *When comparing the sensitivity analysis above to note 5, the biological asset valuation, the key differences in the valuation methodologies should be taken into account. The valuation above reflects the Forestry segment as a stand-alone business with the plantations in rotation and therefore includes a residual period. The fair valuation of the biological assets (note 5) is calculated on the assumption that no replanting of the plantations is done and therefore relates to a finite period.*

7. INTANGIBLE ASSETS

	GROUP					
	2019			2018		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	**2 876**	**(2 739)**	**137**	6 642	(6 179)	463
Capital – work in progress	**3 479**	**–**	**3 479**	–	–	–
Total	**6 355**	**(2 739)**	**3 616**	6 642	(6 179)	463

	GROUP				
	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Total R'000
2019					
Reconciliation of intangible assets					
Computer software	**463**	**–**	**(2)**	**(324)**	**137**
Capital – work in progress	**–**	**3 479**	**–**	**–**	**3 479**
	463	**3 479**	**(2)**	**(324)**	**3 616**

	GROUP				
	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Total R'000
2018					
Reconciliation of intangible assets					
Computer software	908	24	–	(469)	463

Other information

None of the intangible assets are internally generated.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

8. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

	COMPANY			
Name of company	**% holding 2019**	**% holding 2018**	**Carrying amount 2019 R'000**	**Carrying amount 2018 R'000**
South African Plywood Proprietary Limited*	**100,00**	100,00	**–**	–
Global Forests Products Proprietary Limited*	**100,00**	100,00	**1 117 743**	1 117 743
York Timbers Proprietary Limited	**100,00**	100,00	**3 227**	614
Agentimber Proprietary Limited	**100,00**	100,00	**–**	–
Madiba Forest Products Proprietary Limited	**100,00**	100,00	**–**	–
Madiba Timbers Proprietary Limited	**100,00**	100,00	**–**	–
York Timbers Chile Limitada	**100,00**	100,00	**–**	–
York Timbers Energy (RF) Proprietary Limited	**88,00**	88,00	**–**	–
York Timbers Botswana Proprietary Limited	**100,00**	100,00	**–**	–
York Fleet Solutions Proprietary Limited	**100,00**	100,00	**–**	–
York Carbon Proprietary Limited	**51,00**	51,00	**–**	–
Mbulwa Estate Proprietary Limited	**100,00**	100,00	**–**	–
York Power (RF) Proprietary Limited	**100,00**	100,00	**–**	–
Sonrach Properties Proprietary Limited	**100,00**	100,00	**–**	–
			1 120 970	1 118 357

** The Company has a direct investment in these companies. All other companies are indirect investments.*

Subsidiaries detail

The carrying amount of subsidiaries is shown net of impairment losses.

All of the companies are incorporated and domiciled in the Republic of South Africa, except for York Timbers Chile Limitada and York Timbers Botswana Proprietary Limited which are incorporated and domiciled in Chile and Botswana respectively.

Increase of investment in subsidiary through share-based payment scheme

The Company granted certain employees of its subsidiary, York Timbers Proprietary Limited, the right to receive 4 360 902 shares. The options will vest at the end of three years at no consideration to the employees. Refer to note 17.

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Fair value of assets acquired				
Value of options	**–**	–	**2 613**	614

9. LOANS TO GROUP COMPANIES

Subsidiaries

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
York Timbers Proprietary Limited	**–**	–	**1 345 673**	1 350 957
The loan to the Group company is unsecured, bears no interest and has a notice period of at least 367 days.				
Split between non-current and current portions				
Non-current assets	**–**	–	**1 345 673**	1 350 957

Exposure to credit risk

Loans receivable inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if counterparties fail to make payments as they fall due.

10. OTHER FINANCIAL ASSETS AT AMORTISED COST

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Other financial assets at amortised cost	**61 903**	39 707	**–**	–
At amortised cost				
Self-insurance fund	**61 903**	39 707	**–**	–
The fund is fully funded at R96,9 million and is reassessed annually to take into account changing insurance cover requirements. For periods where the Experience Account balance is positive, the investment accrues interest at the 32-day call rate average for FNB, Absa and Nedbank as published on the first business day of each month. Where the Experience Account balance is negative, interest is charged at the prime lending rate plus 200 basis points.				
Total other financial assets at amortised cost	**61 903**	39 707	**–**	–
Split between non-current and current portions				
Non-current assets	**61 903**	39 707	**–**	–

Risk exposure

The investments held by the Group expose it to interest rate risk. Refer to note 40 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

Initial adoption of IFRS 9

IFRS 9: *Financial Instruments* was adopted in the current year and replaces IAS 39. This note reflects the application of IFRS 9 to the specified instruments. Prior year figures have been reclassified from loans and receivables to financial assets at amortised cost in this note. Refer to note 39.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

11. DEFERRED TAX

The deferred tax asset and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement.

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Deferred tax liability	**(930 875)**	(862 148)	**–**	–
Deferred tax asset	**7 899**	3 780	**37**	37
Total net deferred tax liability	**(922 976)**	(858 368)	**37**	37
Reconciliation of deferred tax (liability)/asset				
At the beginning of the year	**(858 368)**	(822 783)	**37**	269
Increase in tax losses available for set-off against future taxable income	**3 415**	471	**–**	–
Taxable temporary differences	**(67 986)**	(36 241)	**–**	–
Changes to other comprehensive income	**(37)**	185	**–**	–
Utilisation of assessed loss	**–**	–	**–**	(232)
Closing balance	**(922 976)**	(858 368)	**37**	37
The balance comprises the following items:				
Capital allowances	**(108 434)**	(95 210)	**–**	–
Biological assets	**(845 968)**	(789 402)	**–**	–
Provisions	**24 179**	23 780	**37**	37
Estimated tax loss	**6 908**	2 088	**–**	–
Defined benefit plan reserve	**339**	376	**–**	–
Closing balance	**(922 976)**	(858 368)	**37**	37

12. INVENTORIES

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Raw materials	**45 237**	33 849	**–**	–
Work in progress	**72 882**	80 192	**–**	–
Timber products	**204 836**	133 473	**–**	–
Merchandise	**255**	191	**–**	–
Consumables	**52 199**	54 791	**–**	–
	375 409	302 496	**–**	–
Write-downs	**(856)**	(2 140)	**–**	–
Total inventory	**374 553**	300 356	**–**	–
The total movement in cost of sales regarding inventory write-downs was an income of R1,3 million (2018: R0,2 million).				
Finished goods at net realisable value				
Finished goods carried at net realisable value	**28 957**	33 827	**–**	–

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Financial instruments				
Trade receivables	**205 326**	221 634	**178**	178
Loss allowance	**(8 768)**	(6 813)	**(178)**	(178)
Trade receivables at amortised cost	**196 558**	214 821	**–**	–
Deposits	**2 560**	2 176	**20**	20
Employee costs paid in advance	**1 533**	1 075	**–**	–
Other receivables	**8 589**	30 383	**–**	–
Non-financial instruments				
Value added taxation	**1 760**	1 367	**29**	–
Prepayments	**10 243**	8 909	**–**	–
Total trade and other receivables	**221 243**	258 731	**49**	20

Trade and other receivables pledged as security

At year-end, trade receivables and Credit Guarantee Insurance Corporation of Africa Limited (CGIC) insurance had been ceded to Absa Bank as security for banking facilities (refer to note 15).

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

	2019		2018	
Expected credit loss	Estimated gross carrying amount at default R'000	Loss allowance (Lifetime expected credit loss) R'000	Estimated gross carrying amount at default R'000	Loss allowance (Lifetime expected credit loss) R'000
GROUP				
Current	**142 474**	**(1 803)**	159 493	(2 157)
30 days	**41 884**	**(519)**	44 676	(493)
60 days and over	**20 968**	**(6 446)**	17 465	(4 163)
Total expected credit loss	**205 326**	**(8 768)**	221 634	(6 813)
COMPANY				
60 days and over	**178**	**(178)**	178	(178)

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

13. TRADE AND OTHER RECEIVABLES continued

Exposure to credit risk continued

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) based on the simplified approach for trade and other receivables:

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Opening balance in accordance with IAS 39: *Financial Instruments: Recognition and Measurement*	**–**	(5 484)	**–**	(178)
Adjustments upon application of IFRS 9	**–**	101	**–**	–
Opening balance in accordance with IFRS 9	**(6 813)**	(5 383)	**(178)**	(178)
Provisions raised on new trade receivables	**(1 955)**	(1 744)	**–**	–
Provisions reversed on settled trade receivables	**–**	314	**–**	–
Closing balance	**(8 768)**	(6 813)	**(178)**	(178)

A 1% to 1,5% (2018: 1% to 1,5%) credit loss ratio is applied to current up to 60 days debtors, taking into account macro-economic factors such as the inflation rate and economic outlook. If the customer's payment history does not indicate an expected credit loss, the customer was excluded from the credit loss allowance calculation.

A default loss ratio of 10% (2018: 10%) was applied to debtors ageing over 90 days if they are covered by credit insurance. Debtors not covered by credit insurance are reviewed individually to determine the risk of expected credit losses.

All other receivables are neither past due nor impaired.

14. CURRENT TAX RECEIVABLE

Income tax receivable relates to an over estimate and payment of provisional taxes.

15. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Cash and cash equivalents consist of:				
Cash on hand	**160**	138	**–**	–
Bank balances	**47 163**	112 706	**–**	3
Short-term deposits	**41 680**	39 195	**–**	–
Bank overdraft	**(62)**	(9)	**–**	–
Total cash and cash equivalents	**88 941**	152 030	**–**	3
Current assets	**89 003**	152 039	**–**	3
Current liabilities	**(62)**	(9)	**–**	–
Total cash and cash equivalents	**88 941**	152 030	**–**	3
At year-end, the banking facility granted by Absa Bank was secured by a cession of trade receivables, Credit Guarantee Insurance Corporation of Africa Limited (CGIC) insurance (refer to note 13), and cross-suretyships of R154 million with Absa Bank, from within the Group. The general banking facility is available to all companies in the Group.				
The total facilities and guarantees available to the Group are as follows:				
Total general banking facility	**60 000**	60 000	**–**	–
Guarantees	**6 000**	6 000	**–**	–
Letters of credit	**20 000**	20 000	**–**	–
Guarantees to Eskom Holdings Limited	**3 334**	2 246	**–**	–
Forward exchange contracts	**10 000**	10 000	**–**	–
Foreign exchange settlement limit	**10 000**	10 000	**–**	–
Absa asset and vehicle finance facility	**120 000**	120 000	**–**	–

16. SHARE CAPITAL

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Authorised				
600 000 000 (2018: 600 000 000) ordinary shares of R0,05 each	**30 000**	30 000	**30 000**	30 000
Issued				
331 240 597 (2018: 331 240 597) ordinary shares of R0,05 each	**16 562**	16 562	**16 562**	16 562
15 192 584 (2018: 15 192 584) treasury shares of R0,05 each	**(760)**	(760)	**–**	–
Share premium	**1 464 430**	1 464 430	**1 505 352**	1 505 352
Total issued share capital	**1 480 232**	1 480 232	**1 521 914**	1 521 914

All issued shares are fully paid.

The Group repurchased shares, during the 2016 and 2017 financial year, in the open market in order to benefit from the discount between the share price and the tangible net asset value per share. A total of 15,2 million shares (2018: 15,2 million shares) were held by the subsidiary as at 30 June 2019 and are treated as treasury shares for accounting purposes.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

17. SHARE-BASED PAYMENT RESERVE

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Opening balance	**614**	–	**614**	–
Current year share-based payment movement	**2 613**	614	**2 613**	614
Closing balance	**3 227**	614	**3 227**	614

	GROUP		COMPANY	
	2019 Units awarded	**2018 Units awarded**	**2019 Units awarded**	**2018 Units awarded**
Opening balance	**3 759 398**	3 759 398	**3 759 398**	3 759 398
Units awarded	**601 504**	–	**601 504**	–
Closing balance	**4 360 902**	3 759 398	**4 360 902**	3 759 398

During the prior year, the Company granted certain employees the right to receive 3 759 398 shares and in the current year 601 504 shares were awarded. The maximum number of shares which may be issued and allocated under the 2015 Share Plan shall not exceed 9 000 000 shares.

The Company estimates the expected vesting rate at 80% based on historical practices. The fair value of the options is estimated at grant date using a binominal pricing model, taking into account the terms and conditions upon which the instruments were granted. Due to the entity not expecting a dividend flow within the next three years and no consideration payable at exercise date, the grant date fair value is deemed to be equal to the share price at award date. Any changes in the equity-settled payment reserve were recognised as part of the investment in York Timbers Proprietary Limited.

	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
Key assumptions used in first award				
York share price at reporting date (R)	**1,60**	2,10	**1,60**	2,10
Number of shares awarded	**3 759 398**	3 759 398	**3 759 398**	3 759 398
Award date	**05/04/2018**	05/04/2018	**05/04/2018**	05/04/2018
Expiry date	**05/04/2021**	05/04/2021	**05/04/2021**	05/04/2021
Fair value of options at grant date (R)	**2,60**	2,60	**2,60**	2,60
Exercise price (R)	**–**	–	**–**	–
Expected vesting rate (%)	**80**	80	**80**	80
Key assumptions used in second award				
York share price at reporting date (R)	**1,60**	–	**1,60**	–
Number of shares awarded	**601 504**	–	**601 504**	–
Award date	**19/06/2019**		**19/06/2019**	
Expiry date	**19/06/2022**		**19/06/2022**	
Fair value of options at grant date	**1,90**	–	**1,90**	–
Exercise price (R)	**–**	–	**–**	–
Expected vesting rate (%)	**80**	–	**80**	–

18. DEFINED BENEFIT PLAN RESERVE

The reserve is a result of the actuarial gains/(losses) on the defined benefit plan.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Opening balance	**(967)**	(489)	**–**	–
Movement through other comprehensive income/(loss)	**96**	(478)	**–**	–
Closing balance	**(871)**	(967)	**–**	–

19. BORROWINGS

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Held at amortised cost				
Secured				
Land Bank term loan	**337 966**	392 476	**–**	–
Land Bank Plywood Expansion Project loan	**208 751**	272 538	**–**	–
Land Bank Press loan	**27 562**	31 202	**–**	–
Instalment sale agreements	**99 001**	97 885	**–**	–
Loan raising fee	**(1 210)**	(1 777)	**–**	–
Absa Capital fund loan	**8 861**	9 627	**–**	–
Unsecured				
Fulcrum Group Proprietary Limited	**2 505**	2 644	**–**	–
Total borrowings	**683 436**	804 595	**–**	–
Split between non-current and current portions				
Non-current liabilities	**530 865**	636 836	**–**	–
Current liabilities	**152 571**	167 759	**–**	–
Total borrowings	**683 436**	804 595	**–**	–

Fulcrum Group

The loan is repayable in 10 instalments of R2 505 053 (2018: R2 643 957) with the last instalment payable on 1 July 2019. The loan bears interest at 8,74% (2018: 8,08%) per annum.

Loan raising fees

The Land Bank loan raising fee is amortised over the period of the loan using the effective interest rate method. The amortised amount is included in finance expenses (refer to note 29).

Absa Capital fund loan

This loan bears interest at an interest rate of prime less 0,75% (2018: prime less 0,75%) per annum and is payable in monthly instalments of R138 878 in arrears, over a period of 10 years of which eight are remaining.

Exposure to liquidity risk

Refer to note 40 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group does not have a policy to hedge long-term interest rate risk and will only make use of hedging instruments to reduce the short-term sensitivity of the Group to interest rate changes.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

19. BORROWINGS continued

Land Bank term loan

This loan bears interest at an interest rate of prime less 0,5% (2018: prime less 0,5%) per annum and is payable monthly in arrears over 10 years. During the year, a re-finance agreement was reached where the loan will be repaid in equal monthly instalments over seven years.

The Company has to comply with loan covenants on a quarterly basis.

Land Bank Plywood Expansion Project loan

This loan bears interest at an interest rate of prime less 0,5% (2018: prime less 0,5%) per annum and is payable monthly in arrears, after interest and capital holiday for the first 12 months and capital holiday for the second 12 months, over 7 years, of which three are remaining.

The Company has to comply with loan covenants on a quarterly basis.

Land Bank Press loan

This loan bears interest at an interest rate of prime less 0,5% (2018: prime less 0,5%) per annum and is payable monthly in arrears, over five years and six months, of which four years and five months are remaining.

Security over the Land Bank Term Loan and Land Bank Plywood Expansion Project loan:

- Guarantee by security special purpose vehicle (SPV) in respect of all of the Group's obligations under the loan.
- Indemnity by the Group in favour of the security SPV limited to R720 million in respect of any claim under the Guarantee.
- Mortgage Covering Bonds for an amount of R1,4 billion, limited to the indemnity of R720 million, and limited to the landholding of 53 730 (2018: 58 050) hectares as recorded in note 5.
- Cession of insurance policy.
- Subordination of the shareholder's loan from York Timber Holdings Limited. The facility is held in York Timbers Proprietary Limited.
- A notarial covering bond(s) over the movable assets of the Borrower, in respect of the Sabie Plywood plant for an amount of R306 million in favour of the Security SPV Guarantor.
- Certain additional freehold land and biological assets of the Borrower as agreed by the Land Bank and the Borrower secured by the existing mortgage and notarial collateral covering bonds of R1,4 billion.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. The sensitivity analysis was calculated based on 1% higher and lower than the actual rate.

	GROUP			
	2019 R'000	**2019 R'000**	**2018 R'000**	**2018 R'000**
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss				
Borrowings	**3 201**	**(3 201)**	7 208	(7 208)
Taxation	**(896)**	**896**	(2 018)	2 018
	2 305	**(2 305)**	5 190	(5 190)
Instalment sale agreement obligation				
– within one year	**45 899**	**40 373**	–	–
– in second to fifth year inclusive	**67 326**	**73 195**	–	–
Total	**113 225**	**113 568**	–	–
Less: future finance charges	**(14 224)**	**(15 682)**	–	–
Present value of minimum instalment sale agreement payments	**99 001**	**97 886**	–	–

19. BORROWINGS continued

These liabilities consist of 187 (2018: 121) instalment sale agreements, payable over a period of five years at effective interest rates of between 7,88% to 10,25% (2018: 8% to 10%) per annum. These liabilities are secured by plant and equipment and motor vehicles with a carrying value of R110,7 million (2018: R101,2 million), refer to note 3. These instalment sale agreements have no escalation clauses. Repayments are based on the outstanding debt at the prevailing interest rate.

	GROUP		COMPANY	
Instalment sale providers	**Quantity 2019**	**Interest rate 2019 %**	**Quantity 2019**	**Interest rate 2019 %**
Absa Bank	**130**	**7,88 – 9,75**	**–**	**–**
Mercedes-Benz Financial Services	**14**	**9,75**	**–**	**–**
Toyota Financial Services	**27**	**9,25**	**–**	**–**
WesBank	**16**	**9 – 10,25**	**–**	**–**

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Present value of minimum instalment sale agreement payments				
– within one year	**38 065**	32 276	**–**	–
– in second to fifth year inclusive	**60 936**	65 610	**–**	–
	99 001	97 886	**–**	–

20. LEASE LIABILITY

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Non-current liabilities	**9 995**	14 984	**–**	–
Current liabilities	**8 152**	7 415	**–**	–
Total lease liability	**18 147**	22 399	**–**	–

The lease liability is measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate adjusted for asset specific risk and lease term. The lease liability is measured at amortised cost using the effective interest method.

	GROUP		COMPANY	
	2019 %	**2018 %**	**2019 %**	**2018 %**
Assumptions used				
Lease terms	**2 – 5 years**	2 – 5 years		
Group's incremental borrowing rate	**9,75**	9,75	**–**	–
Adjustment to asset specific risk – unsecured debt	**0,25**	0,25	**–**	–
Adjustment over the lease term	**0,25**	0,25	**–**	–
Effective interest rate	**10,25**	10,25	**–**	–

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

21. RETIREMENT BENEFIT OBLIGATION

Defined benefit plan

The Group's policy is not to provide post-retirement medical aid benefits to its employees. However, a provision is made for a closed group of current and former employees in respect of legacy post-retirement medical scheme contribution subsidies. Independent actuaries determine the value of this obligation and the annual costs of the benefits. The assumptions used are consistent with those adopted by the actuaries in determining pension costs, and in addition, include long-term estimates of the increases in medical costs and appropriate discount rates. An actuarial valuation was carried out at year-end.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Present value of defined benefit obligation				
Opening balance	**(26 430)**	(25 334)	**–**	–
Service cost	**(5)**	(6)	**–**	–
Interest cost	**(2 669)**	(2 508)	**–**	–
Actuarial gain/(loss)	**133**	(663)	**–**	–
Benefits paid	**2 207**	2 081	**–**	–
Closing balance	**(26 764)**	(26 430)	**–**	–

The closing balance is the present value of the defined benefit obligation and is wholly unfunded. There is no asset-funding plan in place.

The actuarial loss for the current year consists of two factors, demographic and financial. The demographic factors contributed a loss of R1 million (2018: loss of R1,7 million) and the financial factors a gain of R1,2 million (2018: gain of R1,1 million).

Sensitivity analysis

Assumed healthcare cost trend rates have a significant effect on the amount recognised in profit and loss.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
A 1% change in the medical inflation rate would have the following effects				
100 basis points increase: Aggregate of the service and interest cost	**271**	185	**–**	–
100 basis points increase: Defined benefit obligation	**2 348**	2 389	**–**	–
A 1% change in the investment discount rate would have the following effects				
100 basis points increase: Aggregate of the service and interest cost	**(170)**	(254)	**–**	–
100 basis points increase: Defined benefit obligation	**(2 013)**	(2 040)	**–**	–

Limitations to sensitivity analysis

The limitations that apply to the valuation's assumptions and methodology also apply to the sensitivity analysis. Furthermore, add that the sensitivity analysis changes a single variable without considering the impact of that change on other variables. The individual assumptions of the discount rate and healthcare inflation are less important than the gap between them. It is also important to recognise that the assumptions chosen are assumed to prevail over the long term based on market conditions at the time, whereas short-term fluctuations occur. A decrease by the same percentage would have the opposite effect on the valuation.

21. RETIREMENT BENEFIT OBLIGATION continued

Limitations to sensitivity analysis continued

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Contributions towards defined benefit plan				
Contributions paid	**2 263**	2 167	**–**	–

	GROUP		COMPANY	
	2019	2018	2019	2018
Key assumptions used				
Active members	**9**	12	**–**	–
Retired members	**39**	39	**–**	–
Total members	**48**	51	**–**	–
Average expected duration of the scheme (years)	**8,00**	8,40	**–**	–
Average expected remaining working lifetime (years)	**4,00**	3,65	**–**	–
Discount rate (estimated corporate bond yield)	**10,10**	10,10	**–**	–
Medical contribution inflation rate (%)	**8,10**	8,10	**–**	–

Defined contribution plan: Retirement fund

The Group has three provident fund schemes, York Timbers Provident Fund, the Hospitality and the General Provident Fund and the Alexander Forbes Provident Fund, for all employees. Pensioners under these schemes have had their pensions bought from insurers in the form of annuities and there is no ongoing liability to the Group. The schemes are governed by the Pensions Fund Act, 24 of 1956, as amended.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Number of members of each scheme at year-end:				
Hospitality and General Provident Fund	**194**	176	**–**	–
York Timbers Provident Fund	**2 269**	2 157	**–**	–
Alexander Forbes Provident Fund	**351**	323	**–**	–

Defined contribution plan: Pension fund

	GROUP		COMPANY	
	2019	2018	2019	2018
The Group has one pension fund, with the following number of members at year-end				
Alexander Forbes Pension Fund	**10**	10	**–**	–

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

21. RETIREMENT BENEFIT OBLIGATION continued

Defined contribution plan: Medical aid fund

The Group facilitates contributions to a defined medical aid scheme for the benefit of its permanent employees and their dependants. In terms of the Group's policy there is no post-retirement medical aid obligation for current or retired employees, other than the closed group referred to above. The Group is under no obligation to cover any unfunded benefits.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Contributions towards defined contribution funds				
Hospitality and General Provident Fund	**1 630**	1 573	**–**	–
York Timbers Provident fund	**21 286**	20 121	**–**	–
Alexander Forbes Provident Fund	**12 903**	12 624	**–**	–
Alexander Forbes Pension Fund	**757**	749	**–**	–
Total contributions	**36 576**	35 067	**–**	–
Expected contributions for the next year				
Hospitality and General Provident Fund	**1 728**	1 683	**–**	–
York Timbers Provident fund	**22 563**	21 529	**–**	–
Alexander Forbes Provident Fund	**13 677**	13 507	**–**	–
Alexander Forbes Pension Fund	**802**	801	**–**	–
Total expected contributions	**38 770**	37 520	**–**	–

These amounts are included in salary, wages and other employee costs per note 27.

22. PROVISIONS

	GROUP		
	Opening balance R'000	Additions R'000	Total R'000
2019			
Reconciliation of provisions			
Environmental rehabilitation	**14 623**	**1 115**	**15 738**
2018			
Reconciliation of provisions			
Environmental rehabilitation	13 900	723	14 623

Environmental liability

The provision of R15,5 million arose from a business combination during the 2007 financial year. It comprised contingent amounts assessed at the date of the transaction. At each financial period-end the amount is re-assessed. The expected timing of the outflow of economic benefits is estimated to be during the next two to five years. The re-assessment in the current year comprises an inflation adjustment only. Consistent with the prior year, an increase based on an inflation rate of 4,8% has been applied.

R0,2 million originated from an environmental liability at the closure of a treating facility and will be settled in the next two years.

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Financial instruments				
Trade payables	**341 173**	237 518	**103**	146
Payroll-related accruals	**89 916**	88 637	**1 574**	6 662
Operating lease payables	**159**	857	**–**	–
Deposits received	**52**	10	**–**	–
Foreign exchange contract	**74**	–	**–**	–
Non-financial instruments				
Value added taxation	**2 905**	1 910	**–**	132
Total trade and other payables	**434 279**	328 932	**1 677**	6 940

Exposure to liquidity risk

Refer to note 40 Financial instruments and financial risk management for details of liquidity risk exposure and management.

24. REVENUE

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Revenue from contracts with customers				
Sale of goods	**1 582 221**	1 792 835	**–**	–
Rendering of services	**17 198**	18 546	**6 668**	5 948
Rental income	**1 103**	969	**–**	–
Total revenue	**1 600 522**	1 812 350	**6 668**	5 948

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Sale of goods				
Food and beverage sales	**854**	860	**–**	–
Lumber sales	**880 056**	1 016 652	**–**	–
Plywood sales	**570 779**	673 934	**–**	–
Sundry income	**54 101**	46 339	**–**	–
Log sales	**76 431**	55 050	**–**	–
	1 582 221	1 792 835	**–**	–
Rendering of services				
Administration and management fees received	**–**	–	**6 668**	5 948
Transport income	**11 050**	11 055	**–**	–
Treating income	**2 132**	4 784	**–**	–
Accommodation fees	**4 016**	2 707	**–**	–
	17 198	18 546	**6 668**	5 948

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

24. REVENUE continued

Disaggregation of revenue from contracts with customers continued

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Other revenue				
Rental income	**1 103**	969	**–**	–
Total revenue from contracts with customers	**1 600 522**	1 812 350	**6 668**	5 948

Timing of revenue recognition

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
At a point in time				
Sale of goods	**1 582 221**	1 792 835	**–**	–
Rendering of services	**17 198**	18 546	**6 668**	5 948
Rental income	**1 103**	969	**–**	–
Total revenue	**1 600 522**	1 812 350	**6 668**	5 948

25. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Profit on sale of assets	**13**	15	**–**	–
Other rental income	**3 597**	2 805	**–**	–
Bad debts recovered	**125**	1	**–**	–
Sundry income	**6 483**	4 202	**–**	–
Insurance claims	**17 990**	13 517	**–**	–
Scrap sales	**2 845**	2 026	**–**	–
Other income	**887**	531	**–**	–
Total other operating income	**31 940**	23 097	**–**	–

26. OTHER OPERATING GAINS/(LOSSES)

		GROUP		COMPANY	
	Note	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Gain/(loss) on disposals, scrappings and settlements					
Property, plant and equipment	3	**19 408**	(177)	**–**	–
Bargain purchase		**–**	747	**–**	–
		19 408	570	**–**	–
Foreign exchange gains					
Net foreign exchange gains		**1 943**	4 439	**–**	–
Total other operating gains		**21 351**	5 009	**–**	–

27. OPERATING (LOSS)/PROFIT

Operating (loss)/profit for the year is stated after charging (crediting) the following, among others:

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Auditor's remuneration – external				
Audit fees	**3 918**	4 189	**–**	–
Other consultation services	**1**	698	**–**	131
Total auditor's remuneration	**3 919**	4 887	**–**	131
Remuneration, other than to employees				
Administrative and managerial services	**12 471**	304	**1 659**	165
Consulting and professional services	**12 130**	15 695	**–**	–
Total remuneration other than to employees	**24 601**	15 999	**1 659**	165
Employee costs				
Salaries, wages, bonuses and other benefits	**181 823**	188 542	**3 924**	3 707
Employee cost included in cost of sales	**198 702**	207 635	**–**	–
Other short-term costs	**–**	86	**–**	–
Retirement benefit plans: defined benefit expense	**2 640**	2 509	**–**	–
Cash-settled share-based payment expense	**–**	(1 109)	**–**	–
Equity-settled share-based payment expense	**2 613**	614	**–**	–
Total employee costs	**385 778**	398 277	**3 924**	3 707
Leases				
Lease charges				
Premises	**1 667**	2 611	**–**	–
Equipment	**502**	376	**–**	–
Total lease charges	**2 169**	2 987	**–**	–
Contingent rentals on operating leases				
Equipment	**206**	186	**–**	–
Total operating lease charges	**2 375**	3 173	**–**	–
Depreciation and amortisation				
Depreciation of property, plant and equipment	**98 718**	87 897	**–**	–
Amortisation of intangible assets	**324**	469	**–**	–
Total depreciation and amortisation	**99 042**	88 366	**–**	–
Depreciation of property, plant and equipment that forms part of the production process is included in cost of sales and all other depreciation and amortisation is included in operating expenses.				
Impairment losses				
Property, plant and equipment	**4 128**	–	**–**	–
Goodwill	**207 812**	–	**–**	–
Investments in subsidiaries	**–**	–	**–**	1 309
Total impairment losses	**211 940**	–	**–**	1 309
Other				
Research and development costs	**–**	64	**–**	–

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

28. INVESTMENT INCOME

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Dividend income				
Group entities				
Subsidiaries – local	**–**	–	**–**	99 323
Interest income				
Investments in financial assets				
Bank and other cash	**2 360**	3 012	**5**	5
Other financial assets	**2 909**	1 887	**–**	–
Total interest income	**5 269**	4 899	**5**	99 328
Total investment income	**5 269**	4 899	**5**	99 328

Interest was generated from financial assets at amortised cost.

29. INTEREST PAID

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Trade and other payables	**2**	3	**–**	–
Finance lease	**2 077**	2 525	**–**	–
Interest on borrowings held at amortised cost	**72 554**	79 890	**–**	–
Loan raising fee – amortised	**1 308**	1 093	**–**	–
Other interest paid	**1 596**	814	**–**	–
Total interest paid	**77 537**	84 325	**–**	–

30. FAIR VALUE ADJUSTMENTS

		GROUP		COMPANY	
	Note	**2019 R'000**	**2018 R'000**	**2019 R'000**	**2018 R'000**
Fair value gain/(loss)					
Biological assets	5	**203 672**	77 303	**–**	–
Investment property	4	**4 229**	–	**–**	–
Fair value adjustment of step acquisition		**–**	(5 976)	**–**	
Total fair value adjustments		**207 901**	71 327	**–**	–

31. TAXATION

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Major components of the tax expense				
Current				
Local income tax: current period	**1 024**	16 086	**1**	15
Deferred				
Deferred tax: current period	**64 563**	33 580	**–**	232
Total	**65 587**	49 666	**1**	247

	GROUP		COMPANY	
	2019 %	2018 %	2019 %	2018 %
Reconciliation of the tax expense				
Reconciliation between the applicable tax rate and the average effective tax rate				
Applicable tax rate	**28,00**	28,00	**28,00**	28,00
Legal fees, fines, penalties and impairment of goodwill	**205,26**	0,68	**–**	0,37
Dividends	**–**	–	**–**	(28,12)
Learnership agreements	**(5,9)**	(0,65)	**–**	–
Business combination	**–**	0,77	**–**	–
Prior year under provision	**–**	(2,35)	**–**	–
Capital gains tax	**(3,62)**	–	**–**	–
Average effective tax rate	**223,74**	26,45	**28,00**	0,25
The corporate income tax rate of 28% remains unchanged.				
Taxation related to components of other comprehensive income				
Re-measurements of defined benefit liability (R'000)	**(37)**	185	**–**	–

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

32. CASH GENERATED FROM/(USED IN) OPERATIONS

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Profit before taxation	**29 319**	187 946	**4**	98 901
Adjustments for:				
Depreciation and amortisation	**99 042**	88 368	**–**	–
Gains on disposal of assets and bargain purchase	**(19 408)**	(570)	**–**	–
Profit on foreign exchange	**(1 943)**	(4 439)	**–**	–
Dividend income	**–**	–	**–**	(99 323)
Interest income	**(5 269)**	(4 899)	**(5)**	(5)
Interest paid	**77 537**	84 325	**–**	–
Fair value gains	**(207 901)**	(71 327)	**–**	–
Impairments of property, plant and equipment and goodwill	**211 940**	–	**–**	1 309
Purchase of biological assets	**(133 246)**	(71 811)	**–**	–
Sale of biological assets	**100 911**	59 081	**–**	–
Movements in retirement benefit liabilities	**467**	433	**–**	–
Movements in provisions	**1 115**	723	**–**	–
Share-based payment expense: equity-settled	**2 613**	614	**–**	–
Share-based payment expense: cash-settled	**–**	(1 109)	**–**	(1 109)
Changes in working capital				
Inventories	**(74 197)**	39 337	**–**	–
Trade and other receivables	**37 488**	(51 739)	**(29)**	–
Trade and other payables	**105 354**	28 240	**(5 263)**	5 527
Total cash generated from/(used in) operations	**223 822**	283 173	**(5 293)**	5 300

32. CASH GENERATED FROM/(USED IN) OPERATIONS continued

Changes in liabilities arising from financing activities	Borrowings R'000	Lease liabilities R'000	Cash-settled share-based payment R'000	Total R'000
Balance as at 1 July 2018	**804 595**	**22 399**	**–**	**826 994**
Cash flow movements				
Proceeds from borrowings	**39 655**	**–**	**–**	**39 655**
Repayment of borrowings	**(162 122)**	**–**	**–**	**(162 122)**
Lease payments	**–**	**(9 622)**	**–**	**(9 622)**
Non-cash flow movements				
Loan raising fee	**1 308**	**–**	**–**	**1 308**
Finance cost	**–**	**2 077**	**–**	**2 077**
Increase in lease liabilities	**–**	**3 293**	**–**	**3 293**
Balance as at 30 June 2019	**683 436**	**18 147**	**–**	**701 583**
Balance as at 1 July 2017	912 302	24 344	8 080	944 726
Cash flow movements				
Proceeds from borrowings	51 004	–	–	51 004
Repayment of borrowings	(158 711)	–	–	(158 711)
Payment of cash-settled share-based payment	–	–	(6 971)	(6 971)
Lease payments	–	(9 482)	–	(9 482)
Non-cash flow movements				
Cancellation of cash-settled share-based payment scheme	–	–	(1 109)	(1 109)
Finance cost	–	2 525	–	2 525
Increase in lease liabilities	–	5 012	–	5 012
Balance as at 30 June 2018	804 595	22 399	–	826 994

33. TAX (PAID)/REFUNDED

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Balance at the beginning of the year	**3 348**	7 472	**(15)**	–
Current tax recognised in profit or loss	**(1 024)**	(16 086)	**(1)**	(15)
Adjustment in respect of businesses acquired during the year	**–**	12	**–**	–
Balance at the end of the year	**(10 983)**	(3 348)	**17**	15
Total tax (paid)/refunded	**(8 659)**	(11 950)	**1**	–

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

34. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic divisions. Management has identified the segments based on the internal reports reviewed monthly by the Group's Chief Operating Decision-Maker (CODM). The CODM at the reporting date is senior management and the Executive Committee members. The responsibility of the CODM is to assess performance and to make resource allocation decisions related to the individual operations of the Group. The segment financial information provided to and used by the CODM forms the basis of the segment disclosure in these consolidated and separate annual financial statements.

The business is considered from an operating perspective based on the products cultivated or produced and sold. The operating segments comprise:

- **Processing plants:** The Group has aggregated two divisions. These divisions produce timber-related products and have therefore been assessed as one segment by management. The cash-generating units are:
  - **Sawmilling:** Four sawmills located in close proximity to Sabie, Graskop, White River and Warburton produce and sell a broad range of structural and industrial sawn timber products.
  - **Plywood:** A plywood plant in Sabie manufactures and sells plywood timber products.
- **Forestry and Fleet:** The Group owns plantations in the Mpumalanga Province on which it grows pine and eucalyptus trees that are cultivated and managed on a rotational basis. The segment sells its products to its Processing segment and to external customers. Fleet Solutions owns heavy motor vehicles used to transport logs.
- **Wholesale:** The Group has eight distribution centres located in Pretoria, Germiston, Polokwane, Bloemfontein, Port Elizabeth, Durban, Upington and Cape Town, that sell timber-related products from the sawmills, plywood plant and external suppliers.

The Group operates in three geographical areas, namely South Africa, countries in the Southern Africa Development Community (SADC) and non-SADC regions. Refer to the section on credit risk in note 40 for disclosure on major customers.

Performance in internal management reports is measured based on earnings before interest, taxation, depreciation and amortisation (EBITDA). Management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate in the industry.

The amounts included in the internal management reports are measured in a manner consistent with the consolidated and separate annual financial statements. The segment assets and liabilities are not separately disclosed as this information is not presented to the CODM. All non-current assets owned by the Group are located in South Africa.

Transactions between segments are done at arm's-length. The segment information for the year ended 30 June 2019:

	GROUP			
	Processing plants R'000	Wholesale R'000	Forestry and Fleet R'000	Total R'000
2019				
Revenue: External sales	955 009	562 402	77 247	1 594 658
Revenue: Inter-segment sales	351 099	–	708 813	1 059 912
	1 306 108	562 402	786 060	2 654 570
Depreciation, amortisation and impairments	(61 583)	(8 202)	(231 667)	(301 452)
Reportable segment profit*	51 838	(1 051)	122 843	173 630
Material non-cash items:				
– Fair value adjustment to biological assets	–	–	203 672	203 672
– Capital expenditure	37 657	392	36 197	74 246

* *Being earnings before interest, taxation, depreciation and amortisation (EBITDA) and fair value adjustments.*

34. OPERATING SEGMENTS continued

	GROUP			
	Processing plants R'000	Wholesale R'000	Forestry and Fleet R'000	Total R'000
2018				
Revenue: external sales	1 165 551	594 667	54 809	1 815 027
Revenue: inter-segment sales	344 862	–	739 547	1 084 409
	1 510 413	594 667	794 356	2 899 436
Depreciation, amortisation and impairments	(54 832)	(7 182)	(20 593)	(82 607)
Reportable segment profit*	80 409	13 697	162 892	256 998
Material non-cash items:				
– Fair value adjustment to biological assets	–	–	77 303	77 303
– Capital expenditure	38 294	6 469	17 621	62 384

** Being earnings before interest, taxation, depreciation and amortisation (EBITDA) and fair value adjustments.*

	GROUP	
	2019 R'000	2018 R'000
Reconciliation of reportable segment revenue and profit		
Revenue		
Total revenue for reportable segments	**2 654 570**	2 894 177
Other revenue	**5 864**	2 582
Elimination of inter-segment revenue	**(1 059 912)**	(1 084 409)
Consolidated revenue	**1 600 522**	1 812 350
Profit		
Total EBITDA for reportable segments	**173 630**	256 998
Depreciation, amortisation and impairment	**(310 982)**	(88 368)
Non-reporting EBITDA	**31 038**	27 415
Operating (loss)/profit	**(106 314)**	196 045

Refer to note 40, where sales to the three largest customers are disclosed. Refer also to note 27, where the components of operating profit are disclosed.

	GROUP	
	2019 R'000	2018 R'000
Revenue per geographical area		
South Africa	**1 384 318**	1 499 236
Southern Africa Development Community (SADC)	**158 725**	179 166
International (non-SADC)*	**57 479**	133 948
Total	**1 600 522**	1 812 350

** International sales refer to plywood sales to the United Kingdom, Belgium, Italy and the United States of America.*

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

35. BUSINESS COMBINATIONS

	GROUP 2019 R'000	GROUP 2018 R'000
Aggregated business combinations		
Property, plant and equipment	–	6 207
Trade and other receivables	–	442
Current tax receivable	–	12
Cash and cash equivalents	–	859
Deferred tax	–	(2 447)
Trade and other payables	–	(302)
Loans from related parties	–	(3 054)
Total identifiable net assets	–	1 717
Fair value adjustment of step acquisition	–	5 976
Bargain purchase gain in a business combination	–	(747)
	–	6 946

	GROUP 2019 R'000	GROUP 2018 R'000
Consideration paid		
Cash	–	(10 000)
Related party loan acquired	–	3 054
	–	(6 946)
Net cash outflow on acquisition		
Cash consideration paid	–	(6 946)
Cash acquired	–	859
	–	(6 087)

Acquisition of Mbulwa Estate Proprietary Limited

On 31 January 2018, York Timbers Proprietary Limited acquired the remaining 50% equity interest in Mbulwa Estate Proprietary Limited from Mondi Timber (Wood Products) Proprietary Limited, which resulted in a change from an investment in joint venture to a wholly owned subsidiary.

The bargain purchase gain of R0,7 million was the result of assets at fair value exceeding the consideration paid.

36. COMMITMENTS

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Authorised capital expenditure				
Already contracted for but not provided for				
– Property, plant and equipment	**6 502**	11 139	**–**	–
Not yet contracted for				
– Property, plant and equipment	**28 199**	10 149	**–**	–

This committed expenditure will be financed through existing cash resources, available loan facilities and funds generated internally.

Capital commitments are based on capital projects approved to date and the budget approved by the Board. Major capital projects require further approval before they commence.

37. RELATED PARTIES

Relationships

Subsidiaries	York Timbers Proprietary Limited Agentimber Proprietary Limited Sonrach Properties Proprietary Limited Global Forest Products Proprietary Limited* Madiba Forest Products Proprietary Limited Madiba Timbers Proprietary Limited South African Plywood Proprietary Limited* York Timbers Energy (RF) Proprietary Limited** York Fleet Solutions Proprietary Limited York Timbers Botswana Proprietary Limited York Timbers Chile Limitada Mbulwa Estate Proprietary Limited York Power (RF) Proprietary Limited York Carbon Proprietary Limited**
Other related entities	York Timbers Community Proprietary Limited York Timbers Staff Proprietary Limited
Directors	Refer to note 38

* *The Company has a direct investment in these companies. All other companies are indirect investments.*

** *Non-controlling interest in the subsidiary amounts to 12% for York Timbers Energy (RF) Proprietary Limited and 49% for York Carbon Proprietary Limited (equivalent to an amount of R169). Non-controlling interest is not disclosed in the consolidated and separate annual financial statements as this amount is less than one thousand Rand.*

All of the companies are incorporated and domiciled in the Republic of South Africa, except for York Timbers Chile Limitada and York Timbers Botswana Proprietary Limited, which are incorporated and domiciled in Chile and Botswana, respectively. The holdings in and voting power of York Timber Holdings Limited in all subsidiaries is 100%, except in York Timbers Energy (RF) Proprietary Limited and York Carbon Limited, where it is 88% and 51%, respectively.

Transactions between York Timber Holdings Limited and the respective subsidiaries, which are related parties, have been eliminated on consolidation.

Related party balances

Refer to note 9.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

37. RELATED PARTIES continued

Related party transactions

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Recoveries received from				
York Timbers Proprietary Limited	**–**	–	**(6 668)**	(5 948)
Dividends (received from)/paid to				
York Timber Holdings Limited	**–**	–	**–**	(99 323)
Inland Realty Proprietary Limited	**–**	–	**–**	99 323

The directors held 4 519 410 shares (2018: 3 447 391 shares) in York Timber Holdings Limited. One of the directors, with interest in 15 shares, resigned on 3 December 2018.

38. DIRECTORS' EMOLUMENTS

Payments to executive directors

	Emoluments R'000	Other cash benefits R'000	Retention payment* R'000	Total R'000
2019				
Executive				
PP van Zyl	**5 253**	**1 046**	**10 000**	**16 299**
GCD Stoltz	**2 186**	**220**	**–**	**2 406**
Total payments to executive directors	**7 439**	**1 266**	**10 000**	**18 705**

	Emoluments R'000	Other cash benefits R'000	Bonus R'000	Retention payment* R'000	Settlement of long-term incentive R'000	Total R'000
2018						
Executive						
JPF van Buuren	1661	206	–	–	–	1 867
PP van Zyl	5 020	993	1 803	10 000	–	17 816
GCD Stoltz	793	80	2 000	–	495	3 368
Total payments to executive directors	7 474	1 279	3 803	10 000	495	23 051

* *The retention payment was awarded in lieu of share appreciation rights that expired at maturity date at no value.*

38. DIRECTORS' EMOLUMENTS continued

Payments to executive directors continued

	Directors' fees R'000	Total R'000
2019		
Non-executive		
PC Botha	**188**	**188**
AW Brink	**168**	**168**
Dr AP Jammine	**442**	**442**
HM Mbanyele-Ntshinga	**114**	**114**
SAU Meer	**276**	**276**
DM Mncube	**439**	**439**
TV Mokgatlha	**146**	**146**
MR Mouyeme	**146**	**146**
Dr JP Myers	**1 093**	**1 093**
KM Nyanteh	**136**	**136**
GR Tipper	**188**	**188**
Total payments to non-executive directors	**3 336**	**3 336**
2018		
PC Botha	372	372
Dr AP Jammine	353	353
SAU Meer	235	235
DM Mncube	374	374
TV Mokgatlha	310	310
MR Mouyeme	310	310
Dr JP Myers	803	803
GR Tipper	372	372
Total payments to non-executive directors	3 129	3 129

Equity-settled share-based payment

	Awards held at the beginning of the year '000	Awards granted/ (exercised) '000	Awards held at the end of the year '000	Fair value of options at grant date R	Total value provided at the end of the year R'000
2019					
GCD Stoltz	**752**	**–**	**752**	**2,60**	**644**
2018					
GCD Stoltz	–	752	752	2,60	123

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

39. CHANGE IN ACCOUNTING POLICY

Adoption of new standards

The Group adopted the following new accounting standards as issued by the IASB, which came into effect for financial years beginning on or after 1 January 2018:

- IFRS 15: *Revenue from Contracts with Customers.*
- IFRS 9: *Financial instruments.*

The Group early-adopted the following new accounting standard as issued by the IASB, which came into effect for financial years beginning on or after 1 January 2019:

- IFRS 16: *Leases.*

Adoption of IFRS 15

The adoption of IFRS 15 had the following impact on the Group:

- Changes in the timing of revenue recognition.
- More detail regarding revenue categories.

The Group principally generates revenue from the sale of timber and plywood products in the South African, Southern African Development Community and International markets. IFRS 15 establishes a comprehensive framework for determining whether revenue should be recognised and how much and when revenue should be recognised. It replaces IAS 18, in terms of which revenue was recognised around an analysis of the transfer of risks and rewards.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group now recognises revenue when it transfers control over a product or service to a customer at the stand-alone selling price allocated to the performance obligation in the contract.

For local timber sales, revenue is recognised when the goods leave the premises at the stand-alone selling prices. When the customer collects the goods at the premises, York no longer directs the use of the goods and the client accepts responsibility. Revenue derived from transport services to external customers where York acts as a principal is recognised in the accounting period in which the services are rendered at the gross amount. When York acts in the capacity of an agent, the transport provider insures the freight and York can no longer direct the use of the goods and the customer has the present obligation to pay for goods. The revenue recognised when York acts as an agent is recognised at the net amount. For international plywood sales the Group recognises the revenue for goods when the original shipping documents, for clearance at destination port, are released. Due to the nature of the exportation of plywood and the timing difference between the expected date of receipt of payment and the actual payment receipt date, this could result in the recognition of contract liabilities.

Changes in accounting policies from the adoption of IFRS 15 have been applied in full retrospectively.

39. CHANGE IN ACCOUNTING POLICY continued

Adoption of IFRS 9

The adoption of IFRS 9 had the following impact on the Group:

- Change from the IAS 39 incurred loss model to the expected credit loss model.
- Change in classification of the measurement categories for financial instruments.

Before adopting IFRS 9, the Group calculated the allowance for credit losses using the incurred loss model. In terms of the incurred loss model, the Group assessed whether there was any objective evidence of impairment at the end of each reporting period. In terms of IFRS 9 the Group calculated the allowance for credit losses as expected credit loss according to the simplified approach using a provision matrix.

The expected credit loss is calculated by applying an expected loss ratio to each age receivable group. The loss ratio is calculated as the historical payment profile and adjusted for macro-economic forecasts. A default expected credit loss ratio is applied to ageing periods of 90 days and older.

Changes in accounting policies from the adoption of IFRS 9 have been applied in full retrospectively.

IFRS 9 introduced new measurement categories for financial assets. From 1 January 2018 the Group classifies financial assets in the IFRS 9 measurement categories.

Financial assets	IAS 39	IFRS 9
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Other financial assets	Loans and receivables	Other financial assets at amortised cost

Adoption of IFRS 16

The adoption of IFRS 16 had the following impact on the Group:

- Recognition of right of use assets and depreciation.
- Recognition of lease liabilities and finance cost.

Effective 1 January 2019, the Group early-adopted IFRS 16, which specifies how to recognise, measure, present and disclose leases using the full retrospective approach. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all significant leases.

The Company recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right of use asset is initially measured based on the initial amount of the lease liability. The assets are depreciated over the lease term using the straight-line method. Lease terms range from two to five years.

The lease liability is measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate adjusted for asset specific risks and the lease term. The lease liability is measured at amortised cost using the effective interest method.

The Group has elected to apply the practical expedient not to recognise right of use assets and liabilities for short-term leases that have lease terms of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Changes in accounting policies from the adoption of IFRS 16 have been applied in full retrospectively.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

39. CHANGE IN ACCOUNTING POLICY continued

Adoption of IFRS 16 continued

On adoption of the new accounting policies, the Group restated its retained earnings as at 30 June 2018 as follows:

	30 June 2018 as previously reported R'000	Effects of IFRS 16 R'000	Effects of IFRS 15 R'000	Effects of IFRS 9 R'000	30 June 2018 Restated R'000
Property, plant and equipment	901 202	19 063	–	–	920 265
Deferred tax	(859 214)	447	427	(28)	(858 368)
Inventories	296 619	–	3 737	–	300 356
Trade and other receivables	258 619	–	–	112	258 731
Retained income	(1 652 556)	1 149	1 098	(88)	(1 650 397)
Lease liability	(1 741)	(20 658)	–	–	(22 399)
Trade and other payables	(323 673)	–	(5 259)	–	(328 932)
Revenue	(1 817 609)	–	5 259	–	(1 812 350)
Cost of sales	1 263 458	–	(3 739)	–	1 259 719
Administration expense	386 691	(1 887)	–	(112)	384 692
Finance cost	81 800	2 525	–	–	84 325
Taxation	50 258	(193)	(427)	28	49 666

Deferred tax adjustment on IFRS 9 changed with R7 thousand from the December 2018 interim financial results.

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure consists of debt, which includes borrowings (excluding derivative financial liabilities) disclosed in notes 19, cash and cash equivalents disclosed in note 15, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing percentage. All covenant targets were met at year-end and no breaches were identified.

The capital structure and gearing ratio of the Group at the reporting date were as follows:

		GROUP		COMPANY	
	Notes	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Borrowings repayable within one year	19	**152 571**	167 759	**–**	–
Borrowings repayable after one year	19	**530 865**	636 836	**–**	–
Total borrowings		**683 436**	804 595	**–**	–
Cash and cash equivalents	15	**(88 941)**	(152 030)	**–**	–
Net borrowings		**594 495**	652 565	**–**	–
Equity		**3 107 823**	3 130 276	**–**	–
Gearing ratio (%)		**19**	21	**–**	–

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

This note presents information about the Group and Company's financial risk management framework, objectives, policies and processes for measuring and managing risk, the Group and Company's exposure to these financial risks and the Company's management of capital. Furthermore, quantitative disclosures are included throughout the consolidated and separate annual financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Group and Company's executives are responsible for developing and monitoring the Group and Company's risk management policies. The Group's executives report regularly to the Board of Directors on these activities.

The Group and Company's risk management policies are established to identify and analyse the risks faced by the Group and Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group and Company's activities. The Group and Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board has a Risk and Opportunity Committee, which oversees how management monitors compliance with the Group and Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and Company. The Risk and Opportunity Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

The Group and Company monitors its forecast financial position on a regular basis. The Group and Company's executive meets regularly and considers cash flow projections for the following 12 months in detail, taking into consideration the impact of market conditions. The Group and Company's executive also receives reports from independent consultants and receives presentations from advisors on current and forecast economic conditions.

The Group and Company's objectives, policies and processes for managing risks arising from financial instruments have not changed from the previous reporting period.

From time to time, the Group uses derivative financial instruments to hedge certain identified risk exposures, as deemed necessary by the Group's Executive Committee.

The Group and Company's forecast financial risk position with respect to key financial objectives and compliance with treasury practice are regularly reported to the Board.

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and Company's receivables from customer and investment securities.

Management has established a centralised receivables department and a credit policy. Under the credit policy, each new customer is analysed individually for creditworthiness before the Group and Company's standard payment and delivery terms and conditions are offered. The Group and Company's review includes external ratings, when available, and in some cases bank references. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

The utilisation of credit limits is regularly monitored. Customers that fail to meet the Group's benchmark on creditworthiness may transact with the Group only on a prepayment basis. The Group does not require collateral in respect of trade and other receivables.

Credit guarantee insurance is purchased from Credit Guarantee Insurance Corporation of Africa Limited (CGIC). The total credit limit guaranteed by CGIC is R100 million, with a deductible annual aggregate of R0,5 million.

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Credit risk continued

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		2019			2018		
	Notes	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
GROUP							
Other financial assets at amortised cost	10	**61 903**	**–**	**61 903**	39 707	–	39 707
Trade and other receivables	13	**218 008**	**(8 768)**	**209 240**	255 268	(6 813)	248 455
Cash and cash equivalents	15	**89 003**	**–**	**89 003**	152 039	–	152 039
		368 914	**(8 768)**	**360 146**	447 014	(6 813)	440 201
COMPANY							
Loans to Group companies	9	**1 345 673**	**–**	**1 345 673**	1 350 957	–	1 350 957
Trade and other receivables	13	**198**	**(178)**	**20**	198	(178)	20
Cash and cash equivalents	15	**–**	**–**	**–**	3	–	3
		1 345 871	**(178)**	**1 345 693**	1 351 158	(178)	1 350 980

Trade receivables comprise a widespread customer base. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 32% (2018: 30%) of the Group's revenue is attributable to sales transactions with three (2018: three) multinational customers. These are customers of the mills and wholesale.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Customer				
A	**15**	14	**–**	–
B	**9**	9	**–**	–
C	**8**	7	**–**	–
	32	30	**–**	–

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate level of committed credit facilities and ensuring an ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.
Refer to note 15.

The Group and Company's liquidity risk is a function of the funds available to cover future commitments. The Group and Company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are maintained and monitored.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The tables below analyse the Group and Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

		GROUP				
	Notes	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
2019						
Non-current liabilities						
Borrowings	19	**–**	**149 709**	**257 623**	**124 743**	**532 075**
Current liabilities						
Trade and other payables	23	**431 374**	**–**	**–**	**–**	**431 374**
Borrowings	19	**152 571**	**–**	**–**	**–**	**152 571**
Bank overdraft	15	**62**	**–**	**–**	**–**	**62**
		584 007	**149 709**	**257 623**	**124 743**	**1 116 082**
2018						
Non-current liabilities						
Borrowings	19	–	194 654	440 042	3 917	638 613
Current liabilities						
Trade and other payables	23	327 022	–	–	–	327 022
Borrowings	19	167 759	–	–	–	167 759
Bank overdraft	15	9	–	–	–	9
		494 790	194 654	440 042	3 917	1 133 403

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Liquidity risk continued

		COMPANY	
	Notes	Less than 1 year	Total
2019			
Current liabilities			
Trade and other payables	23	**1 677**	**1 677**
2018			
Current liabilities			
Trade and other payables	23	6 808	6 808

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Foreign currency risk

The Group operates in three geographical segments, namely South Africa, countries within the Southern African Development Community (SADC) and non-SADC regions. All transactions with customers in the SADC countries are denominated in SA Rand and do not expose the Company to currency risks. Transactions with non-SADC countries are denominated in United States Dollars (USD).

The Group sells to foreign customers in USD and collects the money in the USD denominated bank account. Future commitments as well as recognised assets and liabilities that are denominated in a currency that is not the functional currency, expose the Company to currency risks. Most of the Company's purchases are denominated in SA Rand. However, certain engineering machinery and equipment denominated in USD was purchased during the year. This exposed the Company to changes in the foreign exchange rates. To manage this risk, the Company makes use of forward contracts, transacted by Group treasury where appropriate. Sales denominated in foreign currency provides a natural hedge to purchases denominated in foreign currency. This is done on an ad hoc basis, as deemed appropriate or when required by the supplier. A net profit of R1 942 585 (2018: R4 438 554) was realised.

The Company's borrowings and cash deposits are all denominated in SA Rand and USD.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Current assets				
Cash and cash equivalents	**676**	3 670	**–**	–

40. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. The sensitivity analysis was calculated based on 1% higher and lower than the actual rate.

	GROUP			
	2019 R'000	2019 R'000	2018 R'000	2018 R'000
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss				
US Dollars	**95**	**(95)**	507	(507)

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk, while borrowings at fixed rates expose the Group to fair value interest rate risk. The Group does not have a policy to hedge long-term interest rate risk and will only make use of hedging instruments to reduce the short-term sensitivity of the Group to interest rate changes.

Interest rate profile

The interest rate profile of interest-bearing financial instruments at the end of the reporting period was as follows:

		Average effective interest rate		Carrying amount	
	Notes	2019 %	2018 %	2019 R'000	2018 R'000
Variable rate instruments: Liabilities					
Borrowings	19	**7,88 – 10,25**	8,08 – 9,50	**684 646**	806 372
Variable rate financial liabilities as a percentage of total interest-bearing financial liabilities (%)				**100,00**	100,00

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

41. FAIR VALUE INFORMATION

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

		GROUP		COMPANY	
Level 2	**Notes**	**2019 R'000**	**2018 R'000**	**2019 R'000**	**2018 R'000**
Recurring fair value measurements					
Assets	4				
Investment property		**30 740**	**26 731**	**–**	**–**
Total		**30 740**	**26 731**	**–**	**–**

For investment property fair value information refer to note 4.

Levels of fair value measurements

		GROUP		COMPANY	
Level 3	**Notes**	**2019 R'000**	**2018 R'000**	**2019 R'000**	**2018 R'000**
Recurring fair value measurements					
Assets					
Biological assets	5				
Trees in a plantation forest		**3 154 557**	**2 918 550**	**–**	**–**
Goodwill	6				
Goodwill		**357 630**	**–**	**–**	**–**
Total		**3 512 187**	**2 918 550**	**–**	**–**

For the biological assets and goodwill fair value information refer to notes 5 and 6.

42. GOING CONCERN

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

43. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events not in the ordinary course of business that occurred after the reporting date and up to the date of this report.

44. EARNINGS PER SHARE

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Earnings per share				
Basic (loss)/earnings per share	**(11)**	44	**–**	30
Diluted basic (loss)/earnings per share	**(11)**	44	**–**	30
The bonus element of the share-based payment did not have a dilutive effect on the shares (2018: had a dilutive effect).				
Reconciliation of profit or loss for the year to basic earnings				
Profit or loss for the year attributable to equity holders of the parent	**(36 268)**	138 280	**3**	98 654
Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share				
Weighted average number of ordinary shares used for basic earnings per share	**316 048**	316 048	**331 241**	331 241
Adjusted for:				
Bonus element of share-based payment	**1 391**	826	**1 391**	826
	317 439	316 874	**332 632**	332 067
Headline earnings and diluted headline earnings per share				
Headline earnings per share (cents)	**50**	45	**–**	30
Diluted headline earnings per share (cents)	**50**	45	**–**	30
The bonus element of the share-based payment had a dilutive effect on the shares (2018: had a dilutive effect).				
Reconciliation between (loss)/earnings and headline earnings				
Basic (loss)/earnings	**(36 268)**	138 280	**3**	98 654
Adjusted for:				
(Profit)/loss on sale of assets	**(19 408)**	178	**–**	–
Tax on profit/(loss) on sale of assets	**5 434**	(50)	**–**	–
Impairment of property, plant and equipment	**4 128**	–	**–**	–
Tax on impairment of property, plant and equipment	**(1 156)**	–	**–**	–
Fair value adjustments on investment property	**(4 229)**	–	**–**	–
Tax on fair value of investment property	**1 184**	–	**–**	–
Impairment of goodwill	**207 812**	–	**–**	–
Bargain purchase	**–**	(747)	**–**	–
Fair value adjustment on deemed disposal of joint arrangement	**–**	5 976	**–**	–
Headline earnings	**157 497**	143 637	**3**	98 654

NOTES TO THE **CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS** continued
for the year ended 30 June 2019

44. EARNINGS PER SHARE continued

	GROUP		COMPANY	
	2019 R'000	**2018 R'000**	**2019 R'000**	**2018 R'000**
Core earnings per share				
Core earnings per share (cents)	**8**	26	**–**	30
Diluted core earnings per share (cents)	**8**	26	**–**	30
Reconciliation between (loss)/earnings and core earnings				
Basic (loss)/earnings	**(36 268)**	138 280	**3**	98 654
Adjusted for:				
Fair value adjustment on biological assets	**(203 672)**	(77 303)	**–**	–
Tax on fair value adjustment on biological assets	**57 028**	21 645	**–**	–
Impairment of goodwill	**207 812**	–	**–**	–
Core earnings	**24 900**	82 622	**3**	98 654
Reconciliation of basic earnings per share after adopting the new standards (refer to note 39)				
Reconciliation between earnings before restatement and earnings after restatement				
Basic earnings as reported as at 30 June 2018	**–**	139 734	**–**	98 654
Adoption of IFRS 16	**–**	(639)	**–**	–
Tax effect of IFRS 16	**–**	193	**–**	–
Adoption of IFRS 15	**–**	(1 519)	**–**	–
Tax effect of IFRS 15	**–**	427	**–**	–
Adoption of IFRS 9	**–**	112	**–**	–
Tax effect of IFRS 9	**–**	(28)	**–**	–
Basic earnings after restatements	**–**	138 280	**–**	98 654

SHAREHOLDERS' INFORMATION

York has been listed on the JSE since 1946.

SHAREHOLDERS' PROFILE

as at 30 June 2019

	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
SHAREHOLDER ANALYSIS				
1 – 1 000 shares	665	43,21	200 888	0,06
1 001 – 10 000 shares	493	32,03	2 214 537	0,67
10 001 – 100 000 shares	304	19,75	10 073 971	3,04
100 001 – 1 000 000 shares	55	3,57	17 152 674	5,18
1 000 001 shares and more	22	1,44	301 598 527	91,05
Total shareholders	**1 539**	**100,00**	**331 240 597**	**100,00**
DISTRIBUTION OF SHAREHOLDERS				
Assurance companies	1	0,07	26 885 192	8,12
Close corporations	21	1,36	989 209	0,30
Collective investment schemes	11	0,71	84 905 132	25,63
Custodians	7	0,45	4 857 063	1,47
Foundations and charitable funds	5	0,32	168 305	0,05
Hedge funds	1	0,07	8 066 667	2,44
Investment partnerships	3	0,19	368 000	0,11
Managed funds	1	0,07	671 618	0,20
Private companies	53	3,44	72 922 630	22,02
Public companies	2	0,14	115	–
Public entities	1	0,07	95 136 513	28,72
Retail shareholders	1 363	88,56	26 373 997	7,96
Retirement benefit funds	3	0,19	2 542 685	0,77
Share schemes	1	0,07	48 200	0,01
Stockbrokers and nominees	7	0,45	379 657	0,11
Trusts	58	3,77	6 924 193	2,09
Unclaimed scrip	1	0,07	1 421	–
Total shareholders	**1 539**	**100,00**	**331 240 597**	**100,00**
KEY SHAREHOLDERS				
Directors and associates (excluding employee share schemes)	2	0,13	4 519 425	1,36
Strategic holdings (more than 10%)	1	0,06	95 136 513	28,72
Empowerment	4	0,27	95 687 795	28,89
Share schemes	1	0,06	48 200	0,01
Sub-total	8	0,52	195 391 933	58,98
Public shareholders	1 531	99,48	135 848 664	41,02
Total shareholders	**1 539**	**100,00**	**331 240 597**	**100,00**

	Number of shares	% of issued capital
FUND MANAGERS WITH A SHAREHOLDING GREATER THAN 3% OF THE ISSUED SHARES		
Lereko Investments	54 915 003	16,58
Old Mutual Investment Group	47 496 863	14,34
	102 411 866	**30,92**
BENEFICIAL SHAREHOLDINGS OF GREATER THAN 3% OF THE ISSUED SHARES		
Industrial Development Corporation	95 136 513	28,72
Lereko Investments	54 915 003	16,58
Old Mutual Group	46 924 847	14,18
Bridge Creek Trading 10 Proprietary Limited	29 356 410	8,86
Agentimber Proprietary Limited	15 192 584	4,59
Auburn Avenue Trading 55 Proprietary Limited	11 416 382	3,45
Saprop Investments Limited	11 355 399	3,43
	264 297 138	**79,81**

Total number of shareholders	**1 539**
Total number of shares in issue	**331 240 597**

SHARE PRICE PERFORMANCE

Opening price 2 July 2018	R2,10
Closing price 28 June 2019	R1,60
Highest closing price for period (28 May 2019)	R2,30
Lowest closing price for period (25 March 2019)	R1,30

Number of shares in issue	331 240 597
Volume traded during period	18 307 804
Ratio of volume traded to shares issued	5,53%
Number of shareholder accounts	1 539

NOTICE OF ANNUAL GENERAL MEETING

York Timber Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1916/004890/06)
(**York** or the **Company** or the **Group**)
ISIN: ZAE000133450
Share code: YRK

Notice is hereby given that an annual general meeting (**AGM**) of shareholders of the Company will be held on Wednesday, 6 November 2019 at 09:00 at Equinox Leadership and Innovation Centre, 15 Alice Lane, Sandhurst, Sandton, Johannesburg to deal with such business as may lawfully be dealt with at an annual general meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended (the **Companies Act**), the memorandum of incorporation of the Company (**MOI**) and the JSE Limited Listings Requirements (**JSE Listings Requirements**).

The notice of the Company's annual general meeting has been sent to shareholders who were recorded as such in the Company's securities register on Friday, 27 September 2019, being the record date used to determine which shareholders are entitled to receive this notice of the annual general meeting.

The record date on which members must be recorded as such in the Company's securities register maintained by the transfer secretaries (Computershare Investor Services) for the purpose of being entitled to participate in and vote at the annual general meeting is Friday, 1 November 2019. The last day to trade in order to be entitled to participate in and vote at the annual general meeting will be Tuesday, 29 October 2019.

Meeting participants (including shareholders and proxies) are required to provide satisfactory identification before being entitled to attend or participate at the annual general meeting. Forms of identification include valid identity documents, driver's licences and passports.

In accordance with regulation 43(5)(c) of the Companies Regulations, 2011, promulgated under the Companies Act, a member of the Social and Ethics Committee is required to report to shareholders at the annual general meeting on the matters within the mandate of the Social and Ethics Committee. The Social and Ethics Committee's report is contained on page 44 of the integrated annual report.

Shareholders are requested to consider, and if deemed fit, pass, with or without modification, the following resolutions by way of separate resolutions:

ORDINARY RESOLUTION NUMBER 1

Adoption of the consolidated and separate annual financial statements for the year ended 30 June 2019

"Resolved that the consolidated and separate annual financial statements of the Company and its subsidiaries, incorporating the reports of the external auditor, Audit Committee of the Company (**Audit Committee**) and directors of the Company (**directors**) for the year ended 30 June 2019, be and are hereby adopted."

The consolidated and separate annual financial statements of the Company (as approved by the Board of Directors of the Company (the **Board**)), incorporating the reports of the external auditor, Audit Committee and directors for the year ended 30 June 2019, have been distributed as required and are presented.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

The complete consolidated and separate annual financial statements and integrated annual report are available on the Company's website: http://www.york.co.za/investors-relations/integrated-annual-reports/

ORDINARY RESOLUTIONS NUMBERS 2.1 TO 2.6

Re-election and election of directors

"Resolved that shareholders elect each director listed below, by way of a separate vote, who retire by rotation in terms of the MOI, and who, being eligible, have offered themselves for re-election:

2.1 Dr Jim Myers;

2.2 Dr Azar Jammine; and

2.3 Shakeel Meer.

It is further resolved that the shareholders ratify the appointment of the following directors:

2.4 Max Nyanteh;

2.5 Hetisani Mbanyele-Ntshinga; and

2.6 Andries Brink."

Brief *résumés* in respect of each director are contained on page 32 of the integrated annual report.

The percentage of voting rights that will be required for each of these resolutions to be adopted is more than 50% of the votes exercised on each resolution.

ORDINARY RESOLUTION NUMBER 3

Appointment of external auditor

"Resolved that PricewaterhouseCoopers Inc. (with Mr Schalk Barnard being the designated external audit partner) be and are hereby appointed as external auditor of the Company from the conclusion of this annual general meeting."

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

ORDINARY RESOLUTIONS NUMBERS 4.1 TO 4.3

Re–election and election of Audit Committee members

"Resolved that shareholders elect, each by way of a separate vote, the following independent non-executive directors as members of the Audit Committee, subject to their re-election or election as directors in terms of ordinary resolution number 2 (where applicable), with effect from the end of this annual general meeting until the conclusion of the next annual general meeting of the Company:

4.1 Andries Brink;

4.2 Dr Azar Jammine; and

4.3 Max Nyanteh."

Brief *résumés* of these directors offering themselves for election as members of the Audit Committee are contained on page 32 of the integrated annual report.

The percentage of voting rights that will be required for each of these resolutions to be adopted is more than 50% of the votes exercised on each resolution.

ORDINARY RESOLUTIONS NUMBERS 5.1 AND 5.2

Endorsement of the Company's remuneration policy and implementation report

5.1 "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy, as set out on page 48 of the integrated annual report."

5.2 "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration implementation report, as set out on page 49 of the integrated annual report."

The percentage of voting rights that will be required for each of these non-binding advisory resolutions to be adopted is more than 50% of the votes exercised on each resolution.

ORDINARY RESOLUTION NUMBER 6

General authority to issue shares for cash

"Resolved that the Board be and is hereby authorised, by way of general authority, to (i) allot and issue any authorised but unissued ordinary shares in the Company or securities convertible into ordinary shares in the Company for cash, or (ii) grant any options for the subscription of authorised but unissued ordinary shares in the Company for cash, or (iii) sell or otherwise dispose of authorised but unissued ordinary shares in the Company (i.e. those ordinary shares held by York's subsidiaries) for cash, in respect of a maximum of 10% of the issued share capital of the Company (excluding treasury shares), representing not more than 31 604 801 ordinary shares in the Company as at the date of this notice of AGM, subject to the MOI, the Companies Act and the JSE Listings Requirements, and provided that:

a) this authority shall be valid until the Company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter;
b) the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
c) such shares may only be issued to public shareholders as defined in paragraph 4.25 to 4.27 of the JSE Listings Requirements and not to related parties;
d) the maximum discount (if any) at which such shares may be issued is 10% of the weighted average traded price of the Company's shares on the JSE over the 30 business days preceding the date that the price of issue is agreed between the Company and the party subscribing for the shares; and
e) after the Company has issued shares in terms of this general authority representing, on a cumulative basis within the period for which this general authority remains valid, 5% or more of the number of shares in issue prior to that issue, the Company is required to publish an announcement containing full details of the issue."

The percentage of voting rights that will be required for this resolution to be adopted is 75% majority of the votes exercised on the resolution.

Reason for and effect of ordinary resolution number 6

The reason for and effect of ordinary resolution number 6 is to grant the Board the authority, subject to the provisions of the MOI, the Companies Act and the JSE Listings Requirements, to issue not more than 31 604 801 ordinary shares in the authorised but unissued capital of the Company for cash.

ORDINARY RESOLUTION NUMBER 7

Placing authorised but unissued shares under the control of the Board

"Resolved that the authorised but unissued ordinary shares in the capital of the Company be and are hereby placed under the control and authority of the Board and that the Board be and is hereby authorised to issue and sell or otherwise dispose of such unissued ordinary shares in the Company at their discretion, subject always to the provisions of the MOI, the Companies Act and the JSE Listings Requirements."

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

SPECIAL RESOLUTION NUMBER 1

General authority to acquire (repurchase) shares

"Resolved that the Company and its subsidiaries be and are hereby authorised by way of a general authority, to acquire from time to time the issued ordinary shares of the Company upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the MOI, the JSE Listings Requirements and the provisions of the Companies Act, where applicable and provided that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty;
- this general authority shall be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 1;
- an announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- acquisitions of shares in aggregate in any one financial year may not exceed 10% of the Company's ordinary issued share capital, as the case may be, as at the date of passing of this special resolution number 1, provided that the acquisition of shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued shares in the Company are held by or for the benefit of all the subsidiaries of the Company taken together;
- ordinary shares will not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares for the five business days immediately preceding the date the transaction is effected. The JSE should be consulted for a ruling if the Company's securities have not traded in such five business day period;
- the Company has been given authority by its MOI;
- at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such acquisition;
- a resolution has been passed by the Board confirming that the Board has authorised the general repurchase, that the Company and its subsidiaries passed the solvency and liquidity test and that, since the test was done, there have been no material changes to the financial position of the Group; and
- the Company and/or its subsidiaries will not acquire any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of ordinary shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed to the JSE, in writing, prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE."

The JSE Listings Requirements require, in terms of paragraph 11.26(b), the following disclosures, which appear in the integrated annual report:

- Major shareholders on page 161; and
- Share capital of the Company on page 90.

Litigation statement

The directors, whose names appear on page 90 of the integrated annual report of which this notice of annual general meeting forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on page 90 of the integrated annual report of which this notice of annual general meeting forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice of annual general meeting.

Statement of the Board's intention

The directors consider that such a general authority should be put in place should an opportunity present itself to do so during the upcoming financial year, which is in the best interests of the Company and its shareholders.

The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any of its subsidiaries to be in a position to acquire the shares issued by the Company through the order book of the JSE, should the market conditions, tax dispensation and price justify such an action.

The percentage of voting rights that will be required for this resolution to be adopted is at least 75% of the votes exercised on the resolution.

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to grant the Company and/or its subsidiaries general approval to acquire the Company's issued shares on such terms, conditions and such amounts determined from time to time by the directors and subject to the limitations set out above.

SPECIAL RESOLUTION NUMBER 2

Financial assistance in terms of sections 44 and 45 of the Companies Act

"Resolved that the Board be and is hereby authorised, subject to sections 44 and 45 of the Companies Act, the MOI and the JSE Listings Requirements, to authorise the Company to provide direct or indirect financial assistance, to the Company's wholly owned subsidiaries and their respective subsidiaries which assistance is done at commercial arm's-length terms, provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution number 2."

The percentage of voting rights that will be required for this resolution to be adopted is at least 75% of the votes exercised on the resolution.

Reason for and effect of special resolution number 2

The reason for and effect of the special resolution referred to above, is to permit the Company to provide direct or indirect financial assistance to the entities referred to above.

VOTING INSTRUCTIONS

In terms of the Companies Act, any member entitled to attend and vote at the annual general meeting may appoint one or more persons as proxy, to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. Forms of proxy must be deposited at the office of the meeting facilitator not later than 48 hours before the time fixed for the annual general meeting (excluding Saturdays, Sundays and public holidays), being Monday, 4 November 2019 at 09:00 or be handed to the Chairman of the annual general meeting before the appointed proxy exercises any of the relevant shareholder's rights.

If your York shares have been dematerialised and are held in a nominee account, then your Central Securities Depository Participant (**CSDP**) or broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the annual general meeting and thereafter cast your vote in accordance with your instructions.

If you have not been contacted it would be advisable for you to contact your CSDP or broker, as the case may be, and furnish them with your instructions. If your CSDP or broker, as the case may be, does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, or if the mandate is silent in this regard, to abstain from voting.

Dematerialised shareholders whose shares are held in a nominee account must not complete the attached form of proxy. Unless you advise your CSDP or broker timeously in terms of the agreement between yourself and your CSDP or broker by the cut-off time advised by them that you wish to attend the annual general meeting or appoint a proxy to represent you at the annual general meeting, your CSDP or broker will assume you do not wish to attend the annual general meeting or appoint a proxy. If you wish to attend the annual general meeting, your CSDP or broker will issue the necessary letter of representation to you to attend the annual general meeting.

Shareholders who have dematerialised their shares through a CSDP or broker, other than "own name" registered dematerialised shareholders, who wish to attend the annual general meeting, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/ mandate entered into between them and the CSDP or broker.

SHAREHOLDER RIGHTS

In terms of section 58 of the Companies Act, shareholders have rights to be represented by proxy as herewith stated. An extract of section 58 is included in the form of proxy on page 172.

NOTICE OF **ANNUAL GENERAL MEETING** continued

TELEPHONIC PARTICIPATION IN THE ANNUAL GENERAL MEETING

In terms of sections 63(2) and 63(3) of the Companies Act, shareholders or their proxies may participate in (but not vote at) the annual general meeting by way of telephone conference call and, if they wish to do so, they:

- must contact the Company Secretary (by email to: shsieh@york.co.za) by no later than Monday, 4 November 2019 at 09:00 in order to obtain a personal identification number (PIN) and dial-in details for that conference call;
- will be required to provide satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the annual general meeting.

PRINTING AND DISTRIBUTION OF REPORT

In line with York's continuous efforts to contain costs, the Company is currently rationalising the printing and postage of various documents, records, statements and notices (**Report(s)**). It is proposed that Reports from the Company be, as far as possible, delivered to shareholders by electronic mail (email) or posted on the Company's website with an email alert being sent to shareholders notifying them that, *inter alia,* the Report is available on the Company's website (**Email Notification**). Should you wish to avail yourself of this option, kindly request this via email to ecomms@computershare.co.za.

By order of the Board

Sue Hsieh
Company Secretary

27 September 2019

Meeting facilitator
The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square, 2 Gwen Lane
Sandown, 2196
PO Box 62043, Marshalltown, 2107
proxy@tmsmeetings.co.za

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING **AND PROPOSED RESOLUTIONS**

ORDINARY RESOLUTION 1: CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The ordinary business to be considered at the annual general meeting is more fully governed in terms of the MOI. In summary, the ordinary business at an annual general meeting is to receive and consider the consolidated and separate annual financial statements, to declare or sanction dividends (where applicable), to elect directors, auditor and other officers in the place of those retiring by rotation or otherwise and to elect the Audit Committee members. No special business shall be transacted at an annual general meeting unless due notice thereof has been given.

ORDINARY RESOLUTION 2: RE-ELECTION AND ELECTION OF DIRECTORS

The rotation of directors is more fully governed in terms of paragraphs 5.1.3 and 5.1.4 of the MOI, which require one-third of the directors to retire from office at the annual general meeting. The retiring directors at each annual general meeting shall be those who have been longest in office since their last election or appointment. If at the date of the annual general meeting any director will have held office for a period of three years since his last election or appointment, he shall retire at such annual general meeting either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the annual general meeting at which he retires. The retiring directors may be re-elected provided that they are eligible. Dr Jim Myers, Dr Azar Jammine and Shakeel Meer offer themselves for re-election.

Paragraph 5.1.12 of the MOI provides that:

The appointment of a director, whether to fill a casual vacancy or as an addition to the Board (or otherwise), must be confirmed by shareholders at the annual general meeting following such appointment. Max Nyanteh, Hetisani Mbanyele-Ntshinga and Andries Brink were appointed as independent non-executive directors by the Board with effect from 14 February 2019 and their appointments require ratification by shareholders at the annual general meeting.

ORDINARY RESOLUTION 3: APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee has nominated PricewaterhouseCoopers Inc. for appointment as external auditor of the Company under section 90 of the Companies Act. In accordance with paragraph 3.84(g)(iii), as read with paragraph 22.15(h) of the JSE Listings Requirements, the Audit Committee has assessed the suitability of PricewaterhouseCoopers Inc. and Mr Schalk Barnard for appointment as external auditor.

Furthermore, the Audit Committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that PricewaterhouseCoopers Inc. is accredited and appears on the JSE list of Auditors and Accounting Specialists, and that Mr Schalk Barnard, does not appear on the JSE list of disqualified individual auditors, as set out in section 22 of the JSE Listings Requirements. The Board has accepted the recommendation of the Audit Committee, subject to shareholder approval as required in terms of section 90(1) of the Companies Act.

The external auditor will remain the appointed external auditor until the conclusion of the next annual general meeting of the Company.

ORDINARY RESOLUTION 4: ELECTION OF AUDIT COMMITTEE MEMBERS

In terms of section 94(2) of the Companies Act and in compliance with the King IV Report on Corporate Governance for South Africa, 2016 (**King IV**), the Company must elect an Audit Committee comprising at least three independent members. While the members of the Audit Committee are nominated by the Board, the election of each member to the Audit Committee must be individually approved by the shareholders at each annual general meeting. The proposed members of the Audit Committee have experience in audit, accounting, economics, human resources, commerce and general industry, among others.

The Board confirms that Andries Brink, Dr Azar Jammine and Max Nyanteh are independent non-executive directors as contemplated in King IV and the JSE Listings Requirements.

Each proposed member of the Audit Committee is a suitably qualified and skilled director. The proposed members of the Audit Committee are not:

- involved in the day-to-day management of the Company and have not been so involved at any time during the previous financial year;
- prescribed officers or full-time employees of the Company or another related or inter-related company, or have been such an officer or employee at any time during the previous three financial years;
- material suppliers or customers of the Company; and
- related to any person who falls within the criteria set out above.

ORDINARY RESOLUTIONS 5.1 AND 5.2: ENDORSEMENT OF THE COMPANY'S REMUNERATION POLICY AND IMPLEMENTATION REPORT

King IV recommends, and the JSE Listings Requirements require, that a company's remuneration policy and implementation report be tabled as separate non-binding advisory votes by shareholders at each annual general meeting.

This enables shareholders to express their views on the Company's remuneration policy and implementation thereof.

Ordinary resolutions number 5.1 and 5.2 are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING **AND PROPOSED RESOLUTIONS** continued

Shareholders are reminded that in terms of King IV and the JSE Listings Requirements, should 25% or more of the votes cast be against one or both the non-binding advisory ordinary resolutions numbers 5.1 and 5.2, York undertakes to engage with its shareholders as to the reasons therefore, and undertakes to make recommendations based on the feedback received.

ORDINARY RESOLUTION 6: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

This is to grant the Company and its subsidiaries a general authority to issue shares for cash, which general authority shall be valid until the next annual general meeting of the Company, provided that this general authority shall not extend beyond 15 months from the date of the passing of ordinary resolution 6.

ORDINARY RESOLUTION 7: PLACING AUTHORISED BUT UNISSUED SHARES UNDER THE CONTROL OF THE BOARD

This is to place the authorised but unissued ordinary shares in the capital of the Company under the control and authority of the Board and to authorise the Board to issue and/or sell or otherwise dispose of such unissued ordinary shares in the Company at their discretion, as required in terms of the MOI.

SPECIAL RESOLUTION 1: GENERAL AUTHORITY TO ACQUIRE (REPURCHASE) SHARES

This is to grant the Company and its subsidiaries a general authority to facilitate the acquisition by the Company and/or its subsidiaries of the Company's own shares, which general authority shall be valid until the next annual general meeting of the Company, provided that this general authority shall not extend beyond 15 months from the date of the passing of special resolution 1. Having considered the current cash flow position of the Company, the Board could contemplate a general repurchase of shares.

SPECIAL RESOLUTION 2: FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

This general authority would assist the Company with, *inter alia,* making inter-company loans to wholly owned subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general shareholder authority would avoid the need to refer each instance to shareholders for approval which might impede the negotiations and add time and expense. If approved, this general authority will expire at the end of two years from the date of the passing of the resolution.

The Board must, when considering such assistance, either for the specific recipient or generally for a category, ensure that:

- the Company will satisfy the solvency and liquidity test immediately after providing the financial assistance; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

FORM OF PROXY

YORK TIMBERS

York Timber Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1916/004890/06)
(**York** or the **Company**)
ISIN: ZAE000133450
Share code: YRK

Form of proxy for the annual general meeting to be held on Wednesday, 6 November 2019 at 09:00 at Equinox Leadership and Innovation Centre, 15 Alice Lane, Sandhurst, Sandton, Johannesburg – for use by certificated ordinary shareholders and dematerialised ordinary shareholders with "own name" registration only.

Holders of dematerialised ordinary shares other than "*own name*" registration must inform their Central Securities Depository Participant (**CSDP**) or broker of their intention to attend the annual general meeting and request their CSDP to issue them with the necessary authorisation to attend the annual general meeting in person or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat.

I/We ______________________________
(Please print)

of (address) ______________________________

Being the registered holder(s) of ______________________________ ordinary shares in the capital of the Company do hereby appoint

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

the Chairman of the annual general meeting as my/our proxy to act on my/our behalf at the annual general meeting of the Company which will be held on Wednesday, 6 November 2019 at 09:00 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

		For	Against	Abstain
1.	**Ordinary resolution number 1:** Adoption of the consolidated and separate annual financial statements			
2.	**Ordinary resolution number 2:** Re-election of directors who retire by rotation (by separate resolutions):			
2.1	Dr Jim Myers			
2.2	Dr Azar Jammine			
2.3	Shakeel Meer			
	To ratify the appointment of the following directors who were appointed by the Board as independent non-executive directors of the Company with effect from 14 February 2019			
2.4	Max Nyanteh			
2.5	Hetisani Mbanyele-Ntshinga			
2.6	Andries Brink			
3.	**Ordinary resolution number 3:** Appointment of external auditor			
4.	**Ordinary resolution number 4:** Election of Audit Committee members (by separate resolutions):			
4.1	Andries Brink			
4.2	Dr Azar Jammine			
4.3	Max Nyanteh			
5.	**Ordinary resolution number 5:** Endorsement of the Company's remuneration policy and implementation report (by separate resolutions)			
5.1.	Endorsement of York's remuneration policy			
5.2	Endorsement of York's remuneration implementation report			

FORM **OF PROXY** continued

		For	Against	Abstain
6.	**Ordinary resolution number 6:** General authority to issue shares for cash			
7.	**Ordinary resolution number 7:** Placing authorised but unissued shares under the control of the Board			
1.	**Special resolution number 1:** General authority to acquire (repurchase) shares			
2.	**Special resolution number 2:** Financial assistance in terms of sections 44 and 45 of the Companies Act			

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

For further information and clarification on the use of this form of proxy, refer to the notes on page 171.

Signed at ______________________________ on ______________________________ 2019

______________________________ ______________________________

Signature Assisted by me (where applicable)

NOTES TO THE **FORM OF PROXY**

1. An ordinary shareholder holding dematerialised shares with "own name" registration, or who holds shares that are not dematerialised, may insert the name of a proxy or the names of up to two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting "the Chairman of the annual general meeting". The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the Chairman of the annual general meeting. A proxy need not be a shareholder of the Company.

2. An ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the Company. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of the entire shareholder's votes exercisable thereat. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the ordinary shareholder.

3. If any ordinary shareholder does not indicate on this instrument that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat instead of any proxy appointed in terms hereof.

5. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form, unless previously recorded by the Company or waived by the Chairman of the annual general meeting.

6. The Chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

7. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

8. It is requested that this form of proxy should be completed and returned to the Company's meeting facilitator, the Meeting Specialist Proprietary Limited, by any of the following methods so as to reach them by no later than Monday, 4 November 2019 at 09:00:

   Delivery: The Meeting Specialist
   JSE Building
   One Exchange Square
   2 Gwen Lane
   Sandown
   2196

   Post: PO Box 62043
   Marshalltown
   2107

   Email: proxy@tmsmeetings.co.za

9. Should a shareholder lodge the form of proxy with the meeting facilitator less than 48 hours before the annual general meeting, such shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the annual general meeting before the appointed proxy exercises any such shareholder's rights at the annual general meeting.

Additional forms of proxy are available from the meeting facilitator on request.

SUMMARY OF RIGHTS
CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by:
  (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise; and
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has:
    (i) directed such company to do so, in writing; and
    (ii) paid any reasonable fee charged by such company for doing so.

CORPORATE **INFORMATION**

York Timber Holdings Limited
Incorporated in the Republic
of South Africa
Registration number: 1916/004890/06
JSE share code: YRK
ISIN: ZAE000133450
(**York** or the **Company** or the **Group**)

Tax reference number
9225/039/71/9

Country of incorporation and domicile
South Africa

Nature of business and principal activities
Operation of plantations, sawmills, a plywood plant and wholesale lumber sales

Auditor for the financial year ending 30 June 2019
PricewaterhouseCoopers Inc.
Chartered Accountants (SA)
Registered Auditors

Transfer secretaries
Computershare Investor Services
Proprietary Limited

Sponsor
One Capital

Registered office and business address
York Corporate Office
3 Main Road, Sabie, 1260
Postal address
PO Box 1191, Sabie, 1260

Directors
Executive directors
Pieter van Zyl *(Chief Executive Officer)*
Gerald Stoltz *(Chief Financial Officer)*

Non-executive directors
Dr Jim Myers* *(Chairman, USA)*
Shakeel Meer
Dr Azar Jammine*
Dinga Mncube*
Max Nyanteh*
Hetisani Mbanyele-Ntshinga*
Andries Brink*
** Independent*

Company Secretary
Sue Hsieh

www.york.co.za

SHAREHOLDERS' **DIARY**

Financial year-end	30 June
Announcement of annual results	30 September 2019
Integrated annual report posted	8 October 2019
Annual general meeting	6 November 2019
Announcement of interim results	March 2020

GLOSSARY

BBBEE
Broad-based black economic empowerment

Biomass
Organic materials such as plant matter that have not become fossilised and can be used as an energy source for the generation of electricity

Camcore
An international organisation that provides its members with improved germplasm and advice as well as keeping them abreast of the development of modern tree-breeding techniques

Clearfell
A forestry practice in which most or all trees in an area are cut down

CSI
Corporate social investment

DNA fingerprinting
Process of creating a genetic profile for each clone in the orchard

ERP
Enterprise resource planning

FSC
Forestry Stewardship Council

ICFR
Institute for Commercial Forestry Research

KPI
Key performance indicator

LogTrace
Unique tracking system developed by York which records each log electronically and tracks it through the total supply chain from forest to mill

SADC
Southern African Development Community

Thinning
A silviculture activity involving the removal of the least-performing trees to allow more room for growth for the remaining trees

YORK TIMBERS

www.york.co.za