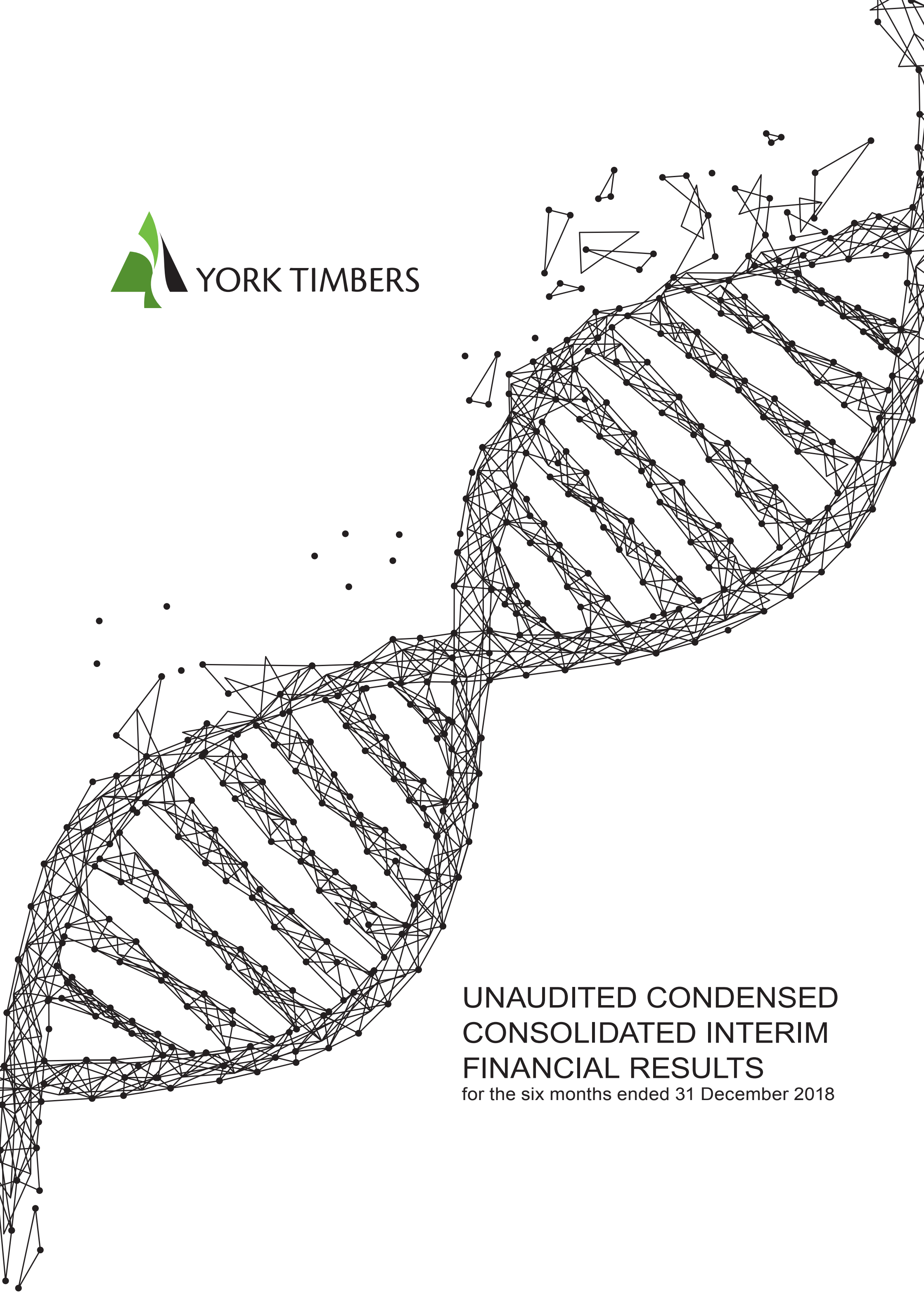

YORK TIMBERS

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

for the six months ended 31 December 2018

Salient features

Production interrupted by industrial action

↓ **1%**

Biological asset value down

↓ **R70 million**

Debt reduced

↓ **11%**

Revenue down

R124,5 million

Cash in bank at reporting date

↓ **52%**

Cash generated from operations decreased to R36 million

Commentary

REVIEW OF THE SIX MONTHS

- Over the reporting period, York lost a combined 192 production days of the available 655 days across all its processing operations due to strikes.
- The strike was resolved on 11 January 2019 and all operations are fully functional.
- During this challenging period, the focus was on managing the business' cash flow and honouring the Company's obligations.
- All debt covenants were met during the reporting period and, over the comparable period, debt reduced by R70 million.
- The Company ended the reporting period with R124,5 million cash.
- Revenue that was not generated during this reporting period will be recovered as postponed sales because York's customer base remained intact.

STRIKE

During the period under review, the National Union of Metalworkers of South Africa (NUMSA) was recognised as the majority union at the Company and a recognition agreement will be concluded between NUMSA and the Company. All other unions' and interested and affected parties' rights and representation will be respected and accommodated and bargaining will effectively take place at plant level going forward.

OPERATIONAL RESULTS

Sales and production volumes decreased by 11% compared to the comparative period of the previous year. Plywood was imported to service local customers during the strike while the Wholesale Division continued trading. Harvesting activity in the Escarpment was stalled when the processing plants were experiencing strikes. Harvesting operations at other regions were scaled back during the reporting period. These operations are scheduled to normalise over the remainder of the financial year.

During the 2018 calendar year, York experienced the highest incidence of fires in recent times, despite this it suffered the least amount of hectares damaged. This is due to our improved fire prevention measures and investment in firefighting equipment and technologies.

Over the reporting period, an increase in the minimum wage rate was implemented for forestry contractors to ensure compliance with legislation and this contributed to the higher administrative expenses. Security costs increased abnormally due to additional strike response units being employed to safeguard the Company's assets. Increases in short term insurance and escalations in diesel costs also contributed to the increase in administrative expenses. Other operating gains received were from South African Special Risk Insurance Association (SASRIA) insurance payment towards Jessievale's finished goods warehouse that was burnt in May 2018. The new Jessievale finished goods warehouse will be completed during the remainder of the financial year. This will improve the Company's storage capacity and enhance the drymill throughput of the Jessievale sawmill. In preparation for the coming fire season, York took delivery of two firefighting units fitted with the latest compressed air foam system.

Restructuring will be undertaken to align the Company structure with the current scale of operations. The Remanufacturing Division did not meet the required expectations and therefore the best options going forward are being considered.

A new enterprise resource planning system has been selected and will be implemented during the remainder of the calendar year. The costs for the hardware of the system amounted to R4,1 million under financial assets.

Fair value adjustments for the year reflect a 1% decrease in the biological asset value, mostly due to the delayed start in the planting season following the late rains, which resulted in a higher number of temporary unplanted areas as at 31 December 2018. Subsequent to the reporting period, good rains have fallen and planting targets will be met for the 2019 financial year.

BALANCE SHEET AND CASH FLOWS

Capital expenditure was applied towards the enhancement of cost efficiencies. Log transport vehicles were purchased to unlock synergies within the supply chain. Changes in working capital resulted from a decrease in debtors due to lower sales. Creditors reduced as the standing timber purchased from the South African Forestry Company Limited was harvested and paid. Even with the arrival of the imported plywood in December 2018, stock decreased during the reporting period. Cash was applied to service debt repayments and contribute towards the Company's self-insurance fund. Cash at the end of the period of R124,5 million was up 20% from the comparative point in time in the previous period. Investments in property, plant and equipment are the result of the construction of the Jessievale finished goods warehouse following its destruction by fire during the April/May 2018 strike. The new building is partly financed from insurance receipts and working capital.

Net asset value per share decreased slightly to R9,70 per share from the comparative period.

CHANGES TO THE DIRECTORATE

During the period under review Messrs Thabo Mokgatlha and Gavin Tipper and Ms Maserame Mouyeme resigned as independent non-executive directors and Mr Paul Botha resigned as non-executive director. Messrs Andries Brink and Maxwell Nyanteh and Ms Hetisani Mbanyele-Ntshinga were appointed as independent non-executive directors, with effect from 14 February 2019.

OUTLOOK

York continues to focus on cash generation through cost-efficiencies and optimisation of its supply chain. York is in the process of selling an outlier plantation and is furthermore awaiting final payment from SASRIA in respect of Jessievale's burnt warehouse. York has commenced with the following:

- Restructuring of poor performing divisions; and
- Aligning the Human Resources Division with the operations to effectively and speedily address employees' matters.

In the absence of a significant improvement in economic growth, the South African market will most likely remain subdued. The lumber demand for the major product category that York produces remains firm and the export of plywood will continue contributing towards earnings.

Consolidated statement of financial position

as at 31 December 2018

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
ASSETS			
Non-current assets			
Biological assets (note 5)	**2 443 572**	2 618 711	2 498 082
Investment property	**26 481**	26 731	26 731
Property, plant and equipment	**917 988**	936 930	920 265
Goodwill	**565 442**	565 442	565 442
Intangible assets	**305**	673	463
Deferred tax	**4 591**	8 612	3 780
Other financial assets	**46 610**	32 020	39 707
Total non-current assets	**4 004 989**	4 189 119	4 054 470
Current assets			
Biological assets (note 5)	**400 357**	239 587	420 468
Inventories	**276 113**	347 645	300 356
Current tax receivable	**1 309**	12 885	3 363
Trade and other receivables	**144 870**	210 708	258 731
Cash and cash equivalents	**125 506**	104 005	152 039
Total current assets	**948 155**	914 830	1 134 957
Total assets	**4 953 144**	5 103 949	5 189 427
EQUITY AND LIABILITIES			
Equity			
Share capital	**15 802**	15 802	15 802
Share premium	**1 464 430**	1 464 430	1 464 430
Reserves	**959**	(489)	(353)
Retained income	**1 585 575**	1 595 880	1 650 404
Total equity	**3 066 766**	3 075 623	3 130 283
Liabilities			
Non-current liabilities			
Deferred tax	**836 070**	860 297	862 141
Lease liability	**11 145**	17 522	14 984
Loans from related parties	**–**	1 527	–
Loans and borrowings	**554 915**	650 105	636 836
Provisions	**15 040**	13 900	14 623
Retirement benefit obligations	**26 847**	25 755	26 430
Total non-current liabilities	**1 444 017**	1 569 106	1 555 014
Current liabilities			
Current tax payable	**86**	920	15
Cash-settled share-based payments	**–**	17 073	–
Loans and borrowings	**209 609**	184 660	167 759
Lease liability	**7 654**	6 457	7 415
Trade and other payables	**224 001**	250 110	328 932
Bank overdraft	**1 011**	–	9
Total current liabilities	**442 361**	459 220	504 130
Total liabilities	**1 886 378**	2 028 326	2 059 144
Total equity and liabilities	**4 953 144**	5 103 949	5 189 427

Consolidated statement of profit or loss and other comprehensive income

for the six months ended 31 December 2018

	Six months ended 31 Dec 2018 Unaudited R'000	Six months ended 31 Dec 2017 Unaudited Restated R'000	Year ended 30 Jun 2018 Audited Restated R'000
Revenue	**800 227**	899 396	1 812 350
Cost of sales	**(608 699)**	(595 982)	(1 259 719)
Gross profit	**191 528**	303 414	552 631
Other operating income	**16 158**	5 718	23 097
Other operating gains	**2 733**	–	5 009
Administration expenses	**(253 972)**	(224 251)	(384 693)
Operating (loss)/profit	**(43 553)**	84 881	196 044
Fair value adjustment	**(11 831)**	74 046	71 327
(Loss)/profit before finance costs	**(55 384)**	158 927	267 371
Investment income	**2 851**	2 230	4 899
Finance costs	**(39 106)**	(43 477)	(84 325)
(Loss)/profit before taxation	**(91 639)**	117 680	187 945
Taxation	**26 810**	(33 927)	(49 659)
(Loss)/profit for the period	**(64 829)**	83 753	138 286
Other comprehensive loss:			
Remeasurement of defined benefit liability	**–**	–	(663)
Taxation related to remeasurement of defined benefit liability	**–**	–	185
Other comprehensive loss for the period net of taxation	**–**	–	(478)
Total comprehensive (loss)/income	**(64 829)**	83 753	137 808
Earnings per share (cents) (note 8)	**(20)**	27	44
Diluted earnings per share (cents) (note 8)	**(20)**	27	44
Headline earnings per share (cents) (note 9)	**(20)**	27	45
Diluted headline earnings per share (cents) (note 9)	**(20)**	27	45

Consolidated statement of changes in equity

for the six months ended 31 December 2018

	Share capital R'000	Share premium R'000	Share-based payment reserve R'000	Defined benefit plan reserve R'000	Retained income R'000	Total equity R'000
Opening balance as previously reported	15 802	1 464 430	–	(489)	1 512 822	2 992 565
Adjustment:						
Change in accounting policy	–	–	–	–	(704)	(704)
Balance as at 1 July 2017 restated	15 802	1 464 430	–	(489)	1 512 118	2 991 861
Profit for the year	–	–	–	–	138 286	138 286
Other comprehensive loss						
Change in defined benefit plan, net of tax	–	–	–	(478)	–	(478)
Total other comprehensive loss	–	–	–	(478)	–	(478)
Total comprehensive income for the year and total transactions with owners	–	–	–	(478)	138 286	137 808
Employees' share option scheme	–	–	614	–	–	614
Opening balance as previously reported	15 802	1 464 430	614	(967)	1 652 556	3 132 435
Adjustment:						
Change in accounting policy	–	–	–	–	(2 152)	(2 152)
Balance as at 30 June 2018 restated	**15 802**	**1 464 430**	**614**	**(967)**	**1 650 404**	**3 130 283**
Loss for the period	**–**	**–**	**–**	**–**	**(64 829)**	**(64 829)**
Other comprehensive income						
Change in defined benefit plan, net of tax	**–**	**–**	**–**	**–**	**–**	**–**
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss for the period and total transactions with owners	**–**	**–**	**–**	**–**	**(64 829)**	**(64 829)**
Employees' share option scheme	**–**	**–**	**1 312**	**–**	**–**	**1 312**
Balance as at 31 December 2018 (unaudited)	**15 802**	**1 464 430**	**1 926**	**(967)**	**1 585 575**	**3 066 766**

Consolidated statement of cash flows

for the six months ended 31 December 2018

	Six months ended 31 Dec 2018 Unaudited R'000	Six months ended 31 Dec 2017 Unaudited Restated R'000	Year ended 30 Jun 2018 Audited Restated R'000
Cash flows from operating activities			
Cash generated from operations (note 6)	**36 317**	75 470	295 902
Investment income	**2 851**	2 230	4 899
Finance costs	**(38 034)**	(42 201)	(78 155)
Taxation refund/(paid)	**2 054**	(9 265)	(11 950)
Net cash from operating activities	**3 188**	26 234	210 696
Cash flows applied to investing activities			
Purchase of property, plant and equipment	**(44 868)**	(43 117)	(64 680)
Purchase of intangible assets	**–**	–	(24)
Proceeds from disposal of property, plant and equipment	**1**	101	103
Proceeds from disposal of investment property	**250**	–	–
Repayment of loans from related parties	**–**	–	(4 580)
Purchase of financial assets	**(6 903)**	(55)	(14 563)
Proceeds on sale of financial assets	**–**	–	6 821
Purchase of biological assets	**–**	–	(71 811)
Harvesting of purchased biological assets	**62 790**	44 266	59 081
Acquisition of subsidiaries net of cash acquired	**–**	–	(6 087)
Net cash generated from/(applied to) investing activities	**11 270**	1 195	(95 740)
Cash flows from financing activities			
Net repayment of loans and borrowings	**(40 071)**	(77 537)	(107 707)
Movement in cash settled share-based payment	**–**	–	(6 971)
Repayment of lease liability	**(4 673)**	(3 924)	(12 034)
Net cash applied to financing activities	**(44 744)**	(81 461)	(126 712)
Total cash movement for the period	**(30 286)**	(54 032)	(11 756)
Cash at beginning of the period	**152 030**	159 347	159 347
Effect of exchange rate movement on cash balances	**2 751**	(1 310)	4 439
Cash at end of the period	**124 495**	104 005	152 030

Notes to the consolidated interim financial statements

for the six months ended 31 December 2018

1. Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the JSE Listings Requirements, the Companies Act of South Africa, No. 71 of 2008 (as amended) and the Companies Regulations, 2011. These unaudited condensed consolidated interim financial statements have been prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting*, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council. The financial results have been compiled under the supervision of Gerald Stoltz CA(SA), the Chief Financial Officer.

These unaudited condensed consolidated interim financial results do not include all the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements as at and for the year ended 30 June 2018 which are available on the Company's website, www.york.co.za or at the Company's registered office.

The condensed consolidated interim financial results have not been reviewed or audited by the Company's external auditor. The interim financial results, which have been prepared on the going concern basis, were approved by the Board of Directors on 20 March 2019.

There have been no material changes to judgements or estimates of amounts reported in prior reporting periods except for the impact of new standards adopted. Refer note 12.

The Group financial results are presented in South African Rand, which is the Company's functional currency. All financial information presented has been rounded to the nearest R'000.

2. Principal accounting policies

The Group has adopted all the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board (IASB) which were effective for the Group from 1 January 2018. The Group early adopted International Financial Reporting Standards (IFRS) 16. The following standards had an impact on the Group:

- IFRS 9 *Financial Instruments* (IFRS 9);
- IFRS *15 Revenue from Contracts with Customers* (IFRS 15); and
- IFRS 16 *Leases* (IFRS 16).

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the 30 June 2018 consolidated annual financial statements except as previously stated above. Refer to note 12 for details.

3. Additional disclosure items

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Authorised capital commitments			
– Contracted, but not provided	**11 406**	9 498	11 139
– Not contracted	**47 909**	13 298	10 149
Capital expenditure	**44 868**	43 117	64 680
Depreciation of property, plant and equipment	**47 126**	41 847	87 899
Amortisation of intangible assets	**158**	235	469

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

3. Additional disclosure items continued

- The Group did not have any litigation settlements during the reporting period.
- The banking facility granted by Absa Bank was secured by a cession of trade receivables and Credit Insurance Solutions (CIS) insurance and cross-suretyships of R154 million with Absa, and R5 million with FirstRand. The general banking facility of R60 million with Absa and asset and vehicle finance facility of R120 million with Absa are available to all companies across the Group. The Group did not have any covenant defaults or breaches of its loan agreements during the period under review or at the reporting date.
- No movement occurred in the number of shares issued during the period under review.

4. Operating segments

The Group has three reportable segments which are the Group's strategic divisions. The Group operates in three geographic segments, namely South Africa, countries within the Southern Africa Development Community (SADC) and international (Non-SADC).

The segment analysis is as follows:

Processing plants

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Revenue: External sales	**430 923**	574 420	1 165 551
Inter-segment sales	**136 485**	184 009	344 862
Total revenue	**567 408**	758 429	1 510 413
Depreciation and amortisation	**(29 872)**	(26 658)	(54 832)
Reportable segment profit*	**(17 287)**	40 211	80 409
Fair value adjustment	**–**	–	–
Capital expenditure	**20 157**	31 537	38 294

Wholesale

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Revenue: External sales	**324 804**	298 105	594 667
Inter-segment sales	**–**	–	–
Total revenue	**324 804**	298 105	594 667
Depreciation and amortisation	**(3 903)**	(4 034)	(7 182)
Reportable segment profit*	**4 703**	11 285	13 697
Fair value adjustment	**–**	–	–
Capital expenditure	**180**	3 994	6 469

** Being earnings before interest, taxation, depreciation, amortisation, impairment and fair value adjustments (EBITDA).*

4. Operating segments continued

Forestry and fleet

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Revenue: External sales	**40 791**	24 518	54 809
Inter-segment sales	**283 462**	371 271	739 547
Total revenue	**324 253**	395 789	794 356
Depreciation and amortisation	**(10 899)**	(9 317)	(20 593)
Reportable segment profit*	**17 305**	97 156	162 892
Fair value adjustment	**(11 831)**	74 046	77 303
Capital expenditure	**18 771**	6 130	17 621

Total before unallocated and inter-segment elimination

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Revenue: External sales	**796 518**	897 043	1 815 027
Inter-segment sales	**419 947**	555 280	1 084 409
Total revenue	**1 216 465**	1 452 323	2 899 436
Depreciation and amortisation	**(44 674)**	(40 009)	(82 607)
Reportable segment profit*	**4 721**	148 652	256 998
Fair value adjustment	**(11 831)**	74 046	77 303
Capital expenditure	**39 108**	41 661	62 384

** Being earnings before interest, taxation, depreciation, amortisation, impairment and fair value adjustments (EBITDA).*

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Reconciliation of reportable segment profit or loss			
Total EBITDA for reportable segments	**4 721**	148 652	256 998
Depreciation, amortisation and impairment	**(47 284)**	(42 082)	(88 368)
Unallocated amounts	**(990)**	(21 689)	27 414
Operating (loss)/profit	**(43 553)**	84 881	196 044

4. Operating segments continued

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Revenue per geographical area of customer			
South Africa (SA)	**690 007**	767 561	1 499 236
Southern Africa Development Community (SADC) excluding SA	**68 858**	99 883	179 166
International (Non-SADC)*	**41 362**	31 952	133 948
Total	**800 227**	899 396	1 812 350

** International sales refer to plywood to the United Kingdom, Belgium, Italy and the United States of America.*

5. Biological assets

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited R'000	30 Jun 2018 Audited R'000
Change in discounted cash flows (DCF) value attributable to:			
Opening balance	**2 918 550**	2 828 518	2 828 518
Growth	**(121 823)**	(44 045)	85 450
Revenue and price	**(11 581)**	128 572	83 351
Operating cost	**41 566**	(21 927)	(33 968)
Discount rate	**80 007**	11 445	(57 530)
Purchased plantations	**–**	–	71 811
Standing timber harvested	**(62 790)**	(44 265)	(59 082)
Closing balance	**2 843 929**	2 858 298	2 918 550
Classified as non-current assets	**2 443 572**	2 618 711	2 498 082
Classified as current assets**	**400 357**	239 587	420 468

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

	31 Dec 2018 Unaudited m^3	31 Dec 2017 Unaudited m^3	30 Jun 2018 Audited m^3
Reconciliation of standing volume (excluding purchased plantations)			
Opening balance	**5 946 639**	6 001 889	6 001 889
Increase due to growth and enumeration	**490 840**	390 220	704 236
Decrease due to harvesting	**(310 106)**	(417 817)	(759 486)
Closing balance	**6 127 373**	5 974 292	5 946 639

5. Biological assets continued

The additional key assumptions underlying the discounted cash flow valuation have been updated as follows:

- **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:** Due to the susceptibility of the plantations to the environment, an adjustment factor is used to reduce the volumes obtained from the merchandising model. This percentage is based mainly on factors such as animal damage and damage due to natural elements, such as wind, rain, hail, droughts and fires. An adjustment factor of 10% (2017: 10%) has been used.
- **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 5,50% over the next year at 5,30% over the following year, and at 5,50% over the long term (2017: 6% p.a. over the next year, 6% over the following year, and at 6% p.a. over the long term). Log prices are computed as a weighted average of external market prices and internal prices charged to the Company's processing operations. Internal prices are generally lower than external prices and are limited to levels that result in the profitability of the processing operations.
- **Operating costs:** The costs are based on the unit cost of the forest 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 an appropriate amount of fixed overhead costs. The costs exclude the costs necessary to get the asset to the market. An inflation rate of 5,50% over the next year, 5,30% over the following year, and 5,50% over the long term (2017: 6% p.a. over the next year, 6% over the following year, and 6% p.a. 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. The only costs to sell applied are harvesting costs, which are included under operating costs. No other selling costs are included.
- **Discount rate:** The directors used a comparable forestry group of companies' Beta to calculate the after-tax weighted average cost of capital (WACC), which was applied to the after-taxation net cash flows.

6. Cash generated from operations

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
(Loss)/profit before taxation	**(91 639)**	117 680	187 945
Adjustments for:			
Depreciation, amortisation and impairments	**47 284**	42 082	88 368
Loss/(profit) on disposal of assets and bargain gain purchase	**18**	37	(570)
(Profit)/loss on foreign exchange	**(2 751)**	1 310	(4 439)
Investment income	**(2 851)**	(2 230)	(4 899)
Finance costs	**39 106**	43 477	84 325
Fair value adjustments	**11 831**	(74 046)	(71 327)
Movement in retirement benefit liabilities	**417**	421	433
Movement in provisions	**417**	–	723
Share-based payment expense: Cash	**–**	8 993	(1 109)
Equity	**1 312**	–	614
Changes in working capital			
Inventories	**24 243**	(7 952)	39 336
Trade and other receivables	**113 861**	(3 725)	(51 739)
Trade and other payables	**(104 931)**	(50 577)	28 241
Cash generated from operations	**36 317**	75 470	295 902

7. Related parties

The Group's related parties are its subsidiaries and key management, including directors. No businesses were acquired or disposed of during the six month period.

8. Earnings per share

	31 Dec 2017 Unaudited	31 Dec 2017 Unaudited Restated	30 Jun 2018 Audited Restated
Basic earnings attributable to ordinary shareholders (R'000) (refer to note 12 for restatement of earnings on adoption of new standards)	**(64 829)**	83 753	138 286
Reconciliation of weighted average number of ordinary shares			
Issued number of shares	**316 048**	316 048	316 048
Bonus element of share-based payment	**841**	–	826
Weighted average number of ordinary shares ('000)	**316 889**	316 048	316 874
Earnings per share (cents)	**(20)**	27	44
Diluted earnings per share (cents)	**(20)**	27	44

The bonus element of the share-based payment had a dilutive effect on the shares (2017: none).

9. Headline earnings per share

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Reconciliation of headline earnings			
Basic earnings attributable to ordinary shareholders	**(64 829)**	83 753	138 286
Loss on sale of assets (net of tax)	**13**	27	128
Bargain purchase	**–**	–	(747)
Fair value adjustment on deemed disposal of joint arrangement	**–**	–	5 976
Headline earnings for the period	**(64 816)**	83 780	143 643
Weighted average number of ordinary shares ('000)	**316 889**	316 048	316 874
Headline earnings per share (cents)	**(20)**	27	45
Diluted earnings per share (cents)	**(20)**	27	45

The bonus element of the share-based payment had a dilutive effect on the shares (2017: none).

10. Core earnings per share

	31 Dec 2018 Unaudited R'000	31 Dec 2017 Unaudited Restated R'000	30 Jun 2018 Audited Restated R'000
Reconciliation of core earnings			
Basic earnings attributable to ordinary shareholders	**(64 829)**	83 753	138 286
Fair value adjustment on biological assets (net of tax)	**8 518**	(53 313)	(55 658)
Core earnings for the period	**(56 311)**	30 440	82 628
Weighted average number of ordinary shares ('000)	**316 889**	316 048	316 874
Core earnings per share (cents)	**(18)**	10	26
Diluted earnings per share (cents)	**(18)**	10	26

11. Subsequent events

There were no subsequent events.

12. Changes in accounting policies

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*; and
- 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 Group principally generates revenue from the sale of timber and plywood products in the South African, SADC 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 where revenue was recognised around an analysis of the transfer of risks and rewards.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group now recognises revenue when it transfers control over a product or service to a customer at the 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. When York arranges the transport of goods on behalf of the customer, York acts as 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 the goods. For International plywood sales the Group recognises the revenue for goods when the original shipping documents, for clearance at destination port, is released.

Changes in accounting policies from the adoption of IFRS 15 have been applied retrospectively.

12. Changes in accounting policies continued

Adoption of IFRS 9

The adoption of IFRS 9 had the following impact on the Group:

- Change from the IAS 39 incurred loss model to the expected credit loss model; and
- 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 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 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 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 asset	IAS 39 category	IFRS 9 category
Self-insurance fund	Loans and receivables	Financial asset at amortised cost
Trade and other receivables	Loans and receivables	Financial asset 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; and
- Recognition of lease liabilities and finance cost.

Effective 1 January 2019, the Group early adopted IFRS 16, which specifies how to recognise, measure, present and disclose leases using the full retrospective approach. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all significant leases.

The Company recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right of use asset is initially measured based on the initial amount of the lease liability. The assets are depreciated over the lease term using the straight-line method. Lease terms range from two to five years.

The lease liability is measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate adjusted for asset specific risks and the lease term. The lease liability is measured at amortised cost using the effective interest method.

The Group has elected to apply the practical expedient not to recognise right of use assets and liabilities for short term leases that have lease terms of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

12. Changes in accounting policies continued

Adoption of IFRS 16 continued

On adoption of the new accounting standards, the Group restated its financial statements as at 31 December 2017 and 30 June 2018 as follows:

	31 Dec 2017 as previously reported R'000	Effect of IFRS 16 R'000	Effect of IFRS 15 R'000	Effect of IFRS 9 R'000	31 Dec 2017 Restated R'000
Property, plant and equipment	915 919	21 011	–	–	936 930
Deferred tax	(853 243)	391	819	348	(851 685)
Inventories	328 181	–	19 464	–	347 645
Trade and other receivables	212 363	–	–	(1 655)	210 708
Retained income	(1 600 223)	929	2 106	1 308	(1 595 880)
Lease liability	(1 647)	(22 332)	–	–	(23 979)
Trade and other payables	(227 721)	–	(22 389)	–	(250 110)
Revenue	(921 785)	–	22 389	–	(899 396)
Cost of sales	615 446	–	(19 464)	–	595 982
Administration expense	223 499	(903)	–	1 655	224 251
Finance cost	42 201	1 276	–	–	43 477
Taxation	35 232	(138)	(819)	(348)	33 927

	30 Jun 2018 as previously reported R'000	Effect of IFRS 16 R'000	Effect of IFRS 15 R'000	Effect of IFRS 9 R'000	30 Jun 2018 Restated R'000
Property, plant and equipment	901 202	19 063	–	–	920 265
Deferred tax	(859 214)	447	427	(21)	(858 361)
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	(95)	(1 650 404)
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	(1 886)	–	(112)	384 693
Finance cost	81 800	2 525	–	–	84 325
Taxation	50 258	(193)	(427)	21	49 659

The impact of IFRS 15 on the December 2018 condensed consolidated interim financial results is the deferral of revenue until control passes to the customer and the realisation of the amounts deferred at June 2018, and for IFRS 16 and IFRS 9 the impact is similar to that disclosed for December 2017.

Company information

York Timber Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 1916/004890/06
JSE share code: YRK
ISIN: ZAE000133450
York or the **Company** or the **Group**

Tax reference number
9225/039/71/9

Country of incorporation and domicile
South Africa

Nature of business and principal activities
Operation of plantations, sawmills, a plywood plant and wholesale lumber sales

Auditor
PricewaterhouseCoopers

Transfer secretaries
Computershare Investor Services Proprietary Limited

Sponsor
One Capital

Registered office and business address
York Corporate Office
3 Main Road, Sabie 1260
Tel: +27 13 764 9200
Fax: +27 13 764 3245

Postal address
PO Box 1191, Sabie 1260

Directors
Executive directors

Pieter van Zyl
Chief Executive Officer
Gerald Stoltz
Chief Financial Officer

Non-executive directors

Dr Jim Myers* *(Chairman, USA)*
Paul Botha *(resigned: 27 November 2018)*
Dr Azar Jammine*
Shakeel Meer
Dinga Mncube*
Thabo Mokgatlha* *(resigned: 30 November 2018)*
Maserame Mouyeme* *(resigned: 30 November 2018)*
Gavin Tipper* *(resigned: 3 December 2018)*
Andries Brink* *(appointed: 14 February 2019)*
Maxwell Nyanteh* *(appointed: 14 February 2019)*
Hetisani Mbanyele-Ntshinga* *(appointed: 14 February 2019)*

** Independent*

Company Secretary
Sue Hsieh
shsieh@york.co.za

purple.frog

YORK TIMBERS

www.york.co.za