York Timber Holdings Limited
(Registration number 1916/004890/06)
Consolidated and Separate Annual Financial Statements
for the year ended 30 June 2019

These consolidated and separate annual financial statements were prepared under the supervision of:
GCD Stoltz CA(SA)
Chief Financial Officer

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The reports and statements set out below comprise the consolidated and separate annual financial statements presented to shareholders:

Audit Committee Report

1. 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 Report on 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 Incorporated, and its audit partner, complied with the suitability criteria for re-appointment as required by the JSE listing 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 auditors and preapproved 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 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 in 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 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;
- Satisfied itself through management representations and findings by the external auditor, as well as work performed by the internal auditors 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.

2. 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:

- A Brink CA (SA) (Independent non-executive committee Chairman) appointed on 14 February 2019;
- M Nyanteh CA(SA) (Independent non-executive) appointed on 14 February 2019;
- Dr A Jammine BSc Hons Mathematical Statistics (Wits), BA Hons Economics cum laude (Wits), MSc Economics (London School of Economics), PhD Economics (London Business School), Post-Doctoral Fellowhip Centre for Business Strategy (London Business School) (Independent non-executive);
- G Tipper BCom (Wits), BAcc (Wits), MBA (UCT) (Independent non-executive) resigned on 03 December 2018 and
- T Mokgatlha BCom Accounting (North-West), BCompt/CTA Hons (Unisa) (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 Report

Audit committee meeting attendance

	2018/09/11	2019/03/01	2019/06/01
A Brink (Chairman) (appointed on 14 February 2019)	N/a	Yes	Yes
M Nyanteh (appointed on 14 February 2019)	N/a	Yes	Yes
Dr A Jammine	Yes	Yes	Yes
G Tipper (resigned on 03 December 2018)	Yes	N/a	N/a
T Mokgatlha (resigned 30 November 2018)	Yes	N/a	N/a

3. 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. 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.

4. 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 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.

A Brink
Chairman: Audit Committee
27 September 2019

Directors' Responsibilities and Approval

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 predetermined 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 Company have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are 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 auditors and their report is presented on pages 10 to 17.

The financial statements set out on pages 18 to 78, 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:

Approval of consolidated and separate financial statements

JP Myers **Chairman**	**PP van Zyl** **Chief Executive Officer**

Company secretary's certification

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.

Mrs Han-hsiu Hsieh
Company Secretary
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, the Company or the Group)for the year ended 30 June 2019.

1. Nature of business

York Timber Holdings Limited 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 market.

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

2. 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 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.

3. Share capital

	2019	2018	2019	2018
Issued	R '000	R '000	Number of shares	
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.

4. Dividends

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

5. Directorate

The directors in office during the financial period:

Directors	Office	Designation	Changes
PC Botha		Non-executive	Resigned 27 November 2018
Dr A Jammine		Non-executive Independent	
S Meer		Non-executive	
D Mncube		Non-executive Independent	
T Mokgatlha		Non-executive Independent	Resigned 30 November 2018
M Mouyeme		Non-executive Independent	Resigned 30 November 2018
Dr JP Myers	Chairman	Non-executive Independent	
G Tipper		Non-executive Independent	Resigned 03 December 2018
PP van Zyl	Chief Executive Officer	Executive	
GCD Stoltz	Chief Financial Officer	Executive	
A Brink		Non-executive Independent	Appointed 14 February 2019
M Nyanteh		Non-executive Independent	Appointed 14 February 2019
H Mbanyele-Ntshinga		Non-executive Independent	Appointed 14 February 2019

Directors' report

6. 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

Directors	2019 Number of shares	2018 Number of shares	2019 Percentage shareholding	2018 Percentage shareholding
PP van Zyl	4 507 410	3 435 376	1.36	1.04
GCD Stoltz	12 000	12 000	-	-
G Tipper (resigned 3 December 2018)	-	15	-	-
	4 519 410	**3 447 391**	**1.36**	**1.04**

Interests in share incentive scheme (units)

Directors	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.

7. 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).

8. Special resolutions

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

9. 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.

10. 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.

11. Auditor

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

Directors' report

12. Secretary

The company secretary is Mrs Han-hsiu Hsieh.

Business address:

York Corporate Office
3 Main Road
Sabie
1260

13. Interest in subsidiaries

Details of the Group's investment in subsidiaries are set out in note 8.

14. Shareholder profile

The shareholder profile at 30 June 2019 was as follows:

Shareholder spread	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
1 - 1 000	665	43.21	200 888	0.06
1 001 - 10 000	493	32.03	2 214 537	0.67
10 001 - 100 000	304	19.75	10 073 971	3.04
100 001 - 1 000 000	55	3.57	17 152 674	5.18
Over 1 000 000	22	1.44	301 598 527	91.05
	1 539	**100.00**	**331 240 597**	**100.00**

Shareholder type				
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 & Nominees	7	0.45	379 657	0.11
Trusts	58	3.77	6 924 193	2.09
Unclaimed Scrip	1	0.07	1 421	-
	1 539	**100.00**	**331 240 597**	**100.00**

Directors' report

Key Shareholders	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
Directors and Associates (Excl 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
	8	0.52	195 391 933	58.98
Public Shareholders	1 531	99.48	135 848 664	41.02
	1 539	**100.00**	**331 240 597**	**100.00**

Beneficial Shareholders Holding > 3% of 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**

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 18 to 78 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.

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Chief Executive Officer L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection
Reg no. 1998/012055/21, VAT reg no 4950174682

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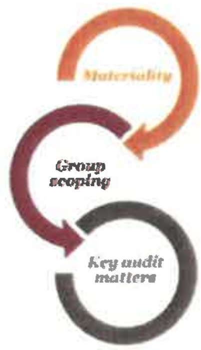
Independence

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 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: R 16 005 000, 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 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out

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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 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 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 (Pty) Ltd, Agentimber (Pty) Ltd, York Fleet Solutions (Pty) Ltd, Sonrach Properties (Pty) Ltd and Mbulwa Estate (Pty) Ltd). 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 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 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 separate financial statements of the Company for the current period.

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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: R 2.498 billion) in non-current assets and R515 million (2018: R 420 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 meter 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 meter 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 meter 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.

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Key audit matter	*How our audit addressed the key audit matter*
Impairment assessment of goodwill and property, plant and equipment	
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: R 920 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	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 forecasted growth rates by

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judgement, assumptions and estimates applied by management.	comparison to historical actual growth and market expectations. We found the future log prices, expected yields and forecasted 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.

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 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 or the 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.

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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 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.

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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 1 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	
Figures in Rand thousand	Notes	2019	2018 Restated	2019	2018
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
		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

		Group		Company	
Figures in Rand thousand	Notes	2019	2018 Restated	2019	2018
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 to profit or loss:					
Remeasurements on net defined benefit liability		133	(663)	-	-
Taxation related to remeasurements 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

Figures in Rand thousand	Share capital	Share premium	Total share capital	Share based payment reserve	Defined benefit plan reserve	Total reserves	Retained income	Total equity
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 01 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 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 01 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 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**
Notes	16	16	16	17	18			

Statements of changes in equity

Figures in Rand thousand	Share capital	Share premium	Total share capital	Share based payment reserve	Defined benefit plan reserve	Total reserves	Retained income	Total equity
Company								
Balance as at 01 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 01 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 distributions 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**
Notes	16	16	16	17	18			

Statements of cash flows

		Group		Company	
Figures in Rand thousand	Notes	2019	2018 Restated	2019	2018
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	9	-	-	-	(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

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 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 Rands, 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.

Accounting policies

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 aquisition date fair values.

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 aquisition 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.

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 annual financial statements.

Investments in subsidiaries in the separate 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 financial statements of subsidiaries are included in the consolidated 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.

Accounting policies

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 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 payments
- Note 20 - Lease liability
- Note 21 - Retirement benefit obligation
- 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 is, to the extent that the remeasurement 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.

Accounting policies

1.6 Investment property (continued)

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

Accounting policies

1.7 Property, plant and equipment (continued)

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 entity.

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

Accounting policies

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).

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.

Accounting policies

1.9 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, Value Added Tax (VAT) and prepayments, are classified as financial assets 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.

1.9 Financial instruments (continued)

Trade and other payables

Classification

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

Accounting policies

1.10 Tax (continued)

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 and 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.

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.

Accounting policies

1.12 Impairment of assets (continued)

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.

Accounting policies

1.15 Employee benefits (continued)

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.

Accounting policies

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
- 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 standalone 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 recognizes 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 value added tax. 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 value added tax.

Accommodation income

Revenue is derived from accommodation income and is measured at the transaction price received or receivable after deducting value added tax based on an overnight rate for accommodation. Revenue is recognised as performance obligations and are met over time as services are rendered.

Accounting policies

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.

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

Foreign currency transactions

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

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

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	01 January 2018	The impact of the standard is set out in note 39 Changes in accounting policy.
• IFRS 15 Revenue from Contracts with Customers	01 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	01 January 2018	There was no financial impact
• Amendments to IAS 40: Transfers of Investment Property	01 January 2018	There was no financial impact
• IFRIC 22: Foreign Currency Transactions and Advance Consideration	01 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	01 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:

Plan Amendment, Curtailment or Settlement - Amendments to IAS 19

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 remeasured 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 01 January 2019.

2. New standards and interpretations (continued)

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 01 January 2019.

The amendment will not have a material impact on the Group's consolidated and Company's annual separate financial statements.

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 01 January 2019.

The amendment will not have a material impact on the Group's consolidated and Company's annual separate 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 01 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 separate annual financial statements.

3. Property, plant and equipment

Group	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
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**

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
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**

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Additions through business combinations	Disposals	Transfers	Depreciation	Total
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

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

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.

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 Fincial Services for plant, equipment and vehicles (Refer note 19).

The present value of minimum instalment sale agreement payments due at year-end were R99.0 million (2018: R97.9 million) (Refer 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	Accumulated depreciation	Carrying value	Valuation	Accumulated depreciation	Carrying value
Investment property	30 740	-	30 740	26 731	-	26 731

Reconciliation of investment property - Group - 2019

	Opening balance	Additions	Disposals	Fair value adjustments	Total
Investment property	26 731	30	(250)	4 229	30 740

Reconciliation of investment property - Group - 2018

	Opening balance	Total
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.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

4. Investment property (continued)

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.

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.

5. Biological assets

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	-	-
	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.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

5. Biological assets (continued)

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.

3 The biological assets to be harvested and sold in the 12 months after year-end.

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.

Reconciliation of standing volume (m3)				
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)	-	-
	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	-	-
	89 579	**93 988**	-	-

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.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

5. Biological assets (continued)

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 predefined products as basis for calculating log yields.

Volume adjustment factor: In a manner consistent to prior years, volumes expected from York plantations in Microforest are adjusted 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 is 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 the beta applied in WACC.

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.

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 mature 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.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

5. Biological assets (continued)

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.

Pledge 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.

Certain additional freehold land and biological assets are pledged as security for mortgage and notarial covering bonds of R1.4 billion.

	Group 2019	Group 2018	Company 2019	Company 2018
Forecast volume of trees in the plantations at maturity, as used in the DCF valuation (sum of maturity volumes over the 20 year cycle) (m3)				
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 forecasted 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	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	565 442	(207 812)	357 630	565 442	-	565 442

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

6. Goodwill (continued)

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 is 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 clear-fell 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 predefined products.

Volume adjustment factor: In a manner consistent to prior years, volumes expected from York plantations in Microforest are adjusted 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 2.9% 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 baboon damage and other natural elements, genetic defects and pest and diseases from the planned harvesting volumes.

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. Cost include all cost associated to delivering the product at roadside (point of sale). A long-term inflation rate of 5.2% (2018: 5%) 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.

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)**	-	-

Key assumptions used in the calculation of the discount rate				
Risk free rate(2)	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	-	-

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

6. Goodwill (continued)

(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 biological asset valuation included in the carrying amount of the segment assets.

(2) *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 mature over a long period. The curve represents a suitable fit for the period under consideration.*

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.

Sensitivity analysis(2)				
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	-	-

(2) *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	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
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**

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	463	-	(2)	(324)	137
Capital - work in progress	-	3 479	-	-	3 479
	463	**3 479**	**(2)**	**(324)**	**3 616**

Reconciliation of intangible assets - Group - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	908	24	(469)	463

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

7. Intangible assets (continued)

Other information

None of the intangible assets are internally generated.

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	Carrying amount 2018
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

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.

* The company has a direct investment in these companies. All other companies are indirect investments.

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 2019	Group 2018	Company 2019	Company 2018
Fair value of assets acquired				
Value of options	-	-	2 613	614

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

9. Loans to group companies

Subsidiaries

York Timbers Proprietary Limited The loan to the group company is unsecured, bears no interest and has a notice period of at least 367 days.	-	-	1 345 673	1 350 957

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

Other financial assets at amortised cost	61 903	39 707	-	-
At amortised cost				
Self insurance fund 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.	61 903	39 707	-	-
	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

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

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.

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	-	-
	(922 976)	**(858 368)**	**37**	**37**

12. Inventories

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	-	-

Notes to the consolidated and separate annual financial statements

Figures in Rand thousand	Group 2019	Group 2018	Company 2019	Company 2018
13. Trade and other receivables				
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 Ltd (CGIC) insurance had been ceded to Absa Bank as security for banking facilities (refer 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.

Group	2019	2019	2018	2018
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
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	**205 326**	**(8 768)**	**221 634**	**(6 813)**

Company	2019	2019	2018	2018
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
60 days and over	178	(178)	178	(178)

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

13. Trade and other receivables (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:

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)**
Provision 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% - 1.5% (2018: 1% - 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

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)	-	-
	88 941	**152 030**	**-**	**3**

Current assets	89 003	152 039	-	3
Current liabilities	(62)	(9)	-	-
	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 Ltd (CGIC) insurance (refer 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.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

15. Cash and cash equivalents (continued)

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

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	**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 at 30 June 2019 and are treated as treasury shares for accounting purposes.

17. Share based payment reserve

Opening balance	614	-	614	-
Current year share based payment movement	2 613	614	2 613	614
	3 227	**614**	**3 227**	**614**

Opening balance	3 759 398	3 759 398	3 759 398	3 759 398
Units awarded during the year	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 of the company, 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.

Notes to the consolidated and separate annual financial statements

		Group		Company	
Figures in Rand thousand		2019	2018	2019	2018

17. Share based payment reserve (continued)

Key assumptions used in first award					
York share price at reporting date	R	1.60 R	2.10 R	1.60 R	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 R	2.60 R	2.60 R	2.60
Exercise price	R	- R	- R	- R	-
Expected vesting rate		80 %	80 %	80 %	80 %

Key assumptions used in second award					
York share price at reporting date	R	1.60 R	- R	1.60 R	-
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	R	1.90 R	- R	1.90 R	-
Excercise price	R	- R	- R	- 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.

Opening balance	(967)	(489)	-	-
Movement through other comprehensive income / (loss)	96	(478)	-	-
Closing balance	**(871)**	**(967)**	**-**	**-**

19. Borrowings

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	-	-
	683 436	**804 595**	**-**	**-**

Split between non-current and current portions

Non-current liabilities	530 865	636 836	-	-
Current liabilities	152 571	167 759	-	-
	683 436	**804 595**	**-**	**-**

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 refinance agreement was reached where the loan will be repaid in equal monthly instalments over 7 years.

The company has to comply with loan covenants on a quarterly basis.

19. Borrowings (continued)

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 3 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 5 years and 6 months, of which 4 years and 5 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 land-holding 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.

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 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 8 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.

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 were calculated based on 1% higher and lower than the actual rate.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

19. Borrowings (continued)

Group	2019	2019	2018	2018
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**	-	-

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% - 10.25% (2018: 8% - 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.

Instalment sale providers	**Quantity**	**Interest rate**	**Quantity**	**Interest rate**
ABSA Bank	130	7.88% - 9.75%	-	-
Mercedes Finance	14	9.75%	-	-
Toyota Finance	27	9.25%	-	-
WesBank	16	9% - 10.25%	-	-

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

Non-current liabilities	9 995	14 984	-	-
Current liabilities	8 152	7 415	-	-
	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.

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

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

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.

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.

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.

Contributions towards defined benefit plan

Contributions paid	2 263	2 167	-	-

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

21. Retirement benefit obligation (continued)

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 on-going liability to the Group. The schemes are governed by the Pensions Fund Act, 24 of 1956, as amended.

The 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

The Group has one pension fund, with the following number of members at year end:

Alexander Forbes Pension Fund	10	10	-	-

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.

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	-	-
	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	-	-
	38 770	**37 520**	**-**	**-**

These amounts are included in salary, wages and other employee costs per note 27.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

22. Provisions

Reconciliation of provisions - Group - 2019

	Opening balance	Additions	Total
Environmental rehabilitation	14 623	1 115	15 738

Reconciliation of provisions - Group - 2018

	Opening balance	Additions	Total
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 2019	Group 2018	Company 2019	Company 2018
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
	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 2019	Group 2018	Company 2019	Company 2018
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	-	-
	1 600 522	**1 812 350**	**6 668**	**5 948**

Notes to the consolidated and separate annual financial statements

		Group		Company	
Figures in Rand thousand		2019	2018	2019	2018

24. Revenue (continued)

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

	2019	2018	2019	2018
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**
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

	2019	2018	2019	2018
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)	-	-
	(1 600 522)	**(1 812 350)**	**(6 668)**	**(5 948)**

25. Other operating income

	2019	2018	2019	2018
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	-	-
	31 940	**23 097**	**-**	**-**

26. Other operating gains / (losses)

	Note	2019	2018	2019	2018
Gains (losses) on disposals, scrappings and settlements					
Property, plant and equipment	3	19 408	(177)	-	-
Bargain purchase		-	747	-	-
		19 408	**570**	**-**	**-**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

26. Other operating gains / (losses) (continued)

Foreign exchange gains				
Net foreign exchange gains	1 943	4 439	-	-
Total other operating gains (losses)	**21 351**	**5 009**	**-**	**-**

27. Operating (loss) / profit

Operating (loss) / profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	3 918	4 189	-	-
Other consultation services	1	698	-	131
	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	-	-
	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	-	-
	2 169	**2 987**	**-**	**-**
Contingent rentals on operating leases				
Equipment	206	186	-	-
Total operating lease charges	**2 375**	**3 173**	**-**	**-**

Notes to the consolidated and separate annual financial statements

		Group		Company	
Figures in Rand thousand		2019	2018	2019	2018

27. Operating (loss) / profit (continued)

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
		211 940	**-**	**-**	**1 309**

Other					
Research and development costs		-	64	-	-

28. Investment income

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**	**5**
Total investment income		**5 269**	**4 899**	**5**	**99 328**

Interest was generated from financial assets at amortised cost.

29. Interest paid

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		**77 537**	**84 325**	**-**	**-**

30. Other non-operating gains

Fair value gains (losses)					
Biological assets	5	203 672	77 303	-	-
Investment property	4	4 229	-	-	-
Fair value adjustment of step acquisition		-	(5 976)	-	-
		207 901	**71 327**	**-**	**-**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

31. Taxation

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**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28%	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	(5.90)%	(0.65)%	- %	- %
Business combination	- %	0.77 %	- %	- %
Prior year under provision	- %	(2.35)%	- %	- %
Capital gains tax	(3.62)%	- %	- %	- %
	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

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

32. Cash generated from / (used in) operations

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
	223 822	**283 173**	**(5 293)**	**5 300**

Changes in liabilities arising from financing activities	**Borrowings**	**Lease liabilities**	**Cash settled share based payment**	**Total**
Balance as at 01 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-cashflow 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 01 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-cashflow 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**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

33. Tax (paid) refunded

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	**(8 659)**	**(11 950)**	**1**	**-**

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 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 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:

Figures in Rand thousand

34. Operating segments (continued)

2019	Processing plants	Wholesale	Forestry and Fleet	Total
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.

2018	Processing plant	Wholesale	Forestry and Fleet	Total
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**

				Total
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.

Reconciliation of reportable segment revenue and profit

	Group 2019	Group 2018	Company 2019	Company 2018
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 operating 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.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

34. Operating segments (continued)

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.

35. Business combinations

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**	-	-

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.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018
36. Commitments				
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 Group's consolidated 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 Ltda 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.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

37. Related parties (continued)

Related party transactions

Recoveries paid to / (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

Executive

2019

	Emoluments	Other cash benefits	Retention payment*	Total
PP van Zyl	5 253	1 046	10 000	16 299
GCD Stoltz	2 186	220	-	2 406
	7 439	**1 266**	**10 000**	**18 705**

2018

	Emoluments	Other cash benefits	Bonus	Retention payment*	Settlement of long-term incentive	Total
JPF van Buuren	1 661	206	-	-	-	1 867
PP van Zyl	5 020	993	1 803	10 000	-	17 816
GCD Stoltz	793	80	2 000	-	495	3 368
	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.

Figures in Rand thousand

38. Directors' emoluments (continued)

Non-executive

2019

	Directors' fees	Total
PC Botha	188	188
Dr A Jammine	442	442
S Meer	276	276
D Mncube	439	439
T Mokgatlha	146	146
M Mouyeme	146	146
Dr JP Myers	1 093	1 093
G Tipper	188	188
A Brink	168	168
M Nyanteh	136	136
H Mbanyele-Ntshinga	114	114
	3 336	**3 336**

2018

	Directors' fees	Total
PC Botha	372	372
Dr A Jammine	353	353
S Meer	235	235
D Mncube	374	374
T Mokgatlha	310	310
M Mouyeme	310	310
Dr JP Myers	803	803
G Tipper	372	372
	3 129	**3 129**

Equity settled share based payment

2019

	Awards held at the beginning of the year	Awards granted / (exercised) during the year	Awards held at the end of the year	Fair value of options at grant date R	Total value provided at the end of the year R
GCD Stoltz	751 880	-	751 880	2.60	643 543

2018

	Awards held at the beginning of the year	Awards granted / (exercised) during the year	Awards held at the end of the year	Fair value of options at grant date R	Total value provided at the end of the year R
GCD Stoltz	-	751 880	751 880	2.60	122 716

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 recognise revenue when it transfers control over a product or service to a customer at the standalone 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 standalone 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 recognized 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 recognized when York acts as an agent is recognized at the net amount. For international plywood sales the group recognizes 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.

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. Under the incurred loss model, the group assessed whether there was any objective evidence of impairment at the end of each reporting period. Under IFRS 9 the group calculated the allowance for credit losses as expected credit loss under the simplified approach using a provision matrix.

Figures in Rand thousand

39. Change in accounting policy (continued)

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 amortized 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 recognized 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.

On adoption of the new accounting policies, the group restated its retained earnings as at 30 June 2018 as follows:

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

39. Change in accounting policy (continued)

	30 June 2018 as previously reported	Effects of IFRS 16	Effects of IFRS 15	Effects of IFRS 9	30 June 2018 Restated
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:

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, and the Group and Company's exposure to these financial risks, and the Company's management of capital. Furthermore, quantitative disclosures are included throughout the 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, aims 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 forecasted 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 forecasted 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 forecasted 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.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

40. Financial instruments and risk management (continued)

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 pre-payment 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 Ltd (CGIC). The total credit limit guaranteed by CGIC is R100 million, with a deductible annual aggregate of R0.5 million.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Group		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
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		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
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) multi-national customers. These are customers of the mills and wholesale.

Customer				
A	15	14	-	-
B	9	9	-	-
C	8	7	-	-
	32	**30**	**-**	**-**

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.

Figures in Rand thousand

40. Financial instruments and risk management (continued)

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 on-going 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 table below analyses 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 table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group - 2019

	Notes	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
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**

Group - 2018

	Notes	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
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**

Company - 2019

	Note	Less than 1 year	Total
Current liabilities			
Trade and other payables	23	1 677	1 677

Figures in Rand thousand

40. Financial instruments and risk management (continued)

Company - 2018

	Note	Less than 1 year	Total
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 Company operates in three geographical segment, 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 Dollar (USD).

The company 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 US Dollars (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:
US Dollar exposure:

	Group 2019	Group 2018	Company 2019	Company 2018
Current assets:				
Cash and cash equivalents	676	3 670	-	-

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company 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	2019	2018	2018
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
US Dollar	95	(95)	507	(507)

Notes to the consolidated and separate annual financial statements

Figures in Rand thousand	Group 2019	Group 2018	Company 2019	Company 2018

40. Financial instruments and risk management (continued)

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:

	Note	Average effective interest rate		Carrying amount	
Group		2019	2018	2019	2018
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 %

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

Level 2

Recurring fair value measurements

Assets	Note	Group 2019	Group 2018	Company 2019	Company 2018
Investment property	4				
Investment property		30 740	26 731	-	-
Total		**30 740**	**26 731**	**-**	**-**

For investment property fair value information refer to note 4.

Notes to the consolidated and separate annual financial statements

		Group		Company	
Figures in Rand thousand		2019	2018	2019	2018

41. Fair value information (continued)

Level 3

Recurring fair value measurements

Assets	Note				
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 asset and goodwill the fair value information refer to note 5&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

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**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

44. Earnings per share (continued)

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 adjustment 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	-	-
	157 497	**143 637**	**3**	**98 654**

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 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	-	-	-
	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**