



ACCOUNTING POLICIES

1. REPORTING ENTITY

The York Timber Organisation Limited (the Company) is a Company domiciled in South Africa. The consolidated financial statements of the company for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is a forest products enterprise, whose business primarily involves sawmilling and trading of timber products.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were approved by the Board of Directors on 26 February 2007.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: financial instruments held for trading, financial instruments classified as available-for-sale, and investment property.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

(c) Functional and presentation currency

The consolidated financial statements are presented in Rands, which is the Company's functional currency. All financial information presented in Rands has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These judgments and estimates are reviewed annually by management. Revisions and accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. For details of judgments and estimates that have a significant effect on the financial statements, see notes 3, 7.2 and 18.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control, so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

The consolidated financial statements incorporate the assets, liabilities and results of the operations of the Company and all its subsidiaries.

Results of subsidiaries are included from effective dates of acquisition to effective dates of disposal. Inter-company transactions have been eliminated on consolidation.

(b) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of normal production overheads.

The cost of self-constructed assets and acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) 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 obligation or from changes in the discount rate.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property. On reclassification to investment property, it is remeasured to fair value and any resulting gain or loss arising on remeasurement is recognised in profit or loss.

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.

(ii) Leased assets

Finance leases

Leases that transfer substantially all of the risks and rewards of ownership of the underlying asset to the Group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet.

Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor. Assets under finance leases are treated in the same manner as owned assets.

Operating leases

Leases where the lessor retains the risk and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight line basis over the period of the lease.

(iii) 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 when that cost is incurred 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. All other costs are recognised in profit or loss as an expense as incurred.

(iv) Depreciation

Depreciation is charged to 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 is to begin when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date it is derecognised upon disposal.

The current estimated useful lives are as follows:

Buildings – 50 years

Plant, equipment and vehicles – 2 to 30 years

The residual value, depreciation method and useful life of assets are reassessed annually.

(c) Impairment

The carrying amounts of the Group's non-financial assets other than biological assets (refer accounting policy e), investment properties (see accounting policy d), inventory (see accounting policy i) and deferred tax assets (see accounting policy r) are reviewed at each balance sheet 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. For goodwill, the recoverable amount is estimated at each reporting date. 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.

For an asset that does not generate cash inflows that are largely independent of these from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be 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 so allocated shall represent 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 the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale asset is calculated by reference to its current fair value.

A previously recognised impairment loss other than that relating to goodwill is reversed if there is an indication that the impairment loss may no longer exist and the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. For goodwill a recognised impairment loss is not reversed.

For available-for-sale equity instruments, a recognised impairment loss is not reversed through the income statement, but shown directly in equity.

(d) Investments

(i) Investment in equity securities

Investments in equity are initially measured at fair value and include, except those items carried at fair value through profit and loss, transaction costs. Subsequent to initial recognition, equity investments are measured as described below:

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.



ACCOUNTING POLICIES — continued

Other financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains or losses which are recognised in the income statement when incurred.

When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at balance sheet date.

Financial instruments classified as held for trading or available-for-sale investments are recognized/ derecognised by the Group on the date it commits to purchase/ sell the investments.

(ii) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value. An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio on a three year cycle. 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 proper compulsion.

Any gain or loss arising from a change in fair value is recognised in the income statement. Rental income from investment property is accounted for as described in accounting policy (q).

When an item of property, plant and equipment 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 recognised directly in equity if it is a gain.

Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the income statement.

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 of subsequent recording.

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

(iii) Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment losses.

(e) Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the asset to market.

Standing timber

The fair value of standing timber older than 10 years, being the age at which it becomes marketable, is based on the market price of the estimated recoverable wood volumes, net of harvesting costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantation at maturity.

(f) Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable asset acquired. In respect of acquisitions prior to 1 January 2004, goodwill represents the amount recognized under the Group's previous accounting framework - SA GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill allocated to cash generating units is tested annually for impairment (see policy note c). Negative goodwill arising on an acquisition is recognized directly in profit or loss.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, trade and other receivables are measured at amortised cost less impairment losses. Trade and other receivables are derecognized if the Group's contractual rights to the cash flows from the financial asset expires or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are stated at fair value.

(i) Inventories

Raw materials, work-in-progress and finished goods of timber and timber-related products and consumable stores are stated at the lower of cost and estimated 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, and are determined using the weighted average cost method.

The cost of finished goods and work-in-progress includes direct material, labour costs and, in appropriate cases, transport and direct factory overheads based on normal operating capacity. Obsolete, redundant and slow-moving inventories are identified on a regular basis and suitable reductions in value are made where necessary.

The cost of harvested timber is its fair value less estimated point-of-sale costs at the date of harvest, determined in accordance with the accounting policy for biological assets (refer policy e). Any change in value at the date of harvest is recognised in the income statement.

(j) Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the South African Rand at rates of exchange ruling at the balance sheet date.

Where forward exchange contracts have been entered into, a forward exchange asset or liability is recognised for the difference between the rate per the contract and the forward rate at the balance sheet date. Any foreign exchange differences are dealt with in the income statement in the year in which the difference occurs.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

(k) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies.

Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to goodwill first, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(l) Share capitalDividends

Dividends are recognised as a liability in the period in which they are declared.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Interest-bearing borrowings are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(n) Employee benefitsShort-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

An accrual is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution pension plan

The Group provides retirement benefits for all its permanent employees and their dependants. Current contributions to these funds are charged against income when incurred.

Medical funds

Medical aid costs are recognised as an expense in the period during which the employees render services to the Group.



ACCOUNTING POLICIES — continued

(o) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are measured at amortised cost, using the effective interest method. Trade and other payables are derecognised if the Group's obligations expire or are discharged or cancelled.

(q) Revenue

Group revenue comprises net delivered sales to outsiders, commission earned and property rentals received after deducting value-added tax. Inter-group transactions are excluded on consolidation.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns or allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, and there is no continuing management involvement with the goods.

When the Group acts in the capacity of an agent rather than as the principal in an transaction, the revenue recognised is the net amount of commission made by the Group.

Rental income from investment property is recognized in the income statement on a straight-line basis over the term of the lease.

(r) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that effect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(s) Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(t) Expenses

(i) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income and foreign exchange gains and losses.

Interest income is recognised in the income statement as it accrues, using the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(ii) Borrowing costs

Borrowing costs are expensed through the income statement as incurred.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standard and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these consolidated financial statements:

- IFRS 7 Financial Instruments: Disclosures and Amendment to IAS 1: Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amendment to IAS 1, which becomes mandatory for the Group's 2007 financial statements will require extensive additional disclosures with respect to the Group's financial instruments and share capital.
- IFRIC 7 Applying the Restatement Approach under IAS29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.
- IFRIC 8 Scope of IFRS2 Share-based payment addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Group's 2007 financial statements, with retrospective application required. The Group has not yet determined the potential effect of this interpretation.
- IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether embedded derivatives should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.
- IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively. The Group has not yet determined the potential effect of this interpretation.
- SAICA Circular 2/2007 replaces the Accounting Guide on Short Term Insurance issued in February 2001 and provides a point of reference for existing and newly registered short-term insurers. This circular will become effective for the Group's 2007 financial statements. It is not expected that this would have an impact on the Group's as it does not issue any insurance contracts as defined.
- AC 503 Accounting for Black Economic Empowerment (BEE) Transactions addresses the application of IFRS2 to account for BEE transactions where the fair value of the cash or other assets received is less than the fair value of the equity instruments granted to the BEE partner. The Group has not yet determined the potential effect of this standard. The standard becomes mandatory for the Group's 2007 financial statements.
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions provides guidance on applying IFRS2 in the following three circumstances:
 - Share-based payments involving the entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments to settle the share-based payment obligation;
 - A parent grants rights to its equity instruments to employees of its subsidiary; or
 - A subsidiary grants rights to equity instruments of its parent to its employees.
- IFRIC 11, which becomes mandatory for the Group's 2008 financial statements is not expected to have any impact on the consolidated financial statements.
- IFRIC 12 Service Concession Arrangements draws a distinction between two types of service concession arrangements, which results in different accounting treatment thereof. IFRIC 12, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any impact on the consolidated financial statements.
- IFRS 8 Operating Segments replaces IAS 14 Segment Reporting. In doing so, IFRS 8 extends the scope of segment reporting, which will result in additional disclosure for the Group. IFRS 8, which will be mandatory for the Group's 2009 financial statements, is expected to result in additional disclosure, of which the Group has not determined the impact yet.



SEGMENTAL REPORT

for the year ended 31 December 2006

BUSINESS SEGMENTS R000

	Sawn timber products		Merchandising		Elimination		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue								
External sales	233 168	196 437	160 807	87 575	—	—	393 975	284 012
Inter-segment sales	5 010	837	—	—	(5 010)	(837)	—	—
Total revenue	238 178	197 274	160 807	87 575	(5 010)	(837)	393 975	284 012
Result								
Segment result	39 027	28 223	8 106	5 442	—	—	47 133	33 665
Unallocated expenses							(8 101)	(6 583)
Unallocated income							3 241	1 173
Profit from operations							42 273	28 255
Arbitration awards reversal/(provision)							3 273	(22 956)
Net finance costs							(3 216)	7 363
Income tax expense							(11 014)	(6 404)
Profit for the year							31 316	6 258
Other information								
Segment assets	162 261	111 435	47 554	22 853	—	—	209 815	134 288
Unallocated corporate assets							19 352	28 987
Consolidated total assets							229 167	163 275
Segment liabilities	80 137	78 670	25 907	3 003	—	—	106 044	81 673
Unallocated corporate liabilities							4 328	3 807
Taxation and deferred taxation							14 888	5 349
Consolidated total liabilities							125 260	90 829
Capital expenditure	6 132	10 235	864	239	—	—	6 996	10 474
Depreciation	4 532	3 863	236	45	—	—	4 768	3 908
Impairment losses on tangible assets	300	400	—	—	—	—	300	400

BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Company is organised into two major operating divisions - sawn timber products and merchandising. The divisions are the basis on which the company reports its primary segment information. The sawn timber products produces and sells a broad range of structural and industrial sawn timber products. The merchandising division buys and sells timber related products on a wholesale basis.

Geographical segments

Although the Company has two divisions the clients and normal operations are in the Republic of South Africa and therefore no geographical information is disclosed.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowances and provisions. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of accounts, wages and accrued liabilities. Segment assets and liabilities do not include deferred income taxes and taxes currently payable.

Inter segment transfers

Segment revenue, segment expenses and segment result include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. Those transfers are eliminated in consolidation.

Unusual item

No unusual items occurred.

There was no change in segment accounting policy.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2006

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
1. Profit/(loss) from operations	42 273	28 255	(9 126)	(7 197)
<i>This is stated</i>				
<i>After crediting</i>				
Impairment of trade and other receivables	1 632	—	—	—
Dividend income from listed investments	362	1 571	362	1 571
Surplus on disposal of equipment and vehicles	112	12	—	20
Increase in fair value of investment property	1 680	706	—	—
Rental income from investment property	385	293	—	—
Foreign exchange gains	—	13	—	—
Increase in fair value of biological assets	5 722	428	—	—
<i>After debiting</i>				
Impairment of trade and other receivables	—	1 300	—	—
Auditors' remuneration				
— Audit fees	627	500	25	20
Depreciation of property, plant and equipment	5 068	4 308	147	137
— Plant, equipment and vehicles : owned	3 460	3 020	141	122
: leased	695	277	6	15
— Buildings on leasehold land : owned	613	611	—	—
— Impairment of plant : owned	300	400	—	—
Directors' emoluments (see note 26)	5 325	4 926	2 434	2 937
Executive directors				
— for services as directors	4	4	4	4
— salaries	3 316	2 760	1 274	1 549
— allowances	811	762	78	73
— pension	316	324	200	235
Non-executive directors				
— for services as directors	353	270	353	270
— consulting fees	525	806	525	806
Legal expenses	3 786	3 496	—	—
Other employment costs	49 867	41 126	1 934	629
Operating lease costs — premises	1 107	1 049	—	—
Operating expenses on investment properties				
— Rent generating	420	132	—	—
— Non rent generating	51	176	—	—
Remuneration, other than to employees				
— Retainer to ex director	1 000	—	1 000	—
— Technical and advisory services	867	2 271	—	—
— Transfer secretaries' fees	241	160	241	160
Pension contributions	989	827	200	235
Provident fund contributions	841	849	—	—
2. Income from subsidiaries				
Administration and management fees			12 115	5 792
Dividends			12	27 613
Financial income			12	1 168
Leasing and hire charges			69	63
			12 208	34 636
3. Arbitration awards reversal/(provisions)	3 273	(22 956)	—	—

In the prior year a provision was made for all outstanding arbitration matters between Safcol and Yorkcor. On 3 August 2006 the directors announced that they have settled all litigation and arbitration matters outstanding between the companies. The R3,2 million was an overprovision and was reversed in the current financial period. See Note 18 for further details of the settlement.

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
4. Financial income and expenses				
Dividend income	362	1 571	362	1 571
Interest on investments	891	2 752	92	210
Change in fair value of listed investments	813	552	813	552
Profit on sale of unit trusts	—	3 937	—	—
Financial income	2 066	8 812	1 267	2 333
Financial expenses — interest paid	(5 282)	(1 449)	(53)	(73)
— interest paid to subsidiaries	—	—	(156)	(1 611)
Financial expense	(5 282)	(1 449)	(209)	(1 684)
5. Income tax expense				
South African normal taxation				
Recognised in the income statement				
— current tax expense	6 207	8 828	682	—
— adjustments for prior years	12 607	1 651	—	—
— refunded by Department of Water Affairs and Forestry	(12 607)	—	—	—
— deferred	4 807	(7 321)	339	(309)
Total normal tax	11 014	3 158	1 021	(309)
Secondary Tax on Companies	—	3 246	—	3 246
Total tax expense	11 014	6 404	1 021	2 937
In terms of the arbitration award received from the Department of Water Affairs and Forestry in 2004, taxes arising from the award would be for the account of the Department. During the year the SA Revenue Service revised the assessment for the 2004 year with an additional R12 607 million as payable. This was recovered from the Department and is disclosed above. An objection against this assessment has been lodged. The recovery of the taxation from the Department has been excluded from net income. In the event that the Receiver seeks to tax this amount, there is a contingent liability of R3 656 million taxation payable which in turn is recoverable from the Department.				
The estimated tax loss available for set-off against future taxable income amounts to				
	4 413	5 358	—	1 679
Reconciliation of tax rate:				
Current year's charge as a percentage of net income before taxation	25,9	50,6	21,8	10,4
Disallowed expenditure	(0,6)	(4,6)	(1,5)	—
Dividend and capital income	0,3	6,0	3,5	30,7
Rate difference on capital gains	0,8	—	—	—
Secondary Tax on Companies	—	(25,6)	—	(11,5)
Assessed losses utilised	0,8	12,5	5,2	—
Prior year — taxation	—	(13,0)	—	(0,6)
— deferred taxation	1,8	3,1	—	—
Standard tax rate	29,0	29,0	29,0	29,0
6. Deferred taxation				
Balance beginning of year	4 607	11 928	—	309
Adjustment due to change in standard tax rate	—	(398)	—	(10)
Charged to the income statement	4 807	(6 923)	339	(299)
Balance end of year	9 414	4 607	339	—
Comprising:				
Capital allowances	13 423	12 093	339	—
Investment property	342	138	—	—
Provisions	(3 248)	(7 624)	—	—
Calculated assessed loss	(1 103)	—	—	—
Balance end of year	9 414	4 607	339	—

The deferred tax liability is shown net of the deferred tax asset of R112 502 (2005: R492 961).



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6. Deferred taxation - continued

Investment property includes four properties, owned by the property companies. These properties are expected to be sold within the near future. The expected manner of recovery of these four investment properties is through sale and the capital gains tax rate of 14,5% has been used to measure the deferred tax on the associated temporary differences. Non-trading investments consists of First Rand shares owned by York Timbers (Pty) Ltd. The expected manner of recovery of the non-trading investments is also through sale and the capital gains tax rate of 14.5% has been used to measure the deferred tax on the associated temporary difference. The income tax rate of 29% has been applied in measuring the deferred tax relating to all other temporary differences.

7. Property, plant, equipment and vehicles

	Group R000				
	Buildings on leasehold land	Freehold land and buildings		Plant equipment and vehicles	Total
7.1 Property, plant, equipment and vehicles	Owned	Owned	Owned	Leased	
Cost					
Balance at 1 January 2005	21 952	—	44 062	1 053	67 067
Additions	599	2 817	6 268	790	10 474
Transfer of category	(8 954)	8 954	—	—	—
Disposals	—	—	(49)	(96)	(145)
Balance at 31 December 2005	13 597	11 771	50 281	1 747	77 396
Additions	575	39	2 331	4 051	6 996
Transfer from owned to leased	—	—	(3 802)	3 802	—
Transfer from leased to owned	—	—	111	(111)	—
Disposals	—	—	(199)	—	(199)
Balance at 31 December 2006	14 172	11 810	48 722	9 489	84 193
Accumulated depreciation and impairment losses					
Balance at 1 January 2005	2 138	—	6 713	420	9 271
Charge for year	612	179	2 840	277	3 908
Impairment loss	—	—	400	—	400
Transfer from leased to owned	—	—	(17)	17	—
Reclassification	(267)	267	—	—	—
Disposals	—	—	(48)	(29)	(77)
Balance at 31 December 2005	2 483	446	9 888	685	13 502
Charge for year	614	325	3 134	695	4 768
Impairment loss	—	—	300	—	300
Transfer from leased to owned	—	—	111	(111)	—
Disposals	—	—	(178)	—	(178)
Balance at 31 December 2006	3 097	771	13 255	1 269	18 392
Carrying value at 31 December 2006	11 075	11 039	35 467	8 220	65 801
Carrying value at 31 December 2005	11 114	11 325	40 393	1 062	63 894
Carrying value at 31 December 2004	19 814	—	37 349	633	57 796

7.1 Property, plant, equipment and vehicles	Plant equipment and vehicles		Company R000
	Owned	Leased	Total
Cost			
Balance at 1 January 2005	2 049	61	2 110
Additions	106	—	106
Disposals	(50)	—	(50)
Balance at 31 December 2005	2 105	61	2 166
Additions	75	—	75
Balance at 31 December 2006	2 180	61	2 241
Accumulated depreciation and impairment losses			
Balance at 1 January 2005	974	40	1 014
Charge for year	122	15	137
Disposals	(49)	—	(49)
Balance at 31 December 2005	1 047	55	1 102
Charge for year	140	6	146
Balance at 31 December 2006	1 187	61	1 248
Carrying value at 31 December 2006	993	—	993
Carrying value at 31 December 2005	1 058	6	1 064
Carrying value at 31 December 2004	1 075	21	1 096



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	Group R000		
	Freehold land and buildings	Non-current assets held for sale	Total
7.2 Investment property			
Balance at 1 January 2005	6 364	—	6 364
— at valuation	6 364	—	6 364
Change in fair value	706	—	706
Balance at 31 December 2005	7 070	—	7 070
— at valuation	7 070	—	7 070
Transfer to non-current assets held for sale	(2 200)	2 200	—
Disposals	(650)	—	(650)
Change in fair value	1 680	—	1 680
Balance at 31 December 2006	5 900	2 200	8 100
— at valuation	5 900	2 200	8 100
Carrying value at 31 December 2006	5 900	2 200	7 070
— at valuation	5 900	2 200	7 070
Carrying value at 31 December 2005	7 070	—	7 070
— at valuation	7 070	—	7 070
Carrying value at 31 December 2004	6 364	—	6 364
— at valuation	6 364	—	6 364
	2006 R000	2005 R000	

7.3 Property, plant, equipment and vehicles — continued

Insured values		
— Buildings	40 720	41 444
— Plant, equipment and vehicles	115 894	106 274

Encumbrances

Freehold land and buildings having a carrying value of R4 300 000 (2005: R3 800 000) are subject to first mortgage bonds referred to in note 16.1.1. Buildings on leasehold land at a carrying value of R2 473 000 (2005: R2123 000) are subject to first mortgage bond, referred to in note 16.1.2. Certain plant and equipment having a carrying value of R8 221 000 (2005: R1 062 000) are subject to suspensive sale and lease agreements referred to in note 16.1.3 and 16.1.4.

Revaluations

At 31 December 2006 certain investment freehold land and buildings were revalued by independent professional valuers. At 31 December 2006 the remaining investment properties were revalued at fair market value by the Directors of the Company. The Directors determined that due to the location of the properties, there is no increase in fair market value for the current year. A detailed list of land and buildings is shown on page 63.

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
7.4 Biological assets				
Balance at 1 January 2006	14 278	—		
Increase due to acquisition	—	13 850		
Reduction in acquisition price	(2 000)	—		
Increase in fair value less estimated point of sale costs	5 722	428		
Balance at 31 December 2006	18 000	14 278		
<p>The purchase of biological assets were partially funded by a loan of R14 788 000 (2005: R8 136 330). No transfers of biological assets were made to inventory during the year. During the year the Company negotiated a reduction in the original purchase price amounting to R2 000 000.</p>				
8. Interest in subsidiaries — for details see note 24				
Shares at cost, less impairment loss			1 508	1 508
			1 508	1 508
Amounts due by/(to) subsidiaries			9 834	(4 527)
			11 342	(3 019)
9. Investments				
(a) Listed investments at market value (Held for trading)	—	9 256	—	9 256
(b) Listed investment in First Rand Limited (Available for sale)	902	758	902	758
Fair value	902	10 014	902	10 014
<p>(a) Share Investment portfolio managed by Standard Bank (b) 40 540 shares in First Rand Limited</p>				
10. Inventories				
Timber and timber products	32 036	23 089	—	—
Consumable stores	2 688	977	—	—
	34 724	24 066	—	—
11. Trade and other receivables				
	59 909	35 246	78	148
<p>Trade receivables are shown net of impairment losses which arise as a result of debtors where the recoveries of the debts are doubtful.</p>				
12. Cash and cash equivalents				
Bank balances	14 576	8 212	403	458
Call deposits	27 117	337	—	—
Cash on hand	32	26	2	2
Stanlib Property Fund	—	—	—	—
Stanlib Money Market	—	66	—	—
Standard Equities	6	66	6	66
	41 731	8 707	411	526



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	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
13. Share capital				
Ordinary shares				
Authorised:				
20 000 000 Ordinary shares of 5 cents each	1 000	1 000	1 000	1 000
Issued: 11 040 597 (2005: 11 040 497) ordinary shares of 5 cents each	552	552	552	552
Share premium	3 061	3 060	3 061	3 060
	3 613	3 612	3 613	3 612
The unissued shares are under the unrestricted control of the directors until the following annual general meeting.				

14. Dividends

The following dividends were declared on the 28th February 2005, and paid on 30 May 2005

Special dividend of 125 cents per share	—	13 801	—	13 801
Ordinary dividend of 25 cents per share	—	2 760	—	2 760

The following dividends were declared on the 16th September 2005, and paid on 28 November 2005

Special dividend of 70 cents per share	—	7 728	—	7 728
Ordinary dividend of 30 cents per share	—	3 312	—	3 312
	—	27 601	—	27 601

	Gross 2006 R000	Tax 2006 R000	Group		
			Net 2006 R000	Gross 2005 R000	Tax 2005 R000

15. Earnings and headline earnings

The calculation of earnings per share is based on earnings of R31 316 000 (2005: R6 258 000) and 11 040 597 shares in issue (2005: 11 040 497).

The calculation of headline earnings per share of 263,2 cents (2005: 41,6 cents) is based on headline earnings of R29 064 000 (2005: R4 593 000) and 11 040 597 shares in issue (2005: 11 040 497).

Reconciliation of earnings to headline earnings

Earnings and diluted earnings	42 330	(11 014)	31 316	12 662	(6 404)	6 258
— Surplus on disposal of equipment and vehicles	(112)	32	(80)	(12)	—	(12)
— Increase in fair value of investment property	(1 680)	299	(1 381)	(706)	205	(501)
— Increase in fair value of listed investment	(813)	235	(578)	(552)	160	(392)
— Impairment of plant	(300)	87	(213)	(400)	—	(400)
Headline earnings and diluted headline earnings per share	39 425	(10 361)	29 064	10 992	(6 039)	4 953

There are no instruments which would have a dilutive effect thus earnings per share and diluted earnings per share are the same.

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
16. Interest bearing loans and borrowings				
16.1 Secured (refer 7.3)				
16.1.1 By first mortgage bonds over freehold land and buildings (a)	1 322	1 360	—	—
16.1.2 By a first mortgage bond over a notarial deed of lease (b)	93	169	—	—
16.1.3 By finance lease agreements (c)	3 573	1 279	9	24
16.1.4 By suspensive sale agreements (d)	4 408	3 248	—	—
16.1.5 By first mortgage bonds over freehold land and buildings (e)	8 105	—	—	—
Total secured long-term borrowings	17 501	6 056	9	24
16.2 Unsecured				
16.2.1 Indefinite — Requiring 1 month's notice — interest at 12,5% p.a.	208	100	2	1
16.2.2 Repayable over 3 years (f)	76	478	—	—
16.2.3 Repayable over 5 years (g)	3 773	5 381	—	—
16.2.4 Repayable over 4 years (h)	6 683	8 136	—	—
16.2.5 Repayable over 3 years (i)	16 566	—	—	—
Total unsecured long-term borrowings	27 306	14 095	2	1
16.3 Total borrowings	44 807	20 151	11	25
Repayable before 31 December 2007 (shown under current liabilities)	12 050	5 416	11	16
Repayable after 31 December 2007	32 757	14 735	—	9
16.4 Repayment schedule				
16.4.1 Repayable indefinite	—	—	—	—
16.4.2 Repayable between 12 - 24 months	11 631	5 010	—	9
16.4.3 Repayable between 24 - 36 months	10 840	4 719	—	—
16.4.4 Repayable between 36 - 48 months	2 536	3 133	—	—
16.4.5 Repayable thereafter	7 750	1 873	—	—
	32 757	14 735	—	9

(a) Repayment terms: R15 441 p.m. (2005: R14 628) including interest at 12,0% p.a. (2005: 10,0%).
Final payment on 30 September 2021

(b) Repayment terms: at R7 627 p.m. (2005: R7 535) including interest at 11,7% p.a. (2005: 10,2%)
Final payment on 31 January 2008

(c) (i) Secured over assets having a carrying value of R3 152 000 (2005: R1 062 000)
(ii) Repaid by the group during the year R719 000 (2005: R550 000)
(iii) Repayable within 1 year R954 000 (2005: R447 000)
(iv) Repayable in 2 to 5 years R2 620 000 (2005: R832 000)
(v) Interest rate is variable at 1,5% below prime

(d) (i) Secured over assets having a carrying value of R5 069 000 (2005: R4 513 000)
(ii) Repaid by the group during the year R827 000 (2005: nil)
(iii) Repayable within 1 year R853 000 (2005: R595 000)
(iv) Repayable in 2 to 5 years R3 555 000 (2005: R2 653 000)
(v) Interest rate is variable at 1,75% below prime



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16. Interest bearing loans and borrowings - continued

(e)	Repayment terms — over 10 years: Commencing 7 September 2006	Quarterly payments (including interest) R341 000 (2005: Nil)	Rate of interest Prime less 1,75% (2005: Nil%)	Amount R8 104 657 (2005: Nil)
(f)	Repayment terms — over 36 months: Commencing 1 February 2004	Payments per annum (excluding interest) R76 000 (2005: R441 000)	Rate of interest 11,0% p.a. (2005: 9,0%)	Amount R76 000 (2005: R478 000)
(g)	Repayment terms — over 60 months: Commencing 1 April 2004	Payments per annum (excluding interest) R1 668 000 (2005: R1 680 000)	Rate of interest 11,0% p.a. (2005: 9,0%)	Amount R3 773 000 (2005: R5 381 000)
(h)	Repayment terms — over 4 years: Commencing 13 December 2006	Annual payments (excluding interest) R2 062 500 (2005: R Nil)	Rate of interest 10,5% p.a. (2005: 8,5%)	Amount R6 683 000 (2005: R8 136 330)
(i)	Repayment terms — over 3 years: Commencing 1 July 2007	Annual payments (excluding interest) R5 521 884 (2005: R Nil)	Rate of interest 9,0% p.a. (2005: Nil)	Amount R16 565 650 (2005: Nil)

All contracted interest rates vary in accordance with the prime bank rate.

17. Employee benefits

17.1 Retirement funds

The group provides retirement benefits for all its permanent employees and their dependants. The Yorkcor Group Staff Pension and Life Assurance Fund for monthly-paid employees was updated and entirely converted from a defined benefit to a defined contribution plan with effect from October 1994. The Company also has a provident scheme, York Timbers Provident Fund, for weekly paid employees which is a defined contribution plan. Pensioners under the scheme have had their pensions bought by means of annuities from insurers and there is no ongoing liability for the scheme. The scheme is governed by the Pensions Fund Act, 1956, as amended. The contributions, to both schemes, charged against income amount to R1 830 000 (2005: R1 676 000).

The number of members of each scheme at year-end:
Yorkcor Group Staff Pension and Life Assurance Fund **97** (2005: 97)
York Timbers Limited Provident Fund **1 120** (2005: 824)

17.2 Medical aid funds

The group contributes to a defined medical aid scheme for the benefit of its permanent employees and their dependants. The contributions charged against income amount to R1 228 000 (2004: R1 014 000). The group reviewed the contribution and benefit structure of its medical aid scheme and with effect from 1 September 1999 made changes in light of informed advice. In terms of the group's policy there is no post-retirement medical aid obligation for current or retired employees.

	Provision for shut down costs of York Lumber	Provision for retrenchment costs	Provision for arbitration awards	Group		Company	
				2006 R000	2005 R000	2006 R000	2005 R000
18. Provisions							
Balance at 1 January 2006	1 344	7 718	26 622	35 684	12 719	—	—
Provisions raised during the year	—	—	—	—	22 956	—	—
Provisions reversed during the year	—	(1 890)	(3 271)	(5 161)	(281)	—	—
Provisions utilised during the year	—	—	(23 351)	(23 351)	—	—	—
Unwinding of interest	—	717	—	717	290	—	—
Balance at 31 December 2006	1 344	6 545	—	7 889	35 684	—	—
Non-current	1 344	6 545	—	7 889	12 728	—	—
Current	—	—	—	—	22 956	—	—
	1 344	6 545	—	7 889	35 684	—	—

Provision for arbitration awards

In the prior year's annual financial statements a provision was made for all outstanding arbitration matters between Safcol and Yorkcor. On 3 August 2006 the directors announced that they have settled all litigation and arbitration matters outstanding between the companies. In terms of the settlement agreement York agreed to pay Safcol an amount of R26,5 million, of which an amount of R10 million was payable immediately. The balance is payable over a three year period and is disclosed in Note 16.2.5 as an interest bearing borrowing. An amount of R3,2 million was reversed in the current financial period.

Provisions Retrenchment and Shut down costs

The provision for shut down costs and retrenchment costs of York Lumber have been provided on the basis that Yorkcor received compensation of the amounts from DWAF's contract with York. York Lumber will be shut down when it has insufficient logs to continue its operations. The Company has an obligation to pay retrenchment costs due to the public knowledge of the award.



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	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
19. Trade and other payables	57 676	29 645	2 085	1 352

20. Financial instruments

Exposure to currency, interest and credit risk arises in the normal course of the group's business.

20.1 Interest rate management

The group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The group has no fixed rate borrowings and therefore does not hedge against the risk of interest rate fluctuations. Investment in equity securities and short term receivables and payables are not exposed to interest rate risk. Refer to note 16 where liabilities are disclosed for significant interest rate risk.

20.2 Credit risk management

As at 31 December 2006, 50% of the group's receivables in value were concentrated with 6.5% of the group's receivables in number. These receivables represent customers with outstanding credit ratings. Other than the above the remaining receivables comprise of a large, wide spread base. The granting of credit is controlled by well established criteria, which are reviewed and updated on an ongoing basis. A credit evaluation is performed on all customers requiring credit over a certain amount. At 31 December 2006 the group did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

20.3 Liquidity risk

The group has substantial unutilised banking facilities at year-end.

Total banking facilities	25 500	15 000	—	—
Facilities utilised	208	100	—	—
Unutilised banking facilities	25 292	14 900	—	—

Other than the group's surplus cash (see note 12) the group had at its disposal a share investment portfolio (see note 9). These investments comprised of tradeable blue chip shares.

20.4 Foreign currency exposure

Export receivables at year-end have not been covered forward as these were not material. The Company does not expose itself to material foreign currency risk. In the event of material foreign transactions the Company takes forward cover.

20.5 Fair values

The fair values of all financial instruments other than those mentioned below, are substantially identical to carrying values reflected in the balance sheet as fair value adjustments have been made where applicable.

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine fair value. As all receivables are payable in less than one year therefore none of the amounts have been discounted.

Biological assets

The fair value of biological assets is determined at the end of every financial year based in the market value of the standing plantations less harvesting costs. The market value is determined by reference to the Komatiland long term contract prices and the SA Lumber Index.

	Group				Company			
	Carrying amount 2006	Fair value 2006	Carrying amount 2005	Fair value 2005	Carrying amount 2006	Fair value 2006	Carrying amount 2005	Fair value 2005
Investments	902	902	10 014	10 014	902	902	10 014	10 014
Trade and other receivables	59 909	59 909	35 246	35 246	78	78	148	148
Cash and cash equivalents	41 731	41 731	8 707	8 707	411	411	526	526
Total borrowings	(44 807)	(44 807)	(20 151)	(20 151)	(11)	(11)	(25)	(25)
Trade and other payables	(57 676)	(57 676)	(29 645)	(29 645)	(2 085)	(2 085)	(1 352)	(1 352)
	59	59	4 171	4 171	(705)	(705)	9 311	9 311

The fair value of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as stated above.

21. Operating leases

The group leases industrial land under operating leases. The group leases certain of its land and buildings in terms of operating leases.

Total future minimum lease payments under non-cancellable operating leases:

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
Not later than 1 year	315	292	—	—
Between 1 and 5 years	1 536	1 422	—	—
Later than 5 years	2 213	2 642	—	—
	4 064	4 356	—	—

The company has no significant fixed escalation operating leases. Due to the nature of the contractual obligation under the leases, no straightlining of leases is required. As at 31 December 2006, the group did not have lease agreements with fixed terms.

22. Capital commitments

To be financed from internally generated funds and facilities available to the group

Authorised by directors, not contracted	168	—	—	—
Authorised by directors, contracted	4	1 183	—	—
	172	1 183	—	—

23. Related party transactions

Subsidiaries

Details of income from, and investments in subsidiaries are disclosed in notes 2, 8 and 24 respectively.

Directors

Details relating to directors' emoluments and shareholding are disclosed in note 1 and in note 26 respectively.

Shareholders

The principal shareholders of the group are disclosed in the 'Shareholders profile' schedule on page 34. A retainer of R1 million was paid to Solly Tucker, a shareholder and former director during the year under review.



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	Issued share capital R000	Interest in capital*		Interest of Company				
		Direct %	Indirect %	Shares		Indebtedness		
				2006 R000	2005 R000	2006 R000	2005 R000	
24. Group entities								
24.1	Sawmilling —							
	York Timbers Ltd	500 001		100				9 450 (4 527)
	Madiba Mills (Pty) Ltd	723		100				
24.2	Management and investment —							
	Inland Realty Ltd	483 060	100		1 508 1 508			384 —
24.3	Property —							
	Beth Warehouse (Pty) Ltd	4	100					
	Mountbogen View (Pty) Ltd	2		100				
	Pretoria Amalgamated Transport Ltd	16 000		100				
	Silverbogen (Pty) Ltd	2		100				
	Sonrach Properties (Pty) Ltd	1 000		100				
	Longbogen (Pty) Ltd	4 000		100				
24.4	Trading —							
	Agentimber (Pty) Ltd	260 120		100				
24.5	Forestry —							
	Madiba Forest Products (Pty) Ltd	200		100				
Shares at cost, less impairment losses					1 508	1 508		
Total amount owing by subsidiaries							9 834	—
Total amount owing to subsidiaries								— (4 527)

Interest at prime bank overdraft rate is charged on amounts owing to/by subsidiaries.

* Interest in capital is the same as 2005 except:

Madiba Mills (Pty) Ltd - 100% (2005: 40%) Refer note 27

Madiba Forest Products (Pty) Ltd - 100% (2005: 19%) Refer note 27

All group companies are incorporated in the Republic of South Africa.

	Group		Company	
	2006 R000	2005 R000	2006 R000	2005 R000
25. Notes to cash flow statements				
25.1 Cash generated by operating activities				
Profit before taxation	42 330	12 662	4 140	28 088
<i>Adjusted for:</i>				
Surplus on disposal of equipment and vehicles	(112)	(12)	—	(20)
Depreciation and impairment loss	5 068	4 308	147	137
Increase in fair value of investment property	(1 680)	(706)	—	—
Increase in fair value of biological assets	(5 722)	(428)	—	—
Unwinding of interest on provisions	717	290	—	—
Provisions (reversed)/raised	(5 161)	22 675	—	—
Finance income	(2 066)	(8 812)	(1 267)	(2 333)
Finance expenses	5 282	1 449	209	1 684
Income in subsidiaries	—	—	(12 208)	(34 636)
Profit from operations before working capital changes	38 656	31 426	(8 979)	(7 080)
Increase in inventories	(10 658)	(11 289)	—	—
(Increase)/decrease in accounts receivable	(24 663)	(7 522)	70	239
Increase in accounts payable	28 031	3 018	733	717
Provisions utilised	(23 351)	—	—	—
	8 015	15 633	(8 176)	(6 124)
25.2 Finance costs				
Interest received	891	2 752	92	210
Interest paid and finance charges on capitalised assets	(5 282)	(1 450)	(209)	(73)
	(4 391)	1 302	(117)	137
25.3 Taxation paid is reconciled to the amounts disclosed in the income statements as follows:				
Amounts unpaid at beginning of year	(742)	(5 108)	127	44
Amounts charged to the income statements	(6 207)	(13 725)	(682)	(3 246)
Amounts unpaid at end of year	5 474	742	544	(127)
Cash amounts paid	(1 475)	(18 091)	(11)	(3 329)
25.4 Net repayment of borrowings				
Raised	28 880	12 284	—	—
Repaid	(8 433)	(14 716)	(14)	(31)
	20 447	(2 432)	(14)	(31)
25.5 Non-cash transactions				
Increase in — Non-current borrowings	3 499	9 311	—	—
— Current borrowings	710	2 862	—	—
Non-cash additions to land, equipment and vehicles	4 209	12 173	—	—
Cash additions to land, equipment, vehicles - replacement	2 549	1 952	—	—
Cash additions to land, equipment, vehicles - expanding	238	1 278	—	—
Cash additions to biological assets	—	8 920	—	—
Total additions to land, equipment and vehicles	6 996	24 323	—	—
25.6 Income from investments				
Income from subsidiaries	—	—	12 208	33 025
Dividend income from listed investments	362	1 571	362	1 571
Increase in fair value of investments	—	552	—	552
Profit on sale of unit trusts	—	3 937	—	—
	362	6 060	12 570	35 148



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2006

	Salaries	Pension	Company cars	Other	Directors fees	Consultants fees	Total
26. Directors' emoluments							
31 December 2006							
<i>Paid by Company</i>							
S Tucker	352	49	—	37	—	—	438
I S D Tucker	922	151	—	41	1	—	1 115
A C de Villiers	—	—	—	—	1	—	1
L S Cooper	—	—	—	—	1	—	1
J K H Lehman	—	—	—	—	1	—	1
M J C van Vuuren	—	—	—	—	159	279	438
TG Mokoena	—	—	—	—	26	64	90
N Motlana	—	—	—	—	16	182	198
J Kopp	—	—	—	—	93	—	93
S Motlana	—	—	—	—	59	—	59
Company total	1 274	200	—	78	357	525	2 434
<i>Paid by subsidiaries</i>							
S Tucker	—	—	56	—	—	—	56
I S D Tucker	—	—	129	—	—	—	129
A C de Villiers	675	62	114	37	—	—	888
L S Cooper	737	54	152	109	—	—	1 052
JKH Lehman	630	—	114	22	—	—	766
Group total	3 316	316	565	246	357	525	5 325
31 December 2005							
<i>Paid by Company</i>							
S Tucker	826	128	—	37	1	—	992
I S D Tucker	723	107	—	37	1	—	868
A C de Villiers	—	—	—	—	1	—	1
L S Cooper	—	—	—	—	1	—	1
M J C van Vuuren	—	—	—	—	106	527	633
N Motlana	—	—	—	—	33	279	312
J Kopp	—	—	—	—	82	—	82
S Motlana	—	—	—	—	49	—	49
Company total	1 549	235	—	74	274	806	2 938
<i>Paid by subsidiaries</i>							
S Tucker	—	—	168	—	—	—	168
I S D Tucker	—	—	128	—	—	—	128
A C de Villiers	618	52	114	33	—	—	817
L S Cooper	592	37	140	106	—	—	875
Group total	2 759	324	550	213	274	806	4 926

27. Minority interest

In the prior year the Company held 40% of the shares in Madiba Mills and 19% of Madiba Forest Products (Pty) Ltd. The other 60% and 81% respectively was held by Board of Executors (Pty) Ltd (now part of Nedbank Ltd). In the prior financial period the directors of the Company determined that a minority interest should not be presented as 100% of the shares which were controlled by the Board of Directors of the Company. The shares warehoused by BOE have now been transferred back to the group and these companies are now wholly owned subsidiaries.

28. Non-current assets held for sale

The group is in the process of disposing of certain of its investment properties. Written offers have been received and it is expected that these transactions will be completed before June 2007.

Assets classified as held for sale
Property

R2 200 000 (2005: Nil)

PROPERTY INVESTMENT	Area	*Rights (see below)	Date acquired	Land at carrying value (R000)	Buildings at carrying value (R000)	Land and buildings at carrying value	Total carrying value (R000)	Refer to note	Bonds outstanding 31.12.2002 (R000)	Insured value of buildings (R000)
Owner occupied properties										
Stands 31,40 and 210 and Surface Right E18/1960, Bultfontein	81 291	FH:IR	1982	—	—	3 918	3 918		—	8 608
Witklip Forest Reserve Stand 31/171 Pretoria		LH**	1970	—	8 514	—	8 514		—	15 143
Industrial Township Farm Clarendon No 714	37 143	LH:IR	1966	—	2 473	—	2 473	16.1.2	93	4200
reg div JT	2 500 000	FH:P	2005	166	—	—	166		—	—
Farm S'Gravengage No 715 reg div JT	6 740 000	FH:P	2005	448	—	—	448		—	—
Farm Granville Grove No 720 reg div JT	15 000 000	FH:P	2005	998	—	—	998		—	—
Rem. Ext. of farm Clarendon No 719 reg div JT	9 360 000	FH:P	2005	623	—	—	623		—	—
Port. 1 of farm Clarendon No 719 reg div JT	9 350 000	FH:P	2005	622	—	—	622		—	—
Port. 43 of Farm Amsterdam Mkohondo Municipality Mpumalanga Reg Div IT	6 013	FH:IR	2003	—	—	4 348	4 348		—	7 920
†Properties valued at R30 000 each or less		LH		4	—	—	4	—	—	—
Total owner occupied properties				2 861	10 987	8 266	22 114		93	35 871
Investment properties										
Port. 20 of Farm Krelingspost (Port. of Port. 12) Brits 425 QJ ***	85 653	FH:U	1962	—	—	1 073	1 073		—	700
Port. 5 of Erf 254, Claremont, Pretoria	1 745	FH:SR	1963	—	—	620	620		—	435
Erf 943, White River	1 803	FH:SR	1982	—	—	980	980		—	450
Ports. 1 and 2 of Cons. Erf 1279 White River	3 806	FH:BR	1982	—	—	4 300	4 300	16.1.1	1 322	3 264
Ports. 24, 26, 27, 28, 33 and 34 of Schietfontein 437 J.Q. ***	704 230	FH:U	1977	1 107	—	—	1 107		—	—
†Properties valued at R30 000 each or less ***		FH:LH		20	—	—	20	—	—	—
Total of investment properties				1 127	—	6 973	8 100		1 322	4 849
Total of all properties				3 988	10 987	15 239	30 214		1 415	40 720

† Detail of the one property valued at R15 000 will be mailed to members and other interested parties upon written request to the Company secretary.

* Rights: **FH** Freehold **LH** Leasehold **BR** Business Rights **GR** General residential rights **SR** Special residential rights

IR Industrial rights **GB** General Business rights **U** Rights undetermined **P** Plantations

** Leasehold licence from the Department of Water Affairs and Forestry.

*** Properties classified as non current assets held for sale.