CONTENTS OF THE ANNUAL FINANCIAL STATEMENTS

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

GENERAL INFORMATION

Country of incorporation and domicile	Republic of South Africa	
Nature of business and principal activities	Commercial forestry, softwood sawmilling, plywood manufacture and trade in timber products	
Directors	JP Myers (*Chairman*)	
	AD Bonamour	Resigned 5 October 2009
	PC Botha	
	RS Claunch	
	LS Cooper	Resigned 8 April 2009
	DJ Erskine (*CFO*)	Appointed 18 May 2009
	JKH Lehman	Resigned 28 February 2009
	SAU Meer	
	TJ Modise	
	TG Mokoena	
	G Motau	Appointed 23 February 2009 and resigned 5 October 2009
	SG Murray	Resigned 5 October 2009
	PB Odendaal	
	PP van Zyl *(CEO)*	Appointed 8 April 2009
Registered office and business address	York Corporate Office 3 Main Street, Sabie, 1260	
Postal address	PO Box 1190, Sabie, 1260	
Corporate sponsors	Barnard Jacob Mellett Corporate Services (Pty) Limited BJM House, 24 Fricker Road Illovo Corner, Illovo PO Box 62200, Marshalltown, 2107	
Transfer secretaries	Computershare Investor Services (Pty) Limited Ground Floor, 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107	
Bankers	First National Bank: A Division of FirstRand Limited The Standard Bank of South Africa Limited	
Auditors	KPMG Incorporated Chartered Accountants (SA) Registered Auditors	
Company Secretary	JF Dekker	
Company registration number	1916/004890/06	

REPORT OF THE INDEPENDENT AUDITORS

To the Members of York Timber Holdings Limited

We have audited the Group annual financial statements and the annual financial statements of York Timber Holdings Limited, which comprise the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 42 to 105.

Directors' responsibility for the consolidated financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of York Timber Holdings Limited as at 30 June 2009, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Incorporated
Registered Auditor

Per: Heinrich Mans
Chartered Accountant (SA)
Registered Auditor
Director
30 September 2009

Suite 501
The Pinnacle
1 Parkin Street
Nelspruit
1200

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and annual financial statements of York Timber Holdings Limited, comprising the balance sheets at 30 June 2009, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the Group annual financial statements and annual financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these Group annual financial statements and annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Group's and the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the Group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the Group annual financial statements and annual financial statements

The Group annual financial statements and annual financial statements of York Timber Holdings Limited, as identified in the first paragraph, were approved by the Board of Directors on 30 September 2009 and are signed on its behalf by:

JP Myers	PP van Zyl
Chairman	*CEO*

DIRECTORS' REPORT

The directors submit their report for the year ended 30 June 2009.

Incorporation and listing

The Company was incorporated in the Republic of South Africa in 1916 and listed its shares on the main board of the JSE Limited on 24 June 1946.

Review of activities

Main business and operations

The core business activities of York Timber Holdings Limited (formerly The York Timber Organisation Limited) ("York" or "the Company" or "the Group") are commercial forestry and softwood processing.

The operating results and state of affairs of the Group are fully set out in the attached consolidated financial statements. The prior reporting period was for an 18 month period due to a change in the financial year-end, therefore comparative figures are not directly comparable to the current year's balances.

Revenue decreased by 27.96% from R1.520 billion in 2008 to R1.095 billion in 2009. The Group reported a net loss after tax of R232 million compared to a profit of R539 million in 2008. The change in the fair value adjustment of biological assets from an positive adjustment of R607 million in 2008 to a negative adjustment of R245 million in 2009 contributed significantly to the reported loss in 2009. Earnings per share decreased 129.08% from 1 018 cents in 2008 to (296) cents in 2009. The net asset value of the Group decreased from 2 113 cents per share at the end of 2008 to 1 722 cents in 2009.

Going concern

The slowdown in economic activity in the South African timber and construction sectors, which was already evident in the latter part of 2008, became more pronounced during the second half of the period under review. The rate of descent in new house construction, mortgage advances and demand for timber products is reflective of the level of distress prevailing in the economy in general.

Downward price pressure was also experienced due to excess capacity in the sawmilling industry, a situation that has been exacerbated by the temporary oversupply of lumber due to the salvage operations subsequent to the fires in 2007 and 2008. Log prices remained high for most of the 2009 financial year. Log prices only started to decline during the last quarter of the period under review.

In response to deteriorating market conditions, a decision was taken to close two of the Group's older, less efficient sawmills and mothball a third. This means York's self-sufficiency in terms of own timber processed through its mills (relative to bought out timber) is substantially improved.

In addition to the mill closures, a Group-wide cost-cutting exercise was initiated which unfortunately included retrenchments. Further to this the salaried staff accepted a 10% pay cut, while lower paid employees were awarded an increase of 8%. It is a credit to the staff of York that they embraced the restructuring and remained committed and loyal. Some strategic management appointments were made recently that has resulted in a strengthened and focused management team.

The financial benefit of the restructuring and cost-cutting exercise will only be realised in the 2010 financial year, even though the restructuring costs and impairment costs have been included in the financial year ended June 2009. As a consequence of the closure of certain sawmills, production has been reduced to be in line with market demand.

DIRECTORS' REPORT *CONTINUED*

The Board of Directors has approved to raise R500 million by way of a rights issue to reduce debt levels and resultant financing costs. Some R450 million of the rights issue will be used to reduce debt, and the balance of R50 million will fund strategic capital expenditure.

Once the recapitalisation of York has been concluded, the Group will further cement its position as the pre-eminent softwood sawn timber processor in Southern Africa.

The directors have reviewed the Group's cash flow forecast and, in the light of this review and the current financial position, they are satisfied to the best of their knowledge and belief, that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future. After taking all of the above steps into account, the consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors are therefore of the opinion that the going concern assumption is appropriate, and that the Group will be a going concern in the foreseeable future.

Post balance sheet events

The mill closure and mothballing processes were successfully completed subsequent to year-end. Corporate and administrative support structures were similarly effected to align overhead costs with the reduced processing capacity. Negotiations to give effect to the above-mentioned restructuring are currently in progress with the objective to finalise the process early in the second quarter of the 2010 financial year. Also refer to note 50 (Restructuring of operations) to the annual financial statements.

Litigation

York and its subsidiaries are not involved in any material litigation other than the routine collection of recalcitrant trade receivables.

Authorised and issued share capital

There were no changes in the authorised or issued share capital of the Group during the year under review.

Borrowing limitations

In terms of the Articles of Association of York the directors may exercise all the powers of the Group to borrow money as they consider appropriate. York and its subsidiaries' borrowings are not limited by their respective Articles of Association.

Borrowings increased the gearing ratio to 42.5% from 36.7% in the previous period.

Dividends

No ordinary dividends were declared during the period under review after taking into account the debt facilities extended by York's bankers and other growth plans of the Group. The 2008 preference share dividend payable to the preference shareholder was accrued for in 2008 and paid in 2009. The 2009 preference share dividend was accrued for in 2009.

Directors

The directors of the Company during the year and to the date of this report are as follows:

Name	Nationality	Changes
JP Myers (*Chairman*)	United States of America	
AD Bonamour	South African	Resigned 5 October 2009
PC Botha	South African	
RS Claunch	United States of America	
LS Cooper	South African	Resigned 8 April 2009
DJ Erskine (*CFO*)	South African	Appointed 18 May 2009
JKH Lehman	South African	Resigned 28 February 2009
SAU Meer	South African	
TJ Modise	South African	
TG Mokoena	South African	
G Motau	South African	Appointed 23 February 2009 and resigned 5 October 2009
SG Murray	South African	Resigned 5 October 2009
PB Odendaal	South African	
PP van Zyl (*CEO*)	South African	Appointed 8 April 2009

Directors' shareholdings

The interests of the directors in the ordinary share capital of the Company in terms of paragraph 3.83 and 8.63(d) of the JSE Limited Listings Requirements are as follows. There were no changes to the directors' shareholdings subsequent to the financial year and the date of approving these annual financial statements.

Direct beneficial interest

Name	2009 '000	Percentage %	2008 '000	Percentage %
LS Cooper	145	0.185	139	0.177
JKH Lehman	10	0.013	50	0.064
TG Mokoena	40	0.051	40	0.051

Indirect beneficial interest

Name	2009 '000	Percentage %	2008 '000	Percentage %
AD Bonamour	7	0.009	7	0.009

DIRECTORS' REPORT *CONTINUED*

Special resolutions

During the year, the following special resolutions were passed by York and its subsidiaries:

York Timber Holdings:

Name Change

That the Company and its shareholders hereby approve the change of the name of the Company from "The York Timber Organisation" to "York Timber Holdings" in the manner contemplated in sections 42 (name reservation) and 44 (change of name) of the Act and that the Company Secretary be authorised to do all things required to give effect to the resolution so taken.

General Authority to repurchase shares

That the Company and its shareholders hereby approve, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Act and in terms of the Company's Articles of Association the acquisition of the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, but, subject to the articles of association of the Company, the provisions of the Act and the JSE Listings Requirements, as presently constituted and which may be amended from time to time, and provided:

- that any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company or any of its subsidiaries and the counter party;
- that this general authority shall only be valid until the Company's next Annual General Meeting provided that it shall not extend beyond 15 months from the date of passing of this Special Resolution unless the 15 months' period is extended on application to the Registrar of Companies and the JSE in which event the authority shall continue for the extended period;
- that a paid press announcement will be published as soon as the Company or its subsidiaries has/have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue, prior to the acquisition pursuant to which the 3% threshold is reached, and in respect of every 3% thereafter, which announcement shall contain full details of such acquisitions;
- that acquisitions by the Company and its subsidiaries of ordinary shares in any one financial year may not exceed 20% of the Company's issued ordinary share capital from the date of the grant of this general authority;
- that no subsidiary of the Company will acquire more than 10% of the Company's issued ordinary share capital at any one time;
- that in determining the price at which the Company's ordinary shares are acquired by the Company or any of its subsidiaries in terms of this general authority, the maximum price at which such ordinary shares may be acquired will be at a premium of no more than 10% of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 business days immediately preceding the date of repurchase of such ordinary shares by the Company or any of its subsidiaries;
- that the Company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;
- that the Company or any of its subsidiaries may only undertake a repurchase if, after such a repurchase it shall still comply with the spread requirements of the JSE Listings Requirements; and
- that the Company or any of its subsidiaries may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements.

Increase of Authorised Share Capital
Resolved that the Company's authorised share capital be and is hereby increased form 100 000 000 (one hundred million) ordinary shares of 5 cents each to 500 000 000 (five hundred million) ordinary shares of 5 cents each by the creation of an additional 400 000 000 (four hundred million) ordinary shares of 5 cents each, in accordance with the provisions of section 75(1) of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act").

Inland Realty:
Redemption of Preference Shares
The 100 000 6% Cumulative Redeemable Preference Shares having been redeemed, it is resolved to reduce the Company's share capital by the cancellation of these shares resulting in an authorised ordinary share capital of 766 120 shares of R0.50 each of which 566 120 have been issued.

Company Secretary

The Company Secretary is JF Dekker.

Special Purpose Entities

The Group has established Special Purpose Entities ("SPE") in establishing its Broad Based Black Economic Empowerment ("BBBEE") structures. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group controls the SPE. The SPE controlled by the Group was established on the terms that impose strict limitation on the decision making powers of the SPE's management resulting in the Group retaining the residual risks and rewards related to the SPE.

The full details of the SPE and the effect on the Group are disclosed in note 19.

Interest in subsidiaries

The attributable interest of the Company in the aggregate loss after taxation of its subsidiaries was R232 million for the year compared to a profit of R539 million in 2008.

Details of the Company's investment in subsidiaries are set out in note 11 to the annual financial statements.

Auditors

KPMG Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

BALANCE SHEETS

as at 30 June 2009

		GROUP		COMPANY	
	Note(s)	**30 June 2009 R'000**	30 June 2008 R'000	**30 June 2009 R'000**	30 June 2008 R'000
Assets					
Non-current assets					
Property, plant and equipment	5	**429 456**	363 511	**712**	806
Investment property	6	**5 020**	4 920	**–**	–
Biological assets	7	**1 492 002**	1 718 407	**–**	–
Intangible assets	8	**2 984**	–	**–**	–
Goodwill	9	**610 352**	610 352	**–**	–
Other financial assets	10	**3 911**	80 669	**629**	589
Investments at cost in subsidiaries held by the Company	11	**–**	–	**1 119 052**	1 119 252
Loans to group companies	12	**–**	–	**602 640**	765 556
Instalment sale receivables	13	**–**	1 005	**–**	–
Deferred tax	27	**–**	–	**655**	–
		2 543 725	2 778 864	**1 723 688**	1 886 203
Current assets					
Biological assets	7	**246 369**	264 663	**–**	–
Other financial assets	10	**–**	265	**–**	–
Instalment sale receivables	13	**1 854**	1 848	**–**	–
Inventories	14	**226 467**	197 908	**–**	–
Trade and other receivables	15	**117 999**	192 108	**940**	1 984
Cash and cash equivalents	16	**124 422**	222 538	**114**	176
Non-current assets held for sale	17	**–**	1 023	**–**	–
		717 111	880 353	**1 054**	2 160
Total assets		**3 260 836**	3 659 217	**1 724 742**	1 888 363
Equity and liabilities					
Equity					
Issued capital	19	**3 919**	3 919	**3 919**	3 919
Reserves		**(88 438)**	10 227	**10 267**	10 227
Share premium	19	**1 026 888**	1 002 622	**1 002 622**	1 002 622
Retained income		**407 237**	638 900	**663 763**	825 103
		1 349 606	1 655 668	**1 680 571**	1 841 871
Liabilities					
Non-current liabilities					
Cash settled share based payment	20	**50**	733	**50**	733
Other financial liabilities	22	**1 061 543**	1 096 983	**28 217**	28 217
Finance lease obligation	23	**23 252**	26 821	**–**	–
Instalment sale liability	24	**2 907**	4 741	**–**	–
Retirement benefit obligation	25	**20 200**	17 431	**–**	–
Provisions	26	**54 643**	54 643	**–**	–
Deferred tax	27	**414 974**	498 615	**–**	–
		1 577 569	1 699 967	**28 267**	28 950
Current liabilities					
Other financial liabilities	22	**97 819**	59 833	**–**	–
Finance lease obligation	23	**3 438**	2 698	**–**	–
Instalment sale liability	24	**1 781**	1 578	**–**	–
Trade and other payables	28	**225 199**	233 984	**15 050**	17 057
Current tax payable		**5 424**	5 489	**854**	485
		333 661	303 582	**15 904**	17 542
Total liabilities		**1 911 230**	2 003 549	**44 171**	46 492
Total equity and liabilities		**3 260 836**	3 659 217	**1 724 742**	1 888 363

INCOME STATEMENTS

for the year ended 30 June 2009

	Note(s)	GROUP Year ended 30 June 2009 R'000	GROUP 18 months ended 30 June 2008 R'000	COMPANY Year ended 30 June 2009 R'000	COMPANY 18 months ended 30 June 2008 R'000
Revenue	30	1 095 290	1 520 043	–	–
Cost of sales		(762 223)	(819 452)	–	–
Gross profit		333 067	700 591	–	–
Other operating income		168 295	38 706	4 203	104
Selling, general and administration expenses		(365 522)	(501 514)	(162 241)	(10 479)
Operating profit (loss)	34	135 840	237 783	(158 038)	(10 375)
Restructuring costs		(18 735)	(8 355)	–	–
Fair value adjustments	33	(244 598)	607 308	–	–
Income from subsidiaries		–	–	–	844 963
Loss on non-current assets held for sale		(373)	–	–	–
(Loss)/profit before finance costs		(127 866)	836 736	(158 038)	834 588
Finance income	31	13 133	110 421	145	169
Finance expense	32	(197 894)	(209 062)	(3 990)	(16 501)
(Loss)/profit before taxation		(312 627)	738 095	(161 883)	818 256
Taxation	35	80 707	(199 345)	286	(143)
(Loss)/profit for the period		(231 920)	538 750	(161 597)	818 113
Attributable to:					
Equity holders of the parent		(231 920)	538 750	(161 597)	818 113
Minority Interest		–	–	–	–
Basic earnings per share (cents)	48	(296)	1 018		
Diluted earnings per share (cents)	48	(296)	981		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2009

	Share capital R'000	Share premium R'000	Total share capital R'000	Hedging reserve R'000	Fair value adjustment assets available-for-sale reserve R'000	Share based payment reserve R'000	Total reserves R'000	Retained income R'000	Total equity R'000
Group									
Balance at 1 January 2007	**552**	**3 061**	**3 613**	**–**	**144**	**–**	**144**	**100 150**	**103 907**
Changes in equity									
Change in fair value of available-for-sale financial assets	–	–	–	–	(363)	–	(363)	–	(363)
Total income and expense recognised directly in equity	–	–	–	–	(363)	–	(363)	–	(363)
Profit for the period	–	–	–	–	–	–	–	538 750	538 750
Total recognised income and expenses for the period	–	–	–	–	(363)	–	(363)	538 750	538 387
Issue of shares	3 511	1 049 490	1 053 001	–	–	–	–	–	1 053 001
Buy back of own shares	(144)	(28 074)	(28 218)	–	–	–	–	–	(28 218)
Share issue expense	–	(21 855)	(21 855)	–	–	–	–	–	(21 855)
Share based payment	–	–	–	–	–	10 446	10 446	–	10 446
Total changes	3 367	999 561	1 002 928	–	(363)	10 446	10 083	538 750	1 551 761
Balance at 1 July 2008	**3 919**	**1 002 622**	**1 006 541**	**–**	**(219)**	**10 446**	**10 227**	**638 900**	**1 655 668**
Changes in equity									
Change in fair value of available-for-sale financial assets	–	–	–	–	40	–	40	–	40
Movement in fair value of hedge	–	–	–	(89 545)	–	–	(89 545)	–	(89 545)
Total income and expense recognised directly in equity	–	–	–	(89 545)	40	–	(89 505)	–	(89 505)
(Loss) for the period	–	–	–	–	–	–	–	(231 920)	(231 920)
Total recognised income and expenses for the year	–	–	–	(89 545)	40	–	(89 505)	(231 920)	(321 425)
Share premium on rights issued	–	24 266	24 266	–	–	–	–	–	24 266
Reversal of share based payment reserve	–	–	–	–	–	(9 160)	(9 160)	–	(9 160)
Dividends declared and not claimed	–	–	–	–	–	–	–	257	257
Total changes	–	24 266	24 266	(89 545)	40	(9 160)	(98 665)	(231 663)	(306 062)
Balance at 30 June 2009	**3 919**	**1 026 888**	**1 030 807**	**(89 545)**	**(179)**	**1 286**	**(88 438)**	**407 237**	**1 349 606**
Note(s)	19	19	19	21		20			

	Share capital R'000	Share premium R'000	Total share capital R'000	Hedging reserve R'000	Fair value adjustment assets available-for-sale reserve R'000	Convertible instruments R'000	Total reserves R'000	Retained income R'000	Total equity R'000
Company									
Balance at 1 January 2007	**552**	**3 061**	**3 613**	**–**	**144**	**–**	**144**	**6 990**	**10 747**
Changes in equity									
Change in fair value of available-for-sale financial assets	–	–	–	–	(363)	–	(363)	–	(363)
Total expenses recognised directly in equity	–	–	–	–	(363)	–	(363)	–	(363)
Profit for the period	–	–	–	–	–	–	–	818 113	818 113
Total recognised expense and income for the year	–	–	–	–	(363)	–	(363)	818 113	817 750
Issue of shares	3 511	1 049 490	1 053 001	–	–	–	–	–	1 053 001
Buy back of own shares	(144)	(28 074)	(28 218)	–	–	–	–	–	(28 218)
Share issue expense	–	(21 855)	(21 855)	–	–	–	–	–	(21 855)
Share based payment	–	–	–	–	–	10 446	10 446	–	10 446
Total changes	3 367	999 561	1 002 928	–	(363)	10 446	10 083	818 113	1 831 124
Balance at 1 July 2008	**3 919**	**1 002 622**	**1 006 541**	**–**	**(219)**	**10 446**	**10 227**	**825 103**	**1 841 871**
Changes in equity									
Change in fair value of available-for-sale financial assets	–	–	–	–	40	–	40	–	40
Total income recognised directly in equity	–	–	–	–	40	–	40	–	40
Loss for the period	–	–	–	–	–	–	–	(161 597)	(161 597)
Total recognised income and expenses for the year	–	–	–	–	40	–	40	(161 597)	(161 557)
Dividends declared and not claimed	–	–	–	–	–	–	–	257	257
Total changes	–	–	–	–	40	–	40	(161 340)	(161 300)
Balance at 30 June 2009	**3 919**	**1 002 622**	**1 006 541**	**–**	**(179)**	**10 446**	**10 267**	**663 763**	**1 680 571**
Note(s)	19	19	19	21		20			

CASH FLOW STATEMENTS

for the year ended 30 June 2009

	Note(s)	GROUP Year ended 30 June 2009 R'000	GROUP 18 months ended 30 June 2008 R'000	COMPANY Year ended 30 June 2009 R'000	COMPANY 18 months ended 30 June 2008 R'000
Cash flows from operating activities					
Cash generated/(utilised) by operating activities	38	220 947	224 372	(1 113)	11 433
Interest income		13 133	31 561	145	117
Income from investments		–	52	–	52
Dividend received from subsidiaries		–	–	–	836 323
Finance expense		(168 549)	(163 279)	(3 990)	(6 055)
Tax paid	39	(2 999)	(5 704)	–	(541)
Net cash from operating activities		62 532	87 002	(4 958)	841 329
Cash flows from investing activities					
Purchase of property, plant and equipment on expanding of operations	5	(130 604)	–	–	–
Purchase of property, plant, equipment and vehicles to maintain operations		–	(50 323)	–	–
Sale of property, plant and equipment	5	989	13 271	–	35
Purchase of other intangible assets	8	(3 662)	–	–	–
Acquisition of subsidiaries, net of cash	40	–	(1 684 520)	–	(1 703 649)
Proceeds from loans from group companies		–	–	4 696	–
Fair value movement in financial assets		–	(1 587)	–	–
Decrease in loans and receivables		98	–	–	–
Purchase of biological assets	7	–	(45 725)	–	–
Contribution to self insurance fund		(2 108)	–	–	–
Proceeds from sale of non-current assets held for sale		650	838	–	–
Decrease/(increase) in investments in subsidiaries		–	–	200	(169 084)
Decrease/(increase) in finance lease receivables		999	(2 853)	–	–
Net cash from investing activities		(133 638)	(1 770 899)	4 896	(1 872 698)
Cash flows from financing activities					
Proceeds on share issue	19	–	1 002 928	–	1 002 928
Increase in share premium	19	24 266	–	–	–
Redemption of preference shares	19	(16 537)	–	–	–
Net movement on other financial liabilities		(30 279)	833 919	–	28 215
(Decrease) in instalment sale liability		(1 631)	–	–	(9)
(Decrease)/increase in finance lease liability		(2 829)	27 857	–	–
Net cash from financing activities		(27 010)	1 864 704	–	1 031 134
Net (decrease)/increase in cash and cash equivalents		(98 116)	180 807	(62)	(235)
Cash and cash equivalents at the beginning of the period		222 538	41 731	176	411
Cash and cash equivalents at the end of the period	16	124 422	222 538	114	176

ACCOUNTING POLICIES

for the year ended 30 June 2009

1. Reporting entity

York Timber Holdings Limited, formerly known as The York Timber Organisation Limited ("York" or "the Company") is a company domiciled and incorporated in the Republic of South Africa.

The financial statements of the Group for the year ended 30 June 2009 comprise the Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities"). The core business activities of the Group comprise commercial forestry and softwood processing.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Companies Act of South Africa, 1973. The financial statements were approved by the Board of Directors on 30 September 2009.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments held for trading and financial instruments classified as available for sale are measured at fair value;
- Liabilities relating to the share based payment reserve are measured at fair value;
- Investment property is measured at fair value; and
- Biological assets are measured at fair value less estimated point of sale costs.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

- Note 6 – Investment property;
- Note 7 – Biological assets;
- Note 9 – Goodwill;
- Note 10 – Other financial assets;
- Note 15 – Trade and other receivables;
- Note 19 – Special Purpose Entity;
- Note 20 – Measurements of share based payments;
- Note 26 – Provisions; and
- Note 42 – Contingencies.

ACCOUNTING POLICIES *CONTINUED*

for the year ended 30 June 2009

3. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Special Purpose Entities

The Group has established Special Purpose Entities ("SPE") in establishing its Broad Based Black Economic Empowerment ("BBBEE") structures. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group controls the SPE. The SPE controlled by the Group was established on the terms that impose strict limitation on the decision making powers of the SPE's management resulting in the Group retaining the residual risks and rewards related to the SPE.

(iii) Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment losses.

(iv) Transactions eliminated on consolidation

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

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at rates of exchange ruling at the reporting date (spot rate). The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Any foreign exchange differences are recognised in profit or loss in the year in which the difference occurs.

(c) Property, plant and equipment

(i) Owned assets

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

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

- The initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the 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 measured at cost until construction or development is complete, at which time it is reclassified as investment property. On reclassification to investment property, it is re-measured to fair value and any gain or loss arising on re-measurement is recognised in profit or loss.

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

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.

- Finance leases where the Group is the lessee
  Assets acquired in terms of finance leases are measured at the lower of its 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 subsequent to initial recognition. The assets under finance leases are treated in the same manner as owned assets.

- Finance leases where the Group is the lessor
  Assets disposed of under finance leases are derecognised at the carrying value on the date of disposal. Any profit or loss due to the disposal is recognised in profit or loss during the period in which the asset was sold.

  The receivable under the finance lease is recognised in the balance sheet as an amount equal to the net investment of the lease. Finance income is recognised on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

- Operating leases
  Leases where the lessor retains the risk and rewards of ownership of the underlying asset are classified as operating leases. In the instance where the Group is the lessee, no asset is recognised when a lease is classified as an operating lease. Payments made under operating leases are recognised in profit or loss 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 if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The replaced part is subsequently derecognised. All other costs are recognised in profit or loss as an expense as incurred.

(iv) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation of an item of property, plant and equipment commences when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date it is derecognised upon disposal.

ACCOUNTING POLICIES *CONTINUED*

for the year ended 30 June 2009

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative period are as follows:

	Average useful life
Freehold land and buildings comprise:	
• Land	Indefinite
• Buildings	10 – 49 years
• Roads	40 years
Buildings on leasehold land	10 – 49 years
Plant, equipment and vehicles comprise:	
• Furniture and fixtures	5 years
• Plant and equipment	8 – 12 years
• Motor vehicles	4 – 7 years
• IT equipment	3 – 15 years

The residual values, depreciation methods and useful lives are reassessed annually at the reporting date.

(d) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

- 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.

- Available-for-sale financial assets
  The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. The investment in the Self Insured Fund is classified as available-for-sale. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (note 3(e)(ii)), foreign exchange gains and losses on available-for-sale monetary items (note 3(b)), as well as interest using the effective interest rate method recognised in profit and loss, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

- Financial assets at fair value through profit and loss
  All derivative instruments are classified as financial assets at fair value through profit and loss. An instrument is classified as at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Other loans and receivables
  Included in other loans and receivables is trade and other receivables, trade and other payables, loans, including loans to and from group companies as well as finance lease obligation and receivables. Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

3. Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

- Determination of fair value

  The fair value of financial assets at fair value through profit or loss, held to maturity investments and available-for-sale financial assets is determined with reference to their quoted market bid price at the reporting date. The fair value of held to maturity investments is determined for disclosure purposes only.

  The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at reporting date.

  The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows. These payments are discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar agreements.

(ii) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

- Cash flow hedges

  Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

  On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

  If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedge item is a financial asset, the amount recognised in equity is transferred to profit or loss in the same period as the hedge item affects profit and loss.

- Derivatives not designated for hedge accounting

  Certain derivative instruments are not designated for hedge accounting. Changes in the fair value of any derivative instrument not designated for hedge accounting are recognised immediately in profit and loss under net trading income.

  The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

  The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, the fair value is estimated by discounting the difference between the contract forward price and current forward price for the residual maturity of the contract using a risk free interest rate.

ACCOUNTING POLICIES *CONTINUED*

for the year ended 30 June 2009

3. Significant accounting policies (continued)

(e) Impairment

(i) Non-financial assets

The carrying amounts of the Group's non-financial assets other than biological assets (refer accounting policy (g)), investment property (refer accounting policy (f)), inventories (refer accounting policy (i)) and deferred tax assets (refer accounting policy (o)) are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an 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 post tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When an asset does not generate cash inflows that are largely independent from other assets, its recoverable amount is determined by assessing the recoverable amount of the cash generating unit to which the asset belongs.

For the purpose of impairment testing, goodwill acquired in a business combination 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 profit or loss whenever the carrying amount of the cash generating unit exceeds its recoverable amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(ii) Financial assets

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

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

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

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity instruments, the reversal is recognised directly in equity.

3. Significant accounting policies (continued)

(f) Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or both. Investment property is measured at fair value. Any gain or loss arising from a change in fair value is recognised in the profit and loss. 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 compulsion. Rental income from investment property is accounted for as described in accounting policy (n).

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

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

(g) Biological assets

Biological assets are measured at fair value less estimated point of sale costs, with any resultant gain or loss recognised in the profit and loss. Point of sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the asset to market (e.g. transport costs).

Biological assets comprise standing trees ranging in ages from one year through to 25 years. The fair value of standing timber older than four 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.

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

(h) Intangible assets

(i) 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 2003, 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 2003, goodwill represents the amount recognised under the Group's previous accounting framework, namely SA GAAP. Goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash generating units and is tested annually for impairment (refer policy note (e)). Negative goodwill arising on acquisitions is recognised directly in profit or loss.

(ii) Other intangible assets

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets, amortisation is provided on a straight line basis over their useful lives, commencing when the asset is available for use and ceases when the asset is disposed of or no longer generates benefits to the entity. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

ACCOUNTING POLICIES *CONTINUED*

for the year ended 30 June 2009

3. Significant accounting policies (continued)

(h) Intangible assets (continued)

(ii) Other intangible assets (continued)

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. The costs incurred on these items are expensed in profit and loss when it is incurred.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Patents and other rights	Indefinite
Computer software	5 years
Development expenditure	Indefinite

(i) Inventories

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

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

(j) 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 re-measured in accordance with the Group's accounting policies.

Thereafter, the assets (or disposal group) are measured at the lower of their carrying amount or 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 re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(k) Share capital

(i) Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) Preference share capital

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss.

3. Significant accounting policies (continued)

(k) Share capital (continued)

(ii) Preference share capital (continued)
Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

(iii) Dividends
Dividends are recognised as a deduction in equity and a liability in the period in which they are declared.

(l) Employee benefits

(i) Short-term employee benefits
The cost of all short-term employee benefits is recognised in the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the Company has a present obligation to pay as a result of employees' services provided up to the reporting date. The provisions have been calculated at undiscounted amounts based on expected wage and salary rates.

(ii) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognised as an expense in profit and loss as incurred.

(iii) Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's policy is not to provide post-retirement medical aid benefits to its employees. The provision is made for a closed group of existing employees.

The Group's net obligation in respect of a defined benefit medical plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. This value is then reflected as a liability in the annual financial statements with the cost thereof being allocated to the income statement. The calculation is performed every three years by a qualified actuary using the projected unit credit method. Any resulting actuarial gains and losses are recognised in profit and loss for the period.

(iv) Share based payment transactions

- Equity settled transactions
  The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

- Cash settled transactions
  The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured to fair value at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

ACCOUNTING POLICIES *CONTINUED*

for the year ended 30 June 2009

3. Significant accounting policies (continued)

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(n) Revenue

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 a transaction, the revenue recognised is the net amount of commission made by the Group.

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease.

(o) Income tax

Income tax expense for the year comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, 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 substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be raised simultaneously.

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

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

3. Significant accounting policies (continued)

(p) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment) or providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

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

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

Segment results and segment assets and liabilities included items that can be directly attributed to a segment or allocated on a reasonable basis.

(q) Finance income and expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit and loss and gains on hedging instruments that are recognised in profit and loss.

Interest income is recognised as it accrues, using the effective interest rate method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of discount on the provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss.

All borrowing costs are recognised in profit or loss using the effective interest rate method.

(r) 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.

(s) New standards and interpretations not yet adopted

New or revised Accounting Standards and Interpretations in issue that are not yet effective for the year ended 30 June 2009 have been considered by the management, who determined that the following Standards and Interpretations will be applicable to the business of the entity and may have an impact on future financial statements:

IAS 1 Presentation of Financial Statements will be adopted for the first time by York for its financial reporting period ending 30 June 2010.

IAS 1 introduces the concept of comprehensive income. Comprehensive income is all income earned, net of related costs, which is currently shown in both the income statement and statement of changes in equity, other than transactions directly with owners. The main change in the revised IAS 1 is a requirement to present all non-owner changes in equity, for example foreign currency translation reserve movements, as follows:

- in a single statement of comprehensive income (which includes income statement line items); or
- in a statement of comprehensive income (which includes only non-owner equity changes). In addition an income statement is disclosed.

ACCOUNTING POLICIES *CONTINUED*

for the year ended 30 June 2009

3. Significant accounting policies (continued)

(s) New standards and interpretations not yet adopted (continued)

For each component of comprehensive income, reclassification adjustments (previously known as "recycling" from equity to the income statement) must be disclosed.

The income tax relating to each component of other comprehensive income (items not recognised in profit and loss) must be disclosed. These disclosures may be given either on the face of the statement of comprehensive income or in the notes.

Owner changes in equity are presented in the statement of changes in equity. Dividends and related per share amounts are disclosed on the face of the statement of changes in equity or in the notes.

An additional statement of financial position ("balance sheet") must be presented when the entity restates the comparatives as a result of a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This results in the presentation of two comparative periods as well as the current period.

The Group will present all non-owner changes in equity in a single statement of comprehensive income (which will include the current income statement) and owner changes in equity in the statement of changes in equity.

Reclassification adjustments and income tax relating to each component of other comprehensive income will be disclosed on the face of the statement of comprehensive income. Currently these components are available-for-sale fair value gains/losses reserve and the foreign currency translation reserve.

IAS 23 Borrowing Costs will be adopted by York for the first time for its financial reporting period ending 30 June 2010.

The Group will capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that commence on or after 1 July 2009. Currently these borrowing costs are expensed. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

The Group's existing accounting policy on borrowing costs will change as a result of the adoption of the revised IAS 23.

IAS 27 Consolidated and Separate Financial Statements will be adopted by York for the first time for its financial reporting period ending 30 June 2010.

In accordance with IAS 27 amendments, acquisitions of additional non-controlling equity interests in subsidiaries have to be accounted for as equity transactions. Disposals of equity interests while retaining control are also accounted for as equity transactions. When control of an investee is lost, the resulting gain or loss relating to the transaction will be recognised in profit and loss.

It has always been the Group's accounting policy to treat all acquisitions of additional interests in subsidiaries, as well as disposals of interests in subsidiaries, as equity transactions. The Group will, however, change its accounting policy relating to the loss of control when an equity interest is retained. In future, when control is lost, through sale or otherwise, the resulting gain or loss recognised in profit and loss will include any re-measurement to fair value of the retained equity interest. All cash flows relating to acquisition and sale of interests in subsidiaries currently form part of the cash flows from investing activities. In future, changes in the equity holding in a subsidiary that do not result in loss of control will form part of cash flow from financing activities on the basis that these transactions are equity transactions.

The amendments to IAS 27 also require that losses (including negative "other comprehensive income" as detailed in the revised IAS 1) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. The Group will in future change its accounting policies on the allocation of losses to non-controlling interests. In the past losses were allocated only until the non-controlling interests had a zero balance.

3. Significant accounting policies (continued)

(s) New standards and interpretations not yet adopted (continued)

IFRS 3 Business Combinations

The revised IFRS 3 will be adopted by York for the first time for its financial reporting period ending 30 June 2010.

IFRS 3 applies to all new business combinations that occur after 1 July 2009. For these future business combinations, the Group will change its accounting policies to be in line with the revised IFRS 3. In future all transaction costs will be expensed and contingent purchase consideration will be recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will be recognised in profit and loss.

IFRS 7 Financial Instruments

The amendments to IFRS 7 will be adopted by York for the first time for its financial reporting period ending 30 June 2010.

In terms of the amendments additional disclosure will be provided on the fair value measurement disclosures for financial instruments and the liquidity risk disclosures for financial liabilities.

IFRS 8 Operating Segments

The revised IFRS 8 will be adopted by York for its financial reporting period ending 30 June 2010.

This IFRS requires an entity to adopt the ‘management approach’ when reporting on the financial performance of its operating segments. Generally, the segment reporting would be based on the information that management uses internally for evaluating segment performance and when deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The IFRS therefore requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

4. Segmental report

Business segmental analysis

	Sawmilling		Plywood		Warehousing		Forestry		Elimination		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Revenue												
External sales	**670 033**	914 703	**188 954**	180 064	**171 414**	368 941	**64 887**	56 335	**–**	–	**1 095 288**	1 520 043
Inter-segment sales	**13 633**	45 710	**6 386**	–	**21 919**	34 483	**445 227**	461 618	**(487 165)**	(541 811)	**–**	–
Total revenue	**683 666**	960 413	**195 340**	180 064	**193 333**	403 424	**510 114**	517 953	**(487 165)**	(541 811)	**1 095 288**	1 520 043
Result												
Fair value adjustment												
biological assets	**–**	–	**–**	–	**–**	–	**(244 698)**	607 308	**–**	–	**(244 698)**	607 308
Trading	**112 244**	110 927	**(895)**	(5 860)	**(4 970)**	10 147	**77 393**	172 318	**–**	–	**183 772**	287 532
Segment result	**112 244**	110 927	**(895)**	(5 860)	**(4 970)**	10 147	**(167 305)**	779 626	**–**	–	**(60 926)**	894 840
Unallocated expenses											**(66 940)**	(58 104)
Profit from operations											**(127 866)**	836 736
Net finance costs											**(184 761)**	(98 641)
Income tax expense											**80 707**	(199 345)
Profit for the year											**(231 920)**	538 750
Segment assets	**441 497**	409 471	**59 407**	98 397	**47 790**	83 118	**1 876 764**	2 153 193	**–**	–	**2 425 458**	2 744 179
Unallocated corporate assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**835 378**	915 038
Consolidated total assets											**3 260 836**	3 659 217
Segment liabilities	**47 148**	176 150	**11 186**	15 970	**7 935**	34 621	**78 487**	45 042	**–**	–	**144 756**	271 783
Unallocated corporate liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**155 336**	35 008
Non-current and current												
loans and borrowings	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1 190 740**	1 192 654
Taxation and deferred taxation	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**420 398**	504 104
Consolidated total liabilities											**1 911 230**	2 003 549
Additions to biological assets	**–**	–	**–**	–	**–**	–	**–**	45 725	**–**	–	**–**	45 725
Capital expenditure	**125 380**	22 299	**590**	469	**–**	–	**4 634**	14 321	**–**	–	**130 604**	37 089
Depreciation and amortisation	**(20 012)**	(20 653)	**(793)**	(1 754)	**(413)**	(514)	**(4 336)**	(3 286)	**6 165**	–	**(19 389)**	(26 207)
Impairment of tangible assets	**(42 409)**	–	**(981)**	–	**–**	–	**–**	–	**–**	–	**(43 390)**	–

4. Segmental report (continued)

Business segments

The segmented trading results is reported as the operating profits by divisions before depreciation, tax and interest and excluding fair value adjustments. The Group is organised into four major operating divisions – Sawmilling, Plywood, Warehousing and Forestry. The divisions are the basis on which the Group reports its primary segment information. The Sawmilling segment produces and sells a broad range of structural and industrial sawn timber products. The Plywood division manufactures and sells plywood products. The Warehousing division buys and sells timber related products on a wholesale basis. The Forestry division owns plantations on which it grows pine and eucalyptus trees that are felled on a rotational basis and then sold.

Geographical segments

The Group regards its business as a single geographical segment.

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 impairments. 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 results 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 on consolidation. There were no changes in segment accounting policy.

Sales to customers more than 10%

During the year the Sawmilling and Plywood segments collectively generated 18.7% of their external revenue by selling to only one customer. No other sales to customers generated more than 10% revenue in the segments.

5. Property, plant and equipment

	2009			2008		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000
Group						
Land	145 559	–	145 559	145 566	–	145 566
Buildings	122 110	(18 481)	103 629	92 694	(9 376)	83 318
Plant and equipment	232 579	(75 386)	157 193	126 732	(26 246)	100 486
Furniture and fixtures	1 211	(588)	623	1 056	(463)	593
Motor vehicles	14 946	(4 386)	10 560	14 187	(5 403)	8 784
Computer equipment	8 604	(4 302)	4 302	7 730	(3 113)	4 617
Work in progress	6 033	–	6 033	20 147	–	20 147
Spare parts and servicing equipment	1 557	–	1 557	–	–	–
Total	532 599	(103 143)	429 456	408 112	(44 601)	363 511

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

5. Property, plant and equipment (continued)

	2009			2008		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000
Company						
Plant and equipment	1 142	(456)	686	1 142	(377)	765
Furniture and fixtures	290	(288)	2	291	(289)	2
Computer equipment	591	(567)	24	591	(552)	39
Total	2 023	(1 311)	712	2 024	(1 218)	806

Reconciliation of property, plant and equipment: Group – 30 June 2009

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Land	145 566	–	(7)	–	–	–	145 559
Buildings	83 318	30 327	(386)	–	(4 653)	(4 977)	103 629
Plant and equipment	100 486	108 712	(1 260)	12	(12 344)	(38 413)	157 193
Furniture and fixtures	593	158	–	–	(128)	–	623
Motor vehicles	8 784	2 554	(846)	–	68	–	10 560
Computer equipment	4 617	1 410	(59)	(12)	(1 654)	–	4 302
Work in progress	20 147	(14 114)	–	–	–	–	6 033
Spare parts and servicing equipment	–	1 557	–	–	–	–	1 557
	363 511	130 604	(2 558)	–	(18 711)	(43 390)	429 456

Reconciliation of property, plant and equipment: Group – 30 June 2008

	Opening balance R'000	Additions through business combinations R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	–	131 317	14 249	–	–	145 566
Buildings	22 115	65 423	1 293	(5)	(5 508)	83 318
Plant and equipment	38 545	81 696	11 174	(13 261)	(17 668)	100 486
Furniture and fixtures	169	253	283	(1)	(111)	593
Motor vehicles	4 430	4 027	1 662	(355)	(980)	8 784
Computer equipment	542	3 570	2 495	(49)	(1 941)	4 617
Work in progress	–	–	20 147	–	–	20 147
	65 801	286 286	51 303	(13 671)	(26 208)	363 511

Reconciliation of property, plant and equipment: Company – 30 June 2009

	Opening balance R'000	Depreciation R'000	Total R'000
Plant and equipment	765	(79)	686
Furniture and fixtures	2	–	2
Motor vehicles	–	–	–
Computer equipment	39	(15)	24
	806	(94)	712

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment: Company – 30 June 2008

	Opening Balance R'000	Depreciation R'000	Total R'000
Plant and equipment	862	(97)	765
Furniture and fixtures	4	(2)	2
Motor vehicles	–	–	–
Computer equipment	127	(88)	39
	993	(187)	806

Pledged as security

The freehold land and buildings including the plantations referred to in note 7 are encumbered in favour of Micawber 558 (Pty) Limited as security for the loan as per note 22.

Instalment sale agreements

The Group entered into an instalment sale agreement with Stannic and Wesbank for plant, equipment and vehicles. The net carrying value of these instalment sale agreements at year end is R4.688 million (2008: R6.319 million). Refer to note 24.

Finance lease obligation

The Group entered into finance lease agreements with Wesbank for plant, equipment and vehicles. The net carrying value of these finance lease agreements at year end is R26.690 million (2008: R29.519 million), Refer to note 23.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Assets subject to instalment sale liabilities (Net carrying amount)				
Plant and equipment	**384**	424	–	–
Motor vehicles	**2 212**	2 404	–	–
	2 596	2 828	–	–
Assets subject to finance lease (Net carrying amount)				
Plant and equipment	**15 202**	18 477	–	–
Motor vehicles	**3 681**	4 203	–	–
	18 883	22 680	–	–

Details of properties

Land claims have been lodged against a significant percentage of the land registered to York Timbers (Pty) Limited (also refer to note 7). The status of these land claims as at the reporting date:

	Hectares	Hectares	**Hectares**	Hectares
Gazetted and in process of being gazetted	**37 348**	45 035	–	–
Claims in research phase	**46 142**	38 455	–	–
Unaffected at present	**10 498**	10 498	–	–
	93 988	93 988	–	–

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the Group.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

6. Investment property

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Investment property	**5 020**	4 920	**–**	–

Reconciliation of investment property: Group – 30 June 2009

	Opening balance (Gross carrying amount) R'000	Fair value adjustments R'000	Total R'000
Investment property	**4 920**	**100**	**5 020**

Reconciliation of investment property: Group – 30 June 2008

	Opening balance (Gross carrying amount) R'000	Transfers to freehold land and buildings R'000	Total R'000
Investment property	5 900	(980)	4 920

Investment property comprises:

1. Portion 1 and 2 of Erf 1279, White River

2. Portion 5 of Erf 254, Claremont

Lease agreements for investment properties are at market related rentals and are renewed annually.

Pledged as security

Investment property with a carrying value of R4.400 million (2008: R4.300 million) is subject to a mortgage bond with a carrying value of R1.178 million (2008: R1.273 million) in favour of Nedbank Limited. Refer to note 22.

Details of valuation

The effective date of the revaluations was 30 June 2009. Revaluations were performed by an independent valuer, Tetragon Valuers (Pty) Limited, professional real estate and property valuators. Tetragon Valuers (Pty) Limited are not connected to the Company and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Direct expenses arising from investment property that generated rental income during this year were R0.206 million (2008: R0.466 million).

Amounts recognised in profit and loss for the year.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Rental income from investment property	**2 244**	3 152	**–**	–

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
7. Biological assets				
Trees in a plantation forest	1 738 371	1 983 070	–	–
Reconciliation of biological assets – Group				
Trees in a plantation forest				
Opening balance	1 983 070	18 000	–	–
Purchased plantations	–	45 725	–	–
Additions due to business combination	–	1 321 968	–	–
Fair value adjustments	(244 699)	607 308	–	–
Plantations harvested and held under irrigation	–	(9 931)	–	–
	1 738 371	1 983 070	–	–
Non-current assets	1 492 002	1 718 407	–	–
Current assets	246 369	264 663	–	–
	1 738 371	1 983 070	–	–
The fair value adjustment comprises the following elements				
Adjustment to standing timber values to reflect fair value less point of sale cost at year end	(179 698)	751 208	–	–
Change in fair value due to a decrease in volume	(65 001)	(143 900)	–	–
	(244 699)	607 308	–	–

Quantities of biological asset

At year end standing timber comprised approximately 50 277 (2008: 50 906) hectares of pine and 4 756 (2008: 4 227) hectares of eucalyptus tree plantations which ranges from newly established plantations to plantations that are 25 years old.

The total cubic metres of trees in the plantations at year end amounts to 4 671 340 cubic metres (2008: 4 829 647 cubic metres). Volume increase due to growth for the year amounts to 437 140 cubic metres. Volume decrease due to harvesting and adjustments for the year amounts to 595 447 cubic metres.

Pledged as security

Land holdings, including those on which the plantations are planted, including the fixed property referred to in note 5, are encumbered in favour of Micawber 558 (Pty) Limited as security for the loans as per note 22 and amount to 93 988 (2008: 93 988) hectares.

Land claims

Land claims have been lodged against a significant percentage of the land registered in the name of a subsidiary, York Timbers (Pty) Limited (refer note 5). The standing timber is seen as an integral part of the land and the solutions determined must address the land, the standing timber on the land and future standing timber rotations. The Group has however engaged individually with claimant communities and at industry level in representative forums to establish sustainable mechanisms that are mutually beneficial.

Methods and assumptions used in determining fair value

Current market prices

The current market price utilised for Pine is the market related price per cubic metre as sold by York Timbers (Pty) Limited to its own Sawmills and to the related Plywood plant. Eucalyptus market prices are determined with reference to prices achieved from external customers while pulp prices are determined by the ruling price achieved for pulp sold to third parties. The prices utilised are based on prices achieved in May 2009. No changes in prices were observed between May 2009 and June 2009.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

7. Biological assets (continued)

Expected yield per log class

The expected yields per log class are calculated with reference to growth models relevant to the growing area (Escarpment and Highveld). The growth models are derived from actual trial data (permanent sample plots – PSPs) that have been measured annually since 1976. A merchandising model, using the modelled tree shape at various ages, is used to split the trees into predefined products.

Volume adjustment factor

Due to the nature of the plantations and more specifically the susceptibility thereof to the environment, an adjustment factor (percentage based) has been determined to reduce the volumes determined above based on information that management has at its disposal. This percentage is mainly based on factors such as baboon damage and damage due to the natural elements such as wind/rain/hail. An adjustment factor of 10% has been used for 2008 and 2009.

Rotation

The Group continues to manage Pine trees on a 25 year rotation in the Escarpment and in the Highveld. Older age classes are systematically reduced to reach these targets.

Temporary Unplanted Areas

Temporary Unplanted Areas (TUP) for the Group as at year end amounted to approximately 5 334 (2008: 5 504) hectares which is above the targeted level of approximately 2 500 hectares.

Current portion

The current portion of biological assets presents the biological assets to be harvested and sold in the next 12 months after year end.

The Group is exposed to a number of risks related to its commercial tree plantations, namely:

Regulatory and environmental risk

The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure the systems in place are adequate to manage those risks. The Group manages its plantation in compliance with the International Forest Stewardship Council's requirements for sustainable forestry.

Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volumes of pine. When possible the Group manages this risk by aligning its harvest volume to the market and Group's supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Group's pine plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks. The Group subscribes to the national fire index prediction which uses various weather conditions to indicate fire risk. The Group insures itself against natural disasters such as fires and floods.

8. Intangible assets

	2009			2008		
	Cost/ valuation R'000	Accumulated amortisation/ impairment R'000	Carrying value R'000	Cost R'000	Accumulated amortisation/ impairment R'000	Carrying value R'000
Group						
Patents and other rights	1 000	(1 000)	–	1 000	(1 000)	–
Computer software	3 662	(678)	2 984	–	–	–
Development expenditure	7 868	(7 868)	–	7 868	(7 868)	–
Total	12 530	(9 546)	2 984	8 868	(8 868)	–

Reconciliation of intangible assets – Group – 2009

	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Patents and other rights	–	–	–	–
Computer software	–	3 662	(678)	2 984
Development expenditure	–	–	–	–
	–	3 662	(678)	2 984

9. Goodwill

	2009			2008		
	Cost R'000	Impairment R'000	Carrying value R'000	Cost R'000	Impairment R'000	Carrying value R'000
Group						
Goodwill	610 352	–	610 352	610 352	–	610 352

Reconciliation of goodwill – Group – 30 June 2009

	Opening Balance R'000	Additions R'000	Total R'000
Goodwill	610 352		610 352

Reconciliation of goodwill – Group – 30 June 2008

	Opening balance R'000	Additions through business combinations R'000	Total R'000
Goodwill	–	610 352	610 352

Goodwill arose from the business combination that took place on 13 July 2007, where the Company purchased 100% of the shares in Global Forest Products (Pty) Limited and South African Plywood (Pty) Limited and therefore purchased 100% and 70% of the shares of York Timbers (Pty) Limited and Bonheur 50 Investments (Pty) Limited, respectively. Goodwill represents the difference between the fair values of assets purchased and the acquisition price. Refer to note 40.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Goodwill has been allocated only to the forestry segment for segment reporting purposes because the Company acquired the subsidiaries for the purpose of ensuring future log supply to the processing facilities.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

9. Goodwill (continued)

Impairment testing

The Group's goodwill is classified as an indefinite asset and is therefore tested for impairment at each financial year end. The Group's assets are compared to the present value of the future cash flow that are expected to flow from the Group Sales. Goodwill is allocated to the Forestry Segment (Cash Generating Unit) for impairment testing.

The key assumptions used in estimating the future cash flows are as follows:

(i) The plantations are managed in rotation based on a clear fell age of 25 years.

(ii) The plantations are managed on a sustainable basis so that all harvested areas are replanted. The temporary unplanted areas are approximately 2 500 hectares at any point in time.

(iii) Long-term CPIX of 5.5% (2008: 5.4%)

(iv) Weighted average cost of capital 14% (2008: 13.46%)

(v) Target debt equity ratio of 30: 70 (2008: 30: 70)

(vi) Pre-tax cost of debt of 11.5% (2008: 14.75%)

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
10. Other financial assets				
At fair value through profit or loss – designated				
Derivative – interest rate swap	–	78 808	–	–
At fair value through profit or loss – held for trading				
Foreign Exchange Contracts	–	265	–	–
Available for sale				
Listed shares	629	589	629	589
Self Insurance Fund	3 282	1 174	–	–
	3 911	1 763	629	589
Loans and receivables				
Global Forest Products Holding Company (Pty) Limited	–	98	–	–
Total other financial assets	3 911	80 934	629	589
Non-current assets				
At fair value through profit or loss	–	78 808	–	–
Available for sale	3 911	1 763	629	589
Loans and receivables	–	98	–	–
	3 911	80 669	629	589
Current assets				
Held for trading	–	265	–	–
Total other financial assets	3 911	80 934	629	589

Listed shares comprise:

1) 40 540 (2008: 40 540) ordinary shares in First Rand Limited at quoted market price of R14.06 (2008: R13.30) per share.

2) 2 276 (2008: 2 276) ordinary shares in Discovery Holdings Limited at quoted market price of R25.84 (2008: R21.70) per share.

10. Other financial assets (continued)

Self Insurance Fund

A five year contract has been signed with Santam Risk Finance Limited effective 1 July 2005, whereby Global Forest Products (Pty) Limited, York Timbers (Pty) Limited and South African Plywood (Pty) Limited undertake to pay a R2 million (excluding VAT) premium per year to cover:

- Property and machinery breakdown and business interruption with a maximum cover of R10 million over the five year contract period, in aggregate; and
- Property and machinery breakdown and business interruption aggregate protection with a maximum cover of R3 million over the five year contract period, in aggregate.

The maximum aggregate amount the insurer shall pay under this policy is limited to R13 million in the aggregate in respect of all sections of the contract. The R3 million over the R10 million becomes payable in the event a claim exceeds R35 million.

Global Forest Products (Pty) Limited, York Timbers (Pty) Limited and South African Plywood (Pty) Limited shall retain the following amounts for its own account:

- Property and machinery as well as breakdown and business interruption R0.5 million per occurrence; and
- Property and machinery breakdown as well as business interruption aggregate protection R35 million.

This policy, which commenced on 1 July 2005, gives York Timbers (Pty) Limited, Global Forest Products (Pty) Limited and South African Plywood (Pty) Limited immediate cover of R13 million.

York Timbers (Pty) Limited, Global Forest Products (Pty) Limited and South African Plywood (Pty) Ltd are entitled to a refund of R10 million, less claims paid and administration costs and after interest earned at the end of the five year contract period.

The Self Insurance Fund is measured at fair value. The fair value adjustment is equal to the market related interest to be received on this financial asset over a fixed period. The gain or loss on measurement is recognised in the profit or loss for the period.

Loans and receivables

This loan is with Global Forest Products Holding Company (Pty) Limited. The loan is unsecured, bears no interest and has no fixed terms of repayment. The loan is measured at amortised cost.

Derivatives – Interest rate swap

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational activities. The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand and the extent to which instruments are favourable or unfavourable and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Foreign exchange contracts

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

Forward exchange contracts are classified as held for trading and measured at fair value.

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. In the current financial period foreign exchange contracts are classified as other financial liabilities, refer to note 22. In 2008 forward exchange contracts consisted of 15 contracts with a fair value of R50 million. This foreign exchange contract asset is the difference between the fair value of the contracts measured at forward rate for related contracts with the same maturity date at year end and the forward rate at year end.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

11. Investments at cost in subsidiaries held by the Company

Name of company	Nature of business	**Holding 2009 %**	Holding 2008 %	**Carrying amount 2009 R'000**	Carrying amount 2008 R'000
Direct investments					
Inland Realty Limited – 566 120 ordinary shares issued	Management and investment	**100**	100	**1 309**	1 509
Beth Warehouse (Pty) Limited – 2 ordinary shares issued	Property holding	**100**	100	**–**	–
Global Forest Products (Pty) Limited – 100 ordinary shares issued	Dormant	**100**	100	**1 117 743**	1 117 743
South African Plywood (Pty) Limited – 200 ordinary shares issued	Dormant	**100**	100	**–**	–
Indirect investments					
Agentimber (Pty) Limited – 120 ordinary shares issued – 260 000 12% preference shares issued	Timber Trading	**100**	100	**–**	–
Bonheur 50 Investments (Pty) Limited – 70 ordinary shares issued	Dormant	**70**	70	**–**	–
Global Sawmills Limited – 250 000 Ordinary shares issued – 1 cumulative preference share issued	Dormant	**100**	100	**–**	–
Longbogen (Pty) Limited – 4 000 ordinary shares issued	Property holding	**100**	100	**–**	–
Madiba Forest Products (Pty) Limited – 100 ordinary shares issued	Dormant	**100**	100	**–**	–
Madiba Timbers (Pty) Limited – 200 ordinary shares issued	Sawmilling and Timber trading	**100**	100	**–**	–
Pretoria Amalgamated Transport Limited – 8 000 ordinary shares issued	Property holding	**100**	100	**–**	–
Sonrach Properties (Pty) Limited – 500 ordinary shares issued	Property holding	**100**	100	**–**	–
York Timbers (Pty) Limited – 2 ordinary shares issued	Forestry and Timber trading	**100**	100	**–**	–
				1 119 052	1 119 252

During the current financial year the Company's subsidiary, Inland Realty Limited, cancelled and redeemed its 6% cumulative preference shares of R2.00 each.

The carrying amounts of subsidiaries are shown net of impairment losses.

All of the companies are incorporated and domiciled in the Republic of South Africa.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
12. Loans to group companies				
Subsidiaries				
York Timbers (Pty) Limited	–	–	760 860	765 556
Subtotal	–	–	760 860	765 556
Impairment of loans to subsidiaries	–	–	(158 220)	–
	–	–	602 640	765 556

The loan to subsidiaries bears no interest and has no fixed date of repayments.

Loans to group companies impaired

As of 30 June 2009, loans to group companies of R158 220 million (2008: Rnil) were impaired and provided for.

Impairment has been recognised on the loans to subsidiaries as the recoverable amount of the loan is less than its carrying amount. The impairment loss has been recognised in profit and loss.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
13. Instalment sale receivables				
Gross investment in the lease receivables				
– within one year	1 940	1 848	–	–
– in second to fifth year inclusive	–	1 666	–	–
	1 940	3 514	–	–
Less: Unearned finance income	(86)	(661)	–	–
	1 854	2 853	–	–
Present value of minimum lease payments received				
– within one year	1 854	1 516	–	–
– in second to fifth year inclusive	–	1 337	–	–
	1 854	2 853	–	–
Non-current assets	–	1 005	–	–
Current assets	1 854	1 848	–	–
	1 854	2 853	–	–

These instalment sale receivables bear interest at prime rate of 11.0% per annum (2008: 15.5% per annum) and are receivable over the lease term of three years in 36 monthly instalments of R0.215 million (2008: R0.154 million), starting on 30 April 2007 and ending on 30 March 2010.

All the risks associated with ownership were transferred to the purchaser on delivery of the assets.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
14. Inventories				
Raw materials	**50 510**	37 221	**–**	–
Work in progress	**41 335**	35 484	**–**	–
Timber and timber products	**143 319**	111 332	**–**	–
Consumables	**22 501**	22 440	**–**	–
Subtotal	**257 665**	206 477	**–**	–
Write down to net realisable value	**(31 198)**	(8 569)	**–**	–
	226 467	197 908	**–**	–

The write down to net realisable value relates to products which from management's experience and knowledge have reached the end of the useful lives. The condition of the inventory and also market demand and customer preference are recognised in arriving at the write down amount.

The write down of inventory to net-realisable value can be attributed to the following inventory items:

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Work in progress	**(27 576)**	–	**–**	–
Timber and timber products	**(3 622)**	(8 569)	**–**	–
	(31 198)	(8 569)	**–**	–

Inventory pledged as security

Inventory is encumbered under a General Notarial Bond in favour of Micawber 558 (Pty) Limited.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
15. Trade and other receivables				
Trade receivables	**108 452**	147 704	**149**	165
Employee costs in advance	**526**	8 355	**–**	–
Prepayments	**3 713**	3 425	**–**	–
Deposits	**242**	215	**–**	–
VAT	**–**	4 122	**–**	–
Loans to employees and managers	**383**	321	**–**	–
Intercompany debtors	**–**	–	**–**	760
Other receivables	**4 683**	27 966	**791**	1 059
	117 999	192 108	**940**	1 984

Trade and other receivables pledged as security

The trade receivables of the Group have been ceded to First Rand Bank Limited as security for the banking facilities made available to the Group (refer note 16) and loan facilities (refer note 22).

Trade and other receivables impaired

Trade and other receivables are shown net of impairment losses which arise as a result of debtors where the recoveries of the debts are doubtful. The amount of the allowance for impairment losses was R18.176 million as of 30 June 2009 (2008: R9.707 million).

The allowance for impairment losses is based on a view taken by management on the recoverability of outstanding amounts, where the amounts exceed normal terms by at least 30 days.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
16. Cash and cash equivalents				
Cash on hand	85	138	–	–
Bank balances	124 337	222 400	114	176
	124 422	222 538	114	176

The banking facility granted by First Rand Bank Limited is secured by a cession of trade receivables (refer note 15) and cross suretyships within the Group as well as the assets financed under the asset based facility. Total bank facilities are as follows:

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
General banking facility	59 000	80 000	–	–
Guarantees	81 000	44 000	–	–
Forward exchange contracts	–	1	–	–

The general banking facility of R59 million is shared by the Group.

17. Non-current assets held for sale

In the prior reporting period the Group was in the process of disposing certain investment properties. The last of these investment properties was disposed during the review period.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
Assets and liabilities				
Non-current assets held for sale				
Investment property	–	1 023	–	–
Details and carrying value of investment property classified as held for sale:				
Investment property				
Portion 20 of Farm Krelingspost	–	1 023	–	–

This investment property held for sale was sold during the current financial year and a loss of R0.373 million was recognised in profit or loss.

18. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Available for sale R'000	Total R'000
Group – 2009					
Other financial assets	–	–	–	3 911	3 911
Instalment sale receivables	1 854	–	–	–	1 854
Trade and other receivables	117 999	–	–	–	117 999
Cash and cash equivalents	–	124 422	–	–	124 422
	119 853	124 422	–	3 911	248 186

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

18. Financial assets by category (continued)

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Available for sale R'000	Total R'000
Group – 2008					
Other financial assets	98	265	78 808	1 763	80 934
Instalment sale receivables	2 853	–	–	–	2 853
Trade and other receivables	192 108	–	–	–	192 108
Cash and cash equivalents	–	222 538	–	–	222 538
	195 059	222 803	78 808	1 763	498 433

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Available for sale R'000	Total R'000
Company – 2009					
Loans to group companies	602 640	–	–	–	602 640
Other financial assets	–	–	–	629	629
Trade and other receivables	940	–	–	–	940
Cash and cash equivalents	–	114	–	–	114
	603 580	114	–	629	604 323
Company – 2008					
Loans to group companies	765 556	–	–	–	765 556
Other financial assets	–	–	–	589	589
Trade and other receivables	1 984	–	–	–	1 984
Cash and cash equivalents	–	176	–	–	176
	767 540	176	–	589	768 305

Fair value of financial assets

Loans and receivables, including trade and other receivables, are measured at amortised cost using the effective interest rate method, less any impairment losses. These values do not differ materially from the fair value, which is estimated as the present value of future cash flows, discounted at the market rate of interest at reporting date.

Financial assets at fair value through profit or loss and available-for-sale financial assets are carried at fair value, which is determined with reference to their quoted market bid price at the reporting date.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
19. Issued capital				
Authorised				
100 000 000 ordinary shares of R0.05 each	**5 000**	5 000	**5 000**	5 000
2 870 529 convertible, non-redeemable cumulative preference shares of R0.05 each	**144**	144	**144**	144
	5 144	5 144	**5 144**	5 144
Reconciliation of number of ordinary shares issued:				
Reported at the beginning of the period	**78 370**	11 041	**78 370**	11 041
Shares repurchased	–	(2 871)	–	(2 871)
Issue of shares – vendor consideration	–	33 333	–	33 333
Issue of shares – ordinary shares	–	13 534	–	13 534
Issue of shares through right issue offer	–	23 333	–	23 333
	78 370	78 370	**78 370**	78 370
Issued ordinary shares				
Ordinary share capital	**3 919**	3 919	**3 919**	3 919
Share premium	**1 026 888**	1 024 477	**1 002 622**	1 024 477
Share issue costs written off against share premium	–	(21 855)	–	(21 855)
	1 030 807	1 006 541	**1 006 541**	1 006 541
Convertible, non-redeemable cumulative preference shares				
Redeemable preference share capital	–	144	**144**	144
Redeemable preference share premium	–	28 074	**28 073**	28 073
	–	28 218	**28 217**	28 217

The share issues during the prior financial period consist of:

- 23.3 million new ordinary shares through a rights offer at an issue price of R15 per share. The rights offer was announced on 4 July 2007 with the ratio being 211.34123 rights offer shares for every 100 York shares held at the close of business on Friday, 3 August 2007;
- 13.5 million ordinary shares through a "specific issue for cash" at R15 per share on 4 July 2007 to raise additional working capital and to improve the gearing of the Company; and
- Issue of ordinary shares through a "Vendor Consideration Issue". A share swap took place on 24 August 2007, between the Company and Industrial Development Corporation of SA Limited ("IDC") where the Company swapped 33.3 million shares at R15 each as consideration for the outstanding loans to the value of R500 million with the IDC.

Share buyback

- The Company, jointly with Blackstar Investors Plc, made a repurchase offer to shareholders of the Company to repurchase its shares at R9.83 per share. The Company repurchased 2 870 529 shares from the existing shareholders. This share buyback transaction took place on 16 March 2007.
- The share buyback transaction was financed by the issue of 2 870 529 convertible, non-redeemable cumulative preference shares at 5 cents each. The preference shares are convertible on a one to one basis three years and six months from the date of issue. The coupon payable on the preference shares is prime rate less 1.25% per annum. These preference shares form part of loans and borrowings and the preference dividends part of finance cost. Refer to note 22.
- The ordinary shares that were repurchased by the Company were cancelled.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

19. Issued capital (continued)

Rights issue cost

- The Company paid R21.86 million for the rights offer as mentioned above. This cost was deducted from share premium during the prior financial reporting period.

Unissued shares cannot be allocated or issued by directors without the authorisation of the shareholders in a general meeting.

Consolidation of SPE and Trusts

One of York's principal strategic objectives is the implementation of a broad-based BEE structure that will result in a percentage of the Company's equity and voting rights being beneficially held by black people. Moreover, the Company recognised the need to address the lack of participation by black women and broad-based structures in BEE consortia and has structured a transaction to assist in the achievement of this objective.

Blackstar funded SPE and Trusts

York Timber Holdings Limited created, allocated and issued 2 870 529 voting convertible, non-redeemable cumulative preference shares at R9.83 (par value 5 cents) on 20 February 2007, which is used as the valuation date, to a Staff SPE and Community SPE respectively, with:

- 1 104 050 of these preference shares issued to a Staff SPE. This Staff SPE is owned by a Staff Trust;
- 1 766 479 of the preference shares issued to a Community SPE. This Community SPE is in turn owned by a Community Trust.

In turn, the SPE issued the following preference shares to fund the purchase of the York preference shares:

- 1 766 479 redeemable, cumulative preference shares at par value of R0.05 were issued to Blackstar (Cyprus) Investors Limited ("Blackstar");
- 1 104 050 redeemable, cumulative preference shares at par value of R0.05 were issued to Blackstar.

During the previous financial reporting period the SPE and Trusts were not consolidated as it was the view of the Group that the Group did not control these SPE and Trusts. During the current financial reporting period this view was reassessed and it was determined that the Group controls the SPE and Trusts.

IDC funded SPE

On 24 August 2007 the IDC subscribed to 33.3 million shares through the previously described Vendor Consideration Issue. Ten million of these shares were subscribed to by two SPEs at the time. They together took up the 10 million shares at a price of R15 per share.

These two SPEs were funded through preference shares issued to the IDC as follows:

- 10 000 000 cumulative redeemable preference shares of R0.01 in varying classes of share, with varying real IRR return requirements ranging from 2.5% to 8%.
- These shares are redeemable by the SPE at any time after three years and one day of issue, but no later than the tenth anniversary of the issue date.

At the time of creation of the SPE and the IDC funding structures, the intention was that the control of allocation of benefits and rewards would be at the instance of the IDC. Subsequent implementation of the structures has not resulted in this intention and therefore the structures are being reviewed and will be amended as appropriate. As the economic substance has not been implemented correctly, these structures are not consolidated.

Share premium

During the prior financial period the share premium increased due to the consolidation of the SPE and Trusts. The SPE's and Trusts' share premium does not affect the Company's share premium and therefore the share premium is different in the Group than that in the Company.

20. Share based payments

(i) Cash settled share based payment

Share Option Group	Number '000	Value per option R	Total share value R'000
2009			
Number of options in issue at 30 June 2009	399	0.18	71
Outstanding at the end of the period	399	0.18	71

Weighted average share price at exercise date of options was R22.70

Outstanding options	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
Options with a value of R0.18	50	21	–	71

Share Option Group	Number '000	Value per option R	Total share value R'000
2008			
Options granted on 1 March 2008	492	7.36	3 618
Outstanding at the end of the period	492	7.36	3 618

Weighted average share price at exercise date of options in 2008 was R23.

Outstanding options	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
Options with a value of R7.36	733	2 885	–	3 618
Information on options granted during the year				
Weighted fair value of options issued	–	1	–	–

The Group offers its key employees an incentive plan in the form of an employee share option scheme. This incentive will be achieved through certain employees being afforded the right to receive a cash payment after a five year period, subject to the fulfilment of certain conditions. This cash payment will be based on the appreciation in the value of the shares over the five year period.

These shares were allocated on 1 March 2008 and notice of allocation sent to beneficiaries. The transaction constitutes a long European call option with a term of five years from the grant date in the hands of the employees.

The movement of options in issue from 492 000 on 30 June 2008 to 399 000 on 30 June 2009 is due to members exiting from the scheme.

Employee share options are call options granted by entities to their employees. During the first portion of its life the option cannot be exercised and is forfeited should the employee leave the employment of the entity. This period of the option's life is referred to as the vesting period. After the vesting date, a lock in period up to five years after the grant date follows, at which time the option is exercised.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

20. Share based payments (continued)

(i) Cash settled share based payment (continued)

The payoff that a beneficiary of the share option scheme will receive, at the end of the lock in period, is the difference between the spot price on the exercise date and one and a half times the 60 day volume weighted average price on the grant date. The structure of this scheme is valued using the Black Scholes methodology.

The scheme is treated as a cash settled scheme. Cash settled schemes are valued at reporting date in terms of IFRS 2.

Fair value was determined by the Black-Scholes model. The following inputs were used:

- Weighted average share price of R22.70 (2008: R20.75) per share.
- Exercise price of R34.05 (2008: R34.05) per share.
- Expected volatility was calculated by using the moving weighted average 53.43% (2008: lambda = 99%) on historical share prices.
- Option life is five years.
- No dividends will be paid in the foreseeable future. Therefore a dividend yield of 0% was applied in the calculation.
- The risk-free interest rate sourced from the Bond Exchange of South Africa. The zero coupon swap curve as at 30 June 2009 was used.

Method and the assumptions to incorporate the effects of expected early exercise:

- Volatility was calculated using the exponentially moving weighted average 53.43% (2008: lambda = 99%), on historical share price data, to calculate the volatility. When historical share prices are used normally the history preceding valuation date equal in duration to the time to maturity is used, five years in this instance. However, management indicated that the rights issue during August of 2007 biased the volatility upwards. Based on analysis of share price volatility subsequent to the rights issue, the average of the exponentially weighted volatilities for 1 March 2008 and 13 August 2008 were selected.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Liability arising from share based payments				
Carrying amount of cash settled liability	**(50)**	(733)	**(50)**	(733)
Intrinsic value	**–**	(733)	**–**	(733)

Any changes in the cash settled liability are recognised as part of finance cost.

(ii) Equity settled share based payment

Model inputs and assumptions

Valuation date

The transaction was approved at a shareholders' meeting on 20 February 2007, which is used as valuation date.

Subscription and funding assumptions

Main Street subscribed for preference shares issued by York. These shares will be convertible to ordinary shares in time to result in Main Street's 26% stake in York at the time of conversion. Main Street obtained funding for the York preference share subscription by issuing preference shares to Blackstar.

York preference shares

The York preference shares were issued as follows:

- Main Street subscribed for 2 870 529 York preference shares.
- The York preference shares will be convertible on a one-for-one basis into ordinary shares at the option of the holder three years and six months from the date of issue.
- The coupon payable will be the prevailing Prime interest rate less 1.25%.
- The York preference share subscription price was R9.83 per share.
- York preference dividend dates will be 1 July each year, subject to sufficient profits being available.

20. Share based payments (continued)

(ii) Equity settled share based payment (continued)

Share price

The share price at which Blackstar purchased a majority stake in York at the time of the preference share subscription is used as the spot price on valuation date, i.e. R9.83.

York dividend assumptions

Management indicated that no ordinary dividends are expected until 2011.

Volatility estimation

Since the potential transaction with Blackstar was announced on 22 January 2007 in a circular to the shareholders, the share price between the announcement and the transaction date was biased upwards by the potential corporate action. The volatility prior to the announcement, i.e. 19 January 2007, is therefore more indicative of the variability in the York share price around the time of the transaction. The exponentially weighted moving average ("EWMA") method with a lambda coefficient of 99% was used to estimate the historical volatility from York's historical share prices. The estimated EWMA volatility of 36.8% has been applied.

Risk-free interest rates

The risk-free interest rate for the valuation date was independently sourced from the Bond Exchange of South Africa.

Maturity

The maturity date of the transaction is the date on which the preference shares are convertible to ordinary shares, at the earliest, 20 August 2010. It is assumed that trigger events will not occur during the life of the transaction.

Valuation results

Given the details and assumptions mentioned above, the amounts recognised are as follows:

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Equity reserve arising from share based payment	–	10 446	–	10 446
Amount recognised as part finance cost	(9 160)	10 446	–	10 446

21. Hedging reserve

Description of the hedge

The Group entered into certain variable JIBAR-linked funding transactions. In order to hedge against the risk of interest rate fluctuations, an interest rate swap was entered into with RMB, fixing its future interest settlements in ZAR terms. Through this swap agreement the Group pays a fixed rate (9.58%) and receives JIBAR. The hedge is classified as a cash flow hedge.

Nature of the risks being hedged

The risk of fluctuations in the variable 3-month JIBAR relating to the JIBAR-linked loans, compared to a fixed ZAR interest rate.

The change in the fair value of the hedge is recognised in equity. Refer to note 22 for the fair value of the hedge.

This is the first year that hedge accounting was applied. During the prior period the movement in the fair value of the hedge was recognised in profit and loss.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Opening balance	–	–	–	–
Movement in fair value of hedge	(89 545)	–	–	–
	(89 545)	–	–	–

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
22. Other financial liabilities				
At fair value through profit or loss – held for trading				
Foreign exchange contract	**120**	–	**–**	–
The Company uses forward exchange contract financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. No hedge accounting is applied. 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. This foreign exchange contract liability is the difference between the fair value of the contracts measured at spot rate at year end and contract value at year end. Forward exchange contracts consists of six contracts with a fair value of R2.296 million and a contract value of R2.416 million.				
Held at amortised cost				
Rand Merchant Bank Senior Term A Loan	**148 476**	168 516	**–**	–
This loan was incurred on 12 July 2007. The interest rate is based on the 3-month JIBAR rate plus a margin of 2.75%, with a nominal annual rate compounded monthly ("NACM") of 13.987% (2008: 13.425%). Interest is compounded monthly and payments are made quarterly. The loan is repayable at escalating values as per contract agreed upon. The next payment will be R9.091 million (2008: R10.541 million), starting 31 January 2008 with a final payment on 13 July 2014.				
Rand Merchant Bank Senior Term B Loan	**280 119**	281 789	**–**	–
This loan was incurred on 12 July 2007. The interest rate is based on the 3-month JIBAR rate plus a margin of 2.9%, with a NACM of 14.137% (2008: 13.572%). Interest is compounded monthly and payments are made quarterly. The loan is repayable at escalating values as per contract agreed upon. The next payment will be R17.767 million (2008: R10.239 million), starting 31 October 2009 with a final payment on 13 July 2014.				
Rand Merchant Bank Senior Term C Loan	**203 840**	205 054	**–**	–
This loan was incurred on 12 July 2007. The interest rate is based on the 3-month JIBAR rate plus a margin of 3.25%, with a NACM of 14.486% (2008: 13.917%). Interest is compounded monthly and paid over quarterly. Interest is paid in quarterly instalments of R5.791 million (2008: R7.623 million) and the principal amount will be settled with a bullet payment on 13 July 2014.				
Rand Merchant Bank Mezzanine Loan	**441 669**	444 280	**–**	–
This loan was incurred on 12 July 2007. The interest rate is based on the 3-month JIBAR rate plus a margin of 8%, with a NACM of 19.237% (2008: 18.584%) Interest is compounded monthly and paid over quarterly. Interest is paid in quarterly instalments of R17.599 million (2008: R21.537 million), and the principal amount will be settled with a bullet payment on 13 July 2015.				

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
22. Other financial liabilities (continued)				
Nedbank Mortgage Bond This loan is secured by a first mortgage bond over freehold land and buildings with a carrying value of R4.400 million (2008: R4.3 million), (refer note 6), bears interest at 11.5% per annum (2008: 12%) and is repayable by monthly instalments of R0.020 million (2008: R0.019 million). The last payment is due on 30 September 2016.	1 178	1 273	–	–
Wesbank Capital loan This loan bears interest at an effective rate of 13.50% (2008: 14%) per annum and is payable over a period of seven years in 14 payments of R6 million (2008: R6 million) every six months, starting in June 2007. The final balance will be settled with a bullet payment of R14 million in December 2013. This loan is secured by a R38 million Special Notarial Bond over the hewsaw plant, reflected under property plant and equipment, with a carry value of R21.374 million (2008: R18.6 million) and a mortgage bond over fixed property, refer note 5.	45 845	51 122	–	–
South African Forestry Company Limited ("SAFCOL") The loan bears interest at prime less 3.5% and is repayable on 1 July 2009.	6 150	5 522	–	–
York convertible, non-redeemable cumulative preference shares These preference shares have a coupon rate of prime less 1.25% per annum and are convertible into ordinary shares on a one to one basis after a period of three years and six months after the date of issue at the option of the holder of the share. Refer to note 19.	–	28 217	28 217	28 217
Blackstar redeemable cumulative preference shares These preference shares have a coupon rate of prime less 1.25% per annum, are subject to a before tax IRR of 20% and are convertible into ordinary shares on a one to one basis at the option of the holder of the share.	11 680	–	–	–
Equity kicker liability The equity kicker derived from the terms of the preference shares held by Blackstar which entitles Blackstar to 25% of the increase in the audited net asset value of the SPEs as defined earlier (refer note 19), valued with standard Black-Scholes option methodology.	699	–	–	–
Preference dividends payable Preference dividends on redeemable preference shares have been accrued but not yet declared.	8 194	–	–	–
Derivative – interest rate swap In order to hedge against the risk of interest rate fluctuations on the JIBAR-linked debt funding, the Group entered into an interest rate swap agreement with RMB, fixing its future interest settlements in ZAR terms. The Group pays a fixed rate of 9.58% and receives JIBAR. Refer to note 21 for the movement in the fair value of the hedge recognised in equity.	35 319	–	–	–

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
22. Other financial liabilities (continued)				
Loan raising fees	**(23 927)**	(28 957)	**–**	–
RMB loan raising fees amortised over the period of the loan (seven years). The amortised amount is included in finance expense.				
	1 159 242	1 156 816	**28 217**	28 217
	1 159 362	1 156 816	**28 217**	28 217
Non-current liabilities				
At amortised cost	**1 061 543**	1 096 983	**28 217**	28 217
Current liabilities				
Held for trading	**120**	–	**–**	–
At amortised cost	**97 699**	59 833	**–**	–
	97 819	59 833	**–**	–
	1 159 362	1 156 816	**28 217**	28 217

The RMB Senior Loan Facilities and Mezzanine Loan Facility are secured in favour of Micawber 558 (Pty) Limited by cessions and pledges of all shares in subsidiaries and by mortgage bonds, special notarial and general notarial bonds over all of the Group's assets, immovable properties and movable property and effects.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
23. Finance lease obligation				
Minimum lease payments due				
– within one year	**5 909**	6 753	**–**	–
– in second to fifth year inclusive	**23 636**	25 947	**–**	–
– later than five years	**5 587**	8 355	**–**	–
	35 132	41 055	**–**	–
Less: future finance charges	**(8 442)**	(11 536)	**–**	–
Present value of minimum lease payments	**26 690**	29 519	**–**	–
Present value of minimum lease payments due				
– within one year	**3 438**	2 698	**–**	–
– in second to fifth year inclusive	**17 755**	15 747	**–**	–
– later than five years	**5 497**	11 074	**–**	–
	26 690	29 519	**–**	–
Non-current liabilities	**23 252**	26 821	**–**	–
Current liabilities	**3 438**	2 698	**–**	–
	26 690	29 519	**–**	–

These liabilities consist of 15 (2008: 15) capitalised finance leases, payable over a period of six years at an effective interest rate of 13.69% (2008: 14%) per annum. These liabilities are secured by plant and equipment and motor vehicles with a carrying value of R18.883 million (2008: R22.680 million), refer note 5. These leases have no escalation clause. Repayments are based on the outstanding debt and the prevailing interest rate.

On expiry of the initial lease period, the lease will automatically be renewed on the same terms and conditions as the existing agreements. The annual rental for the first year of renewal is specified in the existing agreements. The asset can be disposed after renewal of the lease by either the Group or the lessor. The Group is entitled to a rebate of rentals equivalent to the net amount realised by such a sale.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
24. Instalment sale liability				
Minimum instalments due				
– within one year	2 148	2 338	–	–
– in second to fifth year inclusive	3 212	6 181	–	–
– later than five years	55	280	–	–
	5 415	8 799	–	–
Less: future finance charges	(727)	(2 480)	–	–
Present value of minimum lease payments	4 688	6 319	–	–
Present value of minimum instalment sale payments due				
– within one year	1 781	1 578	–	–
– in second to fifth year inclusive	2 852	4 273	–	–
– later than five years	55	468	–	–
	4 688	6 319	–	–
Non-current liabilities	2 907	4 741	–	–
Current liabilities	1 781	1 578	–	–
	4 688	6 319	–	–

These liabilities consist of 19 (2008: 23) instalment sale agreements with Stannic and Wesbank and are payable over a period of two to six years at an effective interest rate of 13.1% (2008: 12.76%) per annum. These liabilities are secured by plant and equipment and motor vehicles with a carrying value of R2.596 million (2008: R2.828 million). Refer note 5.

25. Retirement benefits

(i) Defined benefit plan

The Group's policy is not to provide post-retirement medical aid benefits to its employees. However, a provision is made for a closed group of current and former employees in respect of legacy post-retirement medical scheme contribution subsidies. Independent actuaries determine the value of this obligation and the annual costs of such benefits every three years. The assumptions used are consistent with those adopted by the actuaries in determining pension costs and in addition include long term estimates of the increases in medical costs and appropriate discount rates.

An actuarial valuation was carried out as at 30 June 2009.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Carrying value				
Present value of the defined benefit obligation – wholly unfunded	(20 200)	(17 431)	–	–
Movements for the period				
Opening balance	17 431	15 874	–	–
Contributions by members	–	11	–	–
Benefits paid	(1 061)	–	–	–
Net expense recognised in the income statement	3 830	1 546	–	–
	20 200	17 431	–	–
Net expense recognised in the income statement				
Current service cost	234	(46)	–	–
Interest cost	1 700	1 592	–	–
Actuarial (gains)/losses	1 896	–	–	–
	3 830	1 546	–	–

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

25. Retirement benefits (continued)

(i) Defined benefit plan (continued)

Main assumptions

It is assumed there would be a gap of 2% between the discount rate (estimated corporate bond yield of 9.1% (2008: 9.75%) and the medical contribution inflation rate (an increase of 7.1% (2008: 7.75%) was assumed).

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase R'000	One percentage point decrease R'000
The aggregate of the service cost and interest cost	2 184	1 726
Defined benefit obligation	22 690	18 035

Amounts for the current and previous four periods are as follows:

	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000
Post-retirement benefit obligation	**20 200**	17 431	15 874	13 134	11 834

(ii) Defined contribution plan

The Group has three provident schemes, R&S Provident Fund, ROL Provident Fund and the Hospitality Provident Fund, for weekly paid employees, which are defined contribution plans. 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.

Retirement fund

It is the policy of the Group to provide retirement benefits to all its employees, salaried/monthly paid and weekly paid. The Group has three provident schemes: Hospitality Provident Fund, General Provident Fund and York Timbers Provident Fund (formerly GFP Provident Fund), for employees, which are defined contribution plans, all of which are subject to the Pensions Fund Act.

	GROUP		COMPANY	
	2009	2008	**2009**	2008
The number of members of each scheme at year end:				
ROL Provident fund	**212**	209	**–**	–

Pension fund

It is the policy of the Group to provide pension benefits to all its salaried employees. The Group has two pension funds, ROL Pension Fund and Liberty Pension Fund.

Medical aid fund

The Group contributes to a defined medical aid scheme for the benefit of its permanent employees and their dependants.

The Group reviewed the contribution and benefit structure of its medical aid scheme with effect from 1 September 1999 and 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. The Group is under no obligation to cover any unfunded benefits.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Total Group provident fund contribution	**11 205**	13 767	**–**	–
Total Group pension fund contribution	**2 548**	3 356	**–**	–
Total Group medical aid fund contribution	**6 524**	10 144	**–**	–

	GROUP		COMPANY	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
26. Provisions				
Environmental rehabilitation				
Opening balance	54 643	–	–	–
Additions through business combination	–	54 643	–	–
	54 643	54 643	–	–

The environmental rehabilitation provision relates to costs associated with indemnities in the business combination (refer to note 40). This amount was calculated for business combination purposes in terms of International Financial Reporting Standards 3 (IRFS 3). The expected timing of the outflow of economic benefits with regard to the provision is uncertain.

No reimbursements are expected.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
27. Deferred tax				
Deferred tax (liability)/asset				
Deferred tax attributable to the following:				
Capital allowances	33 938	(49 609)	(27)	–
Biological assets	(477 313)	(489 957)	–	–
Provisions	15 308	30 233	–	–
Calculated assessed loss	15 375	32 784	682	–
Derivative financial instruments	34	(22 066)	–	–
Other deferred tax	(2 316)	–	–	–
	(414 974)	(498 615)	655	–
Reconciliation of deferred tax asset/(liability)				
At beginning of the year	(498 615)	(9 414)	–	(339)
Acquired through business combination	–	(295 575)	–	–
Increase in tax losses available for set off against future taxable income	–	–	682	–
Originating temporary difference on tangible fixed assets	–	–	(27)	–
Charge to the income statement	83 641	(193 626)	–	339
	(414 974)	(498 615)	655	–

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment properties/financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property/financial assets is through sale, the capital gains tax rate of 14% (2008: 14%) is used. If the expected manner of recovery is through indefinite use, the normal tax rate of 28% (2008: 28%) is applied.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.

	GROUP		COMPANY	
	2009 %	2008 %	2009 %	2008 %
Tax consequences of undistributed reserves				
STC on remaining reserves	10.00	10.00	10.00	10.00

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
28. Trade and other payables				
Trade payables	**159 443**	157 832	**15**	–
VAT	**7 609**	–	**61**	68
Other payables and accruals	**25 564**	37 758	**14 974**	16 989
Accrued leave pay	**12 190**	11 679	**–**	–
Accrued bonus	**6 087**	5 816	**–**	–
Sundry accruals	**5**	7	**–**	–
Accrued expense	**145**	–	**–**	–
Other accrued expenses	**13 807**	20 578	**–**	–
Deposits received	**349**	314	**–**	–
	225 199	233 984	**15 050**	17 057
29. Financial liabilities by category				
The accounting policies for financial instruments have been applied to the line items below:				
Financial liabilities at amortised cost				
Finance lease obligation	**26 690**	29 519	**–**	–
Instalment sale liability	**4 688**	6 319	**–**	–
Other financial liabilities	**1 159 242**	1 156 816	**28 217**	28 217
Trade and other payables	**225 199**	233 984	**15 050**	17 057
	1 415 819	1 426 638	**43 267**	45 274
Fair value through profit or loss – held for trading				
Other financial liabilities	**120**	–	**–**	–
30. Revenue				
Sale of goods	**1 093 046**	1 516 891	**–**	–
Rental Income	**2 244**	3 152	**–**	–
	1 095 290	1 520 043	**–**	–
31. Finance income				
Dividend income on available-for-sale financial instruments	**1**	52	**1**	52
Derivative – interest rate swap	**–**	78 808	**–**	–
Interest income on bank deposits	**12 402**	15 358	**30**	82
Interest charged on trade and other receivables	**2**	–	**–**	–
Other interest	**728**	16 203	**114**	35
	13 133	110 421	**145**	169

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
32. Finance expense				
Non-current borrowings	10 265	7 641	–	–
Dividends on preference shares classified as liabilities	7 732	4 615	3 685	4 615
Fair value of share based payment	(9 160)	10 446	–	10 446
Trade and other payables	3 768	10 781	–	–
Finance leases	154 243	166 080	–	–
Bank	269	3 436	–	127
RMB transaction costs	5 030	4 740	–	–
Equity kicker liability	699	–	–	–
Derivative – interest rate swap	24 582	–	–	–
Other interest paid	466	1 323	305	1 313
	197 894	209 062	3 990	16 501
Finance expense can be reconciled according to instrument as follows:				
Fair value through profit or loss	269	3 436	–	127
Other	197 625	205 626	3 990	16 374
	197 894	209 062	3 990	16 501
33. Fair value adjustments				
Investment property	100	–	–	–
Biological assets	(244 698)	607 308	–	–
	(244 598)	607 308	–	–
34. Operating profit/(loss)				
Operating profit for the year is stated after accounting for the following:				
Income from subsidiaries				
Dividends from subsidiary	–	–	–	836 323
Administration and management fees	–	–	–	8 550
Leasing and hire charges	–	–	–	90
	–	–	–	844 963
Operating expenses				
Operating lease charges:				
– Premises	(1 843)	(2 377)	–	–
– Motor vehicles	(125)	(50)	–	–
– Equipment	(950)	(1 243)	(5)	–
– Other	214	(1)	–	–
(Loss)/profit on sale of property, plant and equipment	(1 569)	400	–	35
Loss on sale of non-current assets held for sale and net assets of disposal groups	(373)	(339)	–	–
Impairment of:				
– Property, plant and equipment	(43 390)	–	–	–
– Loans to group companies	–	–	(158 220)	–
– Other financial assets	–	(1 078)	–	–
– Trade and other receivables	(6 183)	–	–	–

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
34. Operating profit/(loss) (continued)				
Depreciation and amortisation of:				
– Property, plant and equipment	**(18 711)**	(26 208)	**(94)**	(187)
– Intangible assets	**(678)**	–	**–**	–
Directors' emoluments:				
– Executive directors	**(6 581)**	(10 069)	**–**	(587)
– Non-executive directors	**(2 598)**	(1 990)	**(2 598)**	(1 990)
Amount expensed in respect of retirement benefit plans consisting of the following:				
– Provident fund contributions	**(2 548)**	(13 767)	**–**	–
– Pension fund contributions	**(11 205)**	(3 356)	**–**	–
– Medical aid fund contributions	**(6 524)**	(10 144)	**–**	–
Foreign exchange gain on forward exchange contracts	**149**	1 142	**–**	–
Operating lease income	**1 256**	1 420	**–**	–
Administration expense	**(1 451)**	(49 968)	**–**	(3 475)
Distribution expense	**(151 432)**	(156 789)	**–**	–
Employee costs	**(148 482)**	(279 230)	**(3 338)**	(4 525)
Research and development costs	**(337)**	(286)	**–**	–
Selling expense	**(2 226)**	(1 469)	**–**	–
Net cost of fire damage	**–**	(25 766)	**–**	–
Insurance proceeds from fire damages	**158 731**	24 381	**–**	–
35. Taxation				
Major components of the tax expense				
Current				
Local income tax – current period	**2 555**	6 084	**–**	(4)
Local income tax – recognised in current tax for prior periods	**–**	(365)	**–**	–
STC	**379**	–	**369**	–
	2 934	5 719	**369**	(4)
Deferred				
Originating and reversing temporary differences	**(83 641)**	204 143	**(655)**	147
Changes in tax rates	**–**	(10 517)	**–**	–
	(83 641)	193 626	**(655)**	147
	(80 707)	199 345	**(286)**	143

In terms of the arbitration award received from the Department of Water Affairs and Forestry in 2004, any taxes arising from the award would be for the account of the Department. During 2006 the SA Revenue Service revised the assessment for the 2004 year with an additional R12.61 million as payable. This was recovered from the Department. 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 R3.66 million taxation payable which in turn is recoverable from the Department.

	GROUP 2009 %	GROUP 2008 %	COMPANY 2009 %	COMPANY 2008 %
35. Taxation (continued)				
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Income before taxation	25.80	27.00	–	–
Disallowed expenditure	2.20	(0.40)	0.10	–
Dividend and capital income	–	–	27.90	28.60
Deferred tax asset not raised	–	–	–	(0.60)
Rate adjustment	–	1.40	–	–
	28.00	28.00	28.00	28.00
36. Auditors' remuneration				
Fees	1 157	1 636	–	–
Other services	67	195	–	–
Expenses	6	39	–	–
	1 230	1 870	–	–
37. Operating lease				
The Group leases industrial land and certain land and buildings under operating leases.				
Total future minimum lease payments under non-cancellable operating leases:				
Not later than 1 year	374	2 636	–	–
Between 2 and 5 years	1 495	353	–	–
After 5 years	1 612	412	–	–
	3 481	3 401	–	–
38. Cash generated by/(utilised in) operating activities				
Loss/profit before taxation	(312 627)	738 095	(161 883)	818 256
Adjustments for:				
Depreciation, amortisation and impairment	62 779	26 208	94	187
Provision for bad debts	8 469	6 110	–	–
Write-down of inventory	22 631	8 567	–	–
(Loss)/profit on sale of property, plant and equipment	1 569	400	–	(35)
Loss on sale of non-current assets held for sale	373	339	–	–
Interest received	(13 133)	(110 421)	(145)	(169)
Finance expense	197 894	209 062	3 990	6 055
Fair value adjustments	244 984	(607 308)	–	10 446
Share based payment	(683)	733	(683)	733
Impairment of group company loans	–	–	158 220	–
Movements in retirement benefit assets and liabilities	2 769	(35)	–	–
Fair value adjustment: shares acquired	–	–	–	(50)
Dividend received from subsidiaries	–	–	–	(836 323)

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
38. Cash generated by/(utilised in) operating activities (continued)				
Changes in working capital:				
Inventories	**(51 190)**	(55 162)	**–**	–
Trade and other receivables	**65 640**	(15 346)	**1 044**	(2 639)
Trade and other payables	**(8 528)**	31 019	**(1 750)**	14 972
Provisions utilised	**–**	(7 889)	**–**	–
	220 947	224 372	**(1 113)**	11 433
39. Tax paid				
Balance at beginning of the year	**(5 489)**	(5 474)	**(485)**	(544)
Current tax for the period recognised in income statement	**80 707**	(199 345)	**286**	(143)
Movement in deferred taxation	**(83 641)**	193 626	**(655)**	(339)
Balance at end of the year	**5 424**	5 489	**854**	485
	(2 999)	(5 704)	**–**	(541)

40. Acquisition of businesses

Business Combination

York purchased 100% of all the shares in and shareholders' claims against Global Forest Products (Pty) Limited and South African Plywood (Pty) Ltd (collectively "Global") in the prior reporting period for an amount, inclusive of acquisition costs, of R1.703 billion. The acquisition was settled by cash raised through a rights offer, debt facilities extended by Rand Merchant Bank Limited and a vendor consideration issue to the Independent Development Corporation ("IDC").

Approval of the purchase was ratified by shareholders on 12 July 2007.

Goodwill representing the difference of fair values of net assets purchased and the acquisition price, is underpinned by the availability of own logs for the Global and York mills, thereby ensuring sustainability. Refer to the calculation below.

The acquiree's revenue and earnings before interest and tax since the acquisition date (13 July 2007) was approximately R1.059 billion and R700 million respectively.

Business combinations	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisitions
Property, plant and equipment	342 963	(56 677)	286 286
Biological assets	1 321 968	–	1 321 968
Inventories	106 658	–	106 658
Trade and other receivables	121 593	–	121 593
Cash and cash equivalents	4 868	–	4 868
Loans and borrowings	(257 066)	–	(257 066)
Deferred tax liabilities	(332 226)	36 651	(295 575)
Trade and other payables	(155 053)	(54 643)	(209 696)
Net identifiable assets and liabilities	1 153 705	(74 669)	1 079 036
Goodwill on acquisition			624 613
Consideration paid in cash, satisfied in cash			1 703 649
Warranty provision refunded in cash by vendors			(14 293)
Business combination cost			32
Cash and cash equivalents purchased			(4 868)
Net cash outflow			1 684 520

40. Acquisition of businesses (continued)

Fair values of assets and liabilities

The identifiable assets, liabilities and contingent liabilities of the acquiree that exist at the date of acquisition are recognised in the consolidated financial statements at fair value.

Biological assets

- These have been valued on the standing timber methodology, using the pre-fire volumes and selling prices information available in early July 2007.

Property, plant and equipment

- Land was valued independently and the increased amount of R95.6 million adopted.
- Residential and commercial buildings were independently valued and an increased value of R35.1 million adopted.
- Industrial buildings were independently valued at replacement value, but a fair value could not be established owing to the integration of these businesses with the plantation business and the lack of a market for buildings in their locality. No adjustment to carrying values was therefore made.
- The fair value of the remaining plant and equipment by business unit was then established by reviewing the recoverable amounts of the business units as cash generating units based on value in use calculations. These calculations used in cash flow projections based upon a detailed five year forecast which is based on the current installed production facilities and business circumstances (as at July 2007). Cash flows for a further 15 year period were extrapolated using an eight percent per annum inflation rate and which is appropriate because of the expected useful life of the majority of assets. The projected inflation rate is consistent with long-term projections of financial institutions. A pre-tax discount rate of 16% has been used in discounting the projected cash flows. The discount rate is based on the rate of Government Bonds of 9% at 30 June 2007, which was seen as a risk-free rate. A risk premium of 7% has been added, which is considered appropriate for the sawmilling and plywood industry in South Africa. The calculations reflected the requirement to impair assets to the value of R238 million over the operations Sabie Sawmill, Driekop Sawmill and Plywood manufacturing plant.

Inventories of finished goods

- Finished goods are valued at selling prices less the cost of disposal and a reasonable profit margin for the selling effort of the acquirer.
- Inventory was valued at July 2007 achieved selling prices, less a selling margin of 5% and the Warehouse Division's distribution costs in the case of the Plywood Division.
- Aggregate values of all business unit inventory required an upward valuation of R0.415 million. Owing to the immateriality no adjustment was made.

Intangible assets

- Intangible assets were identified as part of the assets taken over. Goodwill of R610 million was raised, being the difference between the acquisition cost and the fair values of assets and liabilities.

Deferred tax assets and liabilities

- Acquired deferred tax assets and liabilities are recognised at the probable amount of the tax benefit/liability that will be recovered/payable, assessed from the point of view of the acquirer and the Group as a whole.
- South African Plywood (Pty) Limited deferred tax asset became a liability on aggregating and R6.4 million was provided for.

Indemnities in a business combination

- The contingent liabilities with respect to environmental costs have been valued and an amount of R54 million was provided for in the calculation of the business combination.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

40. Acquisition of businesses (continued)

Liabilities incurred or assumed

- The cost of a business combination includes liabilities incurred or assumed by the acquirer in exchange for control of the acquiree. Future losses or other costs expected to be incurred due to the acquisitions such as the costs of restructuring the acquiree, are not part of the business combination as they are not liabilities at the date of acquisition.
- By definition no adjustment was made for restructuring costs.

Consideration for business combination

Consideration paid by the Company for the acquisition of businesses consists of three parts:

- R350 million – 23 333 333 ordinary shares issued through rights offer at R15 per share;
- R500 million – 33 333 333 shares issued through "vendor consideration issue" at R15 per share; and
- A cash consideration of R854 million.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
41. Commitments				
Authorised capital expenditure already contracted for but not provided for				
Property, plant and equipment	136	–	–	–
Not yet contracted for and authorised by directors				
Property, plant and equipment	3 164	–	–	–

R0.136 million has been approved and contracted for the expansion of operations in the Sabie Sawmill. The actual cost to date for the projects is R5.951 million.

The directors authorised capital expenditure for the expansion of operations in the Jessievale Sawmill. R0.336 million of the authorised amount has already been spent in the current financial year.

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained profits, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

42. Contingencies

Fire

Several claims from third parties were lodged against the Group in respect of damages allegedly caused by veld fires in 2001. This claim has been withdrawn by the claimants in 2009. The Group was fully insured against any third party claims.

Driekop fire claim damages

Damages incurred at the Driekop Sawmill during the 2007 plantation fires amounted to R110 million with an additional loss of equipment of R75 million and additional cost of R8 million.

Suretyship

The Group participates in the pooled banking facilities granted by First Rand Bank Limited. As such, the Group has provided an unlimited suretyship in favour of First Rand Bank Limited in respect of its obligations to the bank.

Global Forest Products Provident Fund guarantee

Some employees of the Group are members of the Global Forest Products Provident Fund. The Mondi Provident Fund valuation report had disclosed that part of the contingency reserves, after approval from the Financial Services Board, must be allocated to the employees who transferred from the Mondi Provident Fund to the Global Forest Products Provident Fund.

42. Contingencies (continued)

Global Forest Products Provident Fund guarantee (continued)

Management of the Group has decided to include the value of the contingency reserves to be allocated to the employees who transferred from the Mondi Provident Fund to the Global Forest Products Provident Fund in the benefit statements of the individual members and that the Group will stand good for these amounts.

The administrators of the Mondi Provident Fund had submitted the application for the transfer of R1.053 million as at 1 June 2002 together with fund growth to the Financial Services Board, which will be transferred to the Global Forest Products Provident Fund on receipt of approval from the Financial Services Board.

Contracts to purchase logs

The Group is contractually bound to purchase 158 000 cubic metres of logs per year. Should the Group not take delivery of the logs, possible claims may be instituted. Any such claim would not be material.

		GROUP		COMPANY	
		2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
43. Related parties					
Subsidiaries and fellow subsidiaries	Refer to note 11				
Directors	Refer to note 44				
Related party balances					
York Timbers (Pty) Limited		–	–	760 860	765 556
Impairment of loans to subsidiaries		–	–	(158 220)	–
		–	–	602 640	765 556
Related party transactions					
Administration fees received				4 140	5 700
Dividends received				–	838 532
Rental received				–	73
Compensation to directors and other key management					
Short-term employee benefits		–	54 714	–	–
Share based payment		–	733	–	733
		–	55 447	–	733

All related party transactions were made in the terms equivalent to those that prevail in arm's length.

44. Directors' emoluments

Paid by the subsidiaries	Salary and bonus R'000	Pension and life cover R'000	Travel allowance R'000	Medical aid R'000	Director's fee R'000	Total R'000
Executive						
2009						
LS Cooper	2 433	198	162	50	–	2 843
DJ Erskine	132	11	6	2	–	151
JKH Lehman	1 081	110	135	37	–	1 363
TG Mokoena	1 172	135	180	37	–	1 524
PP van Zyl	593	53	44	10	–	700
	5 411	507	527	136	–	6 581

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

44. Directors' emoluments (continued)

Paid by the company	Salary and bonus R'000	Pension and life cover R'000	Travel allowance R'000	Medical aid R'000	Director's fee R'000	Total R'000
2008						
ISD Tucker	329	61	43	22	1	456
AC de Villiers	–	–	–	–	2	2
TG Mokoena	91	–	–	–	38	129
	420	61	43	22	41	587
Paid by the subsidiaries						
2008						
AC de Villiers	844	41	128	112	41	1 166
LS Cooper	3 326	177	311	155	73	4 042
JHK Lehman	2 943	106	165	86	62	3 362
TG Mokoena	681	84	135	–	12	912
	7 794	408	739	353	188	9 482

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Non-executive				
Paid by the Company				
A Bonamour*	**237**	180	**237**	180
PC Botha*	**355**	184	**355**	184
S Murray*	**254**	133	**254**	133
G Tipper*	**–**	170	**–**	170
T Modise	**267**	219	**267**	219
S Meer*	**200**	133	**200**	133
J Kopp	**–**	45	**–**	45
S Motlana	**–**	28	**–**	28
MCJ van Vuuren	**–**	37	**–**	37
PB Odendaal	**153**	25	**153**	25
R Claunch	**230**	193	**230**	193
W Marshall-Smith	**–**	52	**–**	52
JP Myers	**787**	591	**787**	591
G Motau	**115**	–	**115**	–
	2 598	1 990	**2 598**	1 990

Details in regard to the payment of directors' emoluments

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

45. Comparative figures

The prior reporting period was longer than 12 months, therefore comparative figures are not directly comparable to the current balances.

Certain comparative figures have been reclassified:

- During the current year the policy towards the classification of accounts as Cost of sales was reviewed, and certain accounts were reclassified out of revenue, other operating income and operating expenses to cost of sales.
- In 2008 the finance lease obligations and Instalment sale liabilities were shown as one item on the balance sheet under Finance lease obligation. The finance lease obligations and Instalment sales liabilities are now shown separately.
- The amortisation of the RMB loan raising fees amounting to R4.74 million in 2008 was moved from selling, general and administration expenses to finance expenses.

45. Comparative figures (continued)

- In inventories a reclassification was done between raw materials, timber and timber products (finished goods), and consumables. This was done to more accurately reflect inventory that is classified as finished products for certain business units, but is classified as raw materials for the Group.
- Loans to group companies have been reclassified during the current financial period from current assets to non-current assets.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
The effects of the reclassification are as follows:				
Balance sheet				
Inventories – Raw materials	–	27 062	–	–
Inventories – Timber and timber products	–	(28 438)	–	–
Inventories – Consumables	–	1 376	–	–
Property, plant and equipment:				
Land – Accumulated depreciation	–	–	–	590
Property, plant and equipment:				
Buildings – Accumulated depreciation	–	–	–	(590)
Finance lease obligation	–	6 319	–	–
Instalment sale liability	–	(6 319)	–	–
Income statement				
Revenue	–	1 538	–	–
Cost of sales	–	249 648	–	–
Other operating income	–	20	–	–
Selling, general and administration expenses	–	(264 301)	–	–
Finance expense	–	4 740	–	–
Restructuring costs	–	8 355	–	–

46. Risk management

The Group's use of financial instruments exposes it to a variety of financial risks, namely: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Financial risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

46. Risk management (continued)

	Less than 1 year	Between 2 and 5 years	Over 5 years
Group			
At 30 June 2009			
Other financial liabilities	**97 819**	**403 649**	**657 894**
Finance lease obligation	**3 438**	**17 755**	**5 497**
Instalment sale liability	**1 781**	**2 852**	**55**
Trade and other payables	**225 199**	**–**	**–**
At 30 June 2008			
Other financial liabilities	59 833	323 616	773 367
Finance lease obligation	2 698	15 747	11 074
Instalment sale liability	1 578	4 273	468
Trade and other payables	233 984	–	–
Company			
At 30 June 2009			
Other financial liabilities	**–**	**28 217**	**–**
Trade and other payables	**15 050**	**–**	**–**
At 30 June 2008			
Other financial liabilities	–	28 217	–
Trade and other payables	17 057	–	–

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Over 5 years
Group			
At 30 June 2009			
Forward foreign exchange contracts – held for trading			
• Outflow	**120**	**–**	**–**
At 30 June 2008			
Forward foreign exchange contracts – held for trading			
• Outflow	1	–	–
• Inflow	(265)	–	–

Risk from biological assets

The Group is exposed to financial risks arising from changes in fair value less point of sale cost of its biological assets. The Group reviews its outlook for selling prices regularly in considering the need for active financial risk management.

Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group uses interest rate swaps to hedge its interest rate risk. The Group policy is to hedge more than 90% of its interest cost using interest rate swap agreements. This largely reduces the sensitivity of the Group to interest rate changes.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000

46. Risk management (continued)

Below is an analysis of fixed and variable interest rate dependent financial assets and liabilities:

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
Fixed interest rate				
Financial assets (liabilities)				
– Interest rate swap	(35 319)	78 808	–	–
Variable interest rate				
Financial assets (liabilities)				
– Instalment sale receivables	1 854	2 853	–	–
– Loans and borrowings	(1 124 043)	(1 156 816)	(28 217)	(28 217)
– Finance lease obligation	(26 690)	(29 519)	–	–
– Instalment sale liability	(4 688)	(6 319)	–	–

The majority (93% (2008: 92%)) of the Group's debt is covered by a fixed interest rate swap, therefore no interest rate sensitivity analysis has been performed.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customer and investment securities.

Credit risk is managed on a group basis. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased.

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

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
Financial instrument				
Available-for-sale financial assets	3 911	1 763	629	589
Financial assets at fair value through profit or loss	–	78 808	–	–
Financial assets held for trading	–	265	–	–
Loans and receivables	–	98	–	–
Instalment sale receivables	1 854	2 853	–	–
Trade and other receivables	117 999	192 108	940	1 984
Cash and cash equivalents	124 422	222 538	114	176

Trade debtors (included in loans and receivables) are guaranteed by a CGIC contract with a credit limit of R351 million, with a deductible annual aggregate of R1.5 million, and 15% of each claim thereafter.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
46. Risk management (continued)				
The aging of trade receivables at the reporting date was:				
Current	**59 841**	106 251	**149**	–
30 days	**25 111**	23 456	**–**	–
60 – 90 days	**6 500**	8 703	**–**	–
120 days and over	**17 000**	9 294	**–**	–
	108 452	147 704	**149**	–
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:				
Opening balance	**9 707**	2 135	**–**	–
Impairment loss recognised	**8 469**	7 572	**–**	–
Closing balance	**18 176**	9 707	**–**	–

Foreign exchange risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group treasury's risk management policy is to hedge between 75% and 100% of anticipated outflows (mainly export sales and purchase of inventory) when the transactions are significant.

Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, floating rate for fixed rate). No exchange of principal takes place. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Forward exchange contracts which relate to future commitments comprise:

- US$ 0.062 million (2008: US$ 2.935 million) with forward exchange rates varying from 1US$:R8.09 to 1US$:R9.17 (2008: 1US$:R6.67 to 1US$:R7.99), and maturing up until 31 July 2009 (2008: 31 October 2008); and
- EUR 0.166 million (2008: EUR 2.084 million), with forward exchange rates varying from 1EUR:R11.03 to 1EUR:R11.54 (2008: 1EUR:R12.79 to 1EUR:R13.30), and maturing up until 31 July 2009 (2008: 30 April 2008).

The Group reviews its foreign currency exposure, including commitments, on an ongoing basis. The Group expects its foreign exchange contracts to hedge foreign exchange exposure.

46. Risk management (continued)

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Post tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding non-redeemable preference shares, and monitors interest, and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Buy and sell decisions are made on a specific transaction basis by the Risk Management Committee; the Group does not have a defined share buyback plan.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

47. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

48. Basic earnings and diluted earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the (loss) profit attributable to ordinary shareholders of R(231.920) million (2008: R538.750 million) and a weighted average number of ordinary shares of 78.370 million (2008: 52.931 million).

The calculation of diluted earnings per share at 30 June 2009 is based on the profit attributable to ordinary shareholders, after the effect on basic earnings for the convertible preference shares of R(231.920) million (2008: R543.365 million) and a weighted average number of ordinary shares after the effect of the convertible preference shares of 78.370 million (2008: 55.408 million). In the current year there were no instruments that had a dilutive effect.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Calculations are as follows:				
Reconciliation of basic earnings per share to diluted earnings per share				
Net (Loss)/profit for the period	**(231 920)**	538 750	**(161 597)**	818 113
(Loss)/profit attributable to ordinary shareholders	**(231 920)**	538 750	**(161 597)**	818 113
Preference dividends	**–**	4 615	**3 685**	4 615
(Loss)/profit attributable to ordinary shareholders (diluted)	**(231 920)**	543 365	**(157 912)**	822 728

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

for the year ended 30 June 2009

48. Basic earnings and diluted earnings per share (continued)

	GROUP		COMPANY	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Reconciliation of weighted average number of ordinary shares				
Issued ordinary shares	78 370	11 041	78 370	11 041
Effect of own shares held	–	(9 527)	–	(9 527)
Effect of shares repurchased	–	1 762	–	1 762
Effect of shares issued in July 2007	–	5 097	–	5 097
Effect of shares issued in August 2007	–	44 558	–	44 558
Weighted average ordinary shares for the year	78 370	52 931	78 370	52 931
Effect of convertible preference shares	–	2 477	2 871	2 477
	78 370	55 408	81 241	55 408
Basic earnings per share (cents)	(296)	1 018	–	–
Diluted earnings per share (cents)	(296)	981	–	–

49. Headline earnings

The calculation of headline earnings per share at 30 June 2009 was based on the profit (loss) attributable to ordinary shareholders of R(199.352) million (2008: R539.282 million) adjusted by items not qualified being part of headline earnings and number of shares of 78.370 million (2008: 52.931 million).

Reconciliation of earnings to headline earnings – Group – 30 June 2009:

	Gross R'000	Tax R'000	Total R'000
Basic earnings attributable to ordinary shareholders	(312 627)	80 707	(231 920)
– Loss on disposal of equipment and vehicles	1 569	(439)	1 130
– Fair value adjustment on investment property	(100)	28	(72)
– Loss on sale of non-current assets held for sale	373	(104)	269
– Impairment of plant, equipment and vehicles	43 390	(12 149)	31 241
Headline earnings for the year	(267 395)	68 043	(199 352)
Headline earnings per share (cents)			(254)
Reconciliation of earnings to headline earnings – Group – 30 June 2008:			
Basic earnings attributable to ordinary shareholders	738 095	(199 345)	538 750
– Loss on disposal of equipment and vehicles	400	(112)	288
– Loss on sale of non-current assets held for sale	339	(95)	244
Headline earnings for the year	738 834	(199 552)	539 282
Headline earnings per share (cents)			1 019

50. Restructuring of operations

The Group will restructure some of its sawmilling operations. The affected sawmill plants that will be effected by the restructuring are:

a) Golden Rhino Sawmill,

b) Roburnia Sawmill and

c) Madiba Mills.

These plants are still operational at 30 June 2009 and prospective closure of these operations will occur in the 2010 financial year. Salient financial information regarding these sawmilling operations is included below and excludes any inter group transactions:

	GROUP		COMPANY	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Income statement				
Revenue	97 170	122 711		
Cost of sales	(85 388)	(96 448)		
Gross profit	11 782	26 263		
Other operating income	34	3 412		
Operating expenses	(18 851)	(19 277)		
Impairment of assets	(32 325)	–		
Operating (loss)/profit	(39 360)	10 398		
Restructuring costs	(6 606)	–		
Finance costs	(2)	(11)		
	(45 968)	10 387		
Balance sheet				
Non-current assets				
Property, plant and equipment	–	33 523		
Total non-current assets	–	33 523		
Current assets				
Inventories	11 838	13 332		
Trade and other receivables	8 987	4 504		
Cash and cash equivalents	5	5		
Total current assets	20 830	17 841		
	20 830	51 364		
Equity				
Retained earnings/(loss)	10 387	–		
(Loss)/profit for the period	(45 968)	10 387		
	(35 581)	10 387		
Non-current liabilities				
Deferred tax	–	138		
Other non-current liabilities	46 278	36 765		
Total non-current liabilities	46 278	36 903		
Current liabilities				
Trade and other payables	10 133	4 074		
Total current liabilities	10 133	4 074		
	20 830	51 364		

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING

Notice is hereby given that the 93rd Annual General Meeting of the shareholders of York Timber Holdings Limited (previously "The York Timber Organisation Limited") Incorporated in the Republic of South Africa ("the Company" or "York") will be held at **York's Corporate Offices, 3 Main Street, Sabie, 1260** at **10:00** on **Tuesday, 16 February 2010** to transact the following business:

Subject to meeting the requirements of the Companies Act No. 61 of 1973 as amended ("the Act") and the Listings Requirements of the JSE Limited ("the JSE"), to consider and, if approved, to pass with or without modification the following ordinary and special business:

Routine Business:

1. Ordinary Resolution Number: 1
   To re-elect Pieter van Zyl, retiring in terms of article 13.2 and 15.1 of the Articles of Association of the Company, who is eligible and offers himself for re-election.

2. Ordinary Resolution Number: 2
   To re-elect Duncan Erskine, retiring in terms of article 13.2 and 15.1 of the Articles of Association of the Company, who is eligible and offers himself for re-election.

3. Ordinary Resolution Number: 3
   To re-elect Richard Claunch, retiring in terms of article 15.1 and 15.2 of the Articles of Association of the Company, who is eligible and offers himself for re-election.

4. Ordinary Resolution Number: 4
   To re-elect Tlhopheho Modise, retiring in terms of article 15.1 and 15.2 of the Articles of Association of the Company, who is eligible and offers himself for re-election.

   Brief *curriculum vitae* in respect of each of the directors referred to in ordinary resolutions 1 - 5 above appear on page 4 of the annual report.

5. Ordinary Resolution Number: 5
   To receive and consider the Annual Financial Statements of the Company for the year ended 30 June 2009, together with the reports of the directors and auditors contained therein.

6. Ordinary Resolution Number: 6
   To authorise the directors, subject to the Audit and Risk Committee being satisfied as to the auditors' independence, to:
   6.1 approve the remuneration of the external auditors for the financial year ended 30 June 2009; and
   6.2 re-appoint KPMG Incorporated, the external auditors with Mr. Heinrich Mans as the Designated Auditor, for the ensuing financial year.

Special Business:

7. Ordinary Resolution Number: 7
   To place the unissued ordinary shares of the Company under the control of the directors in terms of section 221 of the Act and to renew the authority of the directors, subject to the provisions of section 221 and 222 of the Act and the Listings Requirements of the JSE, to allot and issue any of the shares of the Company to such person or persons on such terms and conditions as they may deem fit. Such authority shall expire at the next Annual General Meeting of the Company.

8. Ordinary Resolution Number: 8
   That the directors have the power to allot and issue any shares of any class already in issue in the capital of the Company for cash when the directors consider it appropriate in the circumstances, subject to the following:

   - this authority shall not endure beyond the earlier of the next Annual General Meeting of the Company or beyond 15 months from the date of passing of this ordinary resolution, unless the 15 month period is extended on application to the Registrar of Companies and the JSE in which event the authority shall continue for the extended period;

- such shares are to be issued to public shareholders (as defined by the Listings Requirements of the JSE) and not to related parties;

- upon the issue of shares which, together with prior issues during any financial year, will constitute 5% (five percent) or more of the number of shares of the class in issue, the Company shall, by way of a paid press announcement in terms of 11.22 of the Listings Requirements of the JSE, give full details thereof including, the effect on the net asset value of the Company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of such issue was determined or agreed by the Company's directors;

- that issues in the aggregate in any one financial year may not exceed 15% of the number of that class of the Company's issued shares (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued in the future arising from options/convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced;

- the maximum discount at which securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors; and

- a 75% majority of votes cast by the Company's shareholders present or represented by proxy is required to approve this resolution.

9. Ordinary Resolution Number: 9
To approve the fees paid and payable from time to time by the Company (as recommended by the Company's Remuneration & Nomination Committee) to non-executive directors.

10. Ordinary Resolution Number: 10
To authorise any one director of the Company or the company secretary to do all such things and to sign all such documents issued by the Company to give effect to the approved ordinary and special resolutions.

11. Special Resolution Number: 1
That the Company and its shareholders hereby approve, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Act and in terms of the Company's Articles of Association, the acquisition by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but, subject to the Articles of Association of the Company, the provisions of the Act and the Listings Requirements of the JSE, as presently constituted and which may be amended from time to time, and provided:

- that any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company or any of its subsidiaries and the counter party;

- that this general authority shall only be valid until the Company's next Annual General Meeting provided that it shall not extend beyond 15 months from the date of passing of this Special Resolution unless the 15 month period is extended on application to the Registrar of Companies and the JSE in which event the authority shall continue for the extended period;

- that a paid press announcement will be published as soon as the Company or its subsidiaries has/have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue, prior to the acquisition pursuant to which the 3% threshold is reached, and in respect of every 3% thereafter, which announcement shall contain full details of such acquisitions;

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING *CONTINUED*

- that acquisitions by the Company and its subsidiaries of ordinary shares in any one financial year may not exceed 20% of the Company's issued ordinary share capital from the date of the grant of this general authority;

- that no subsidiary of the Company will acquire more than 10% of the Company's issued ordinary share capital at any one time;

- that in determining the price at which the Company's ordinary shares are acquired by the Company or any of its subsidiaries in terms of this general authority, the maximum price at which such ordinary shares may be acquired will be at a premium of no more than 10% of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the five business days immediately preceding the date of repurchase of such ordinary shares by the Company or any of its subsidiaries;

- that the Company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;

- that the Company or any of its subsidiaries may only undertake a repurchase if, after such a repurchase it shall still comply with the spread requirements of the JSE Listings Requirements; and

- that the Company or any of its subsidiaries may not repurchase securities during a prohibited period, as defined in the Listings Requirements of the JSE unless the Company has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over the Securities Exchange News Service prior to the commencement of the prohibited period.

Reason for and effect of Special Resolution Number 1

To grant the Company or any of its subsidiaries a general authority in terms of the Act for the acquisition by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the earlier of the next Annual General Meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent General Meeting of the Company, provided that the general authority shall not extend beyond 15 months from the date of this Annual General Meeting unless the 15 month period is extended on application to the Registrar of Companies and the JSE in which event the authority shall continue for the extended period.

The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company.

Information required in terms of the Listings Requirements of the JSE with regard to this general authority for the Company or any of its subsidiaries to repurchase the Company's securities appears in the annual financial statements, to which this notice of Annual General Meeting is annexed as indicated below:

- Directors and management of the Company: Page 4
- Major shareholders: Page 38
- Directors' interest in securities: Page 45
- Share capital of the Company: Page 81
- Litigation statement: Page 44

Pursuant to and in terms of the Listings Requirements of the JSE, the directors of the Company hereby state that:

1. the intention of the Company and/or any of its subsidiaries is to utilise the authority if at some future date the cash resources of the Company are in excess of its requirements. In this regard the directors will take into account, *inter alia*, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and will ensure that any such utilisation is in the interest of shareholders;

2. the method by which the Company and or any of its subsidiaries intends to re-purchase its securities and the date on which such repurchase will take place, has not yet been determined, and
3. after considering the effect of a maximum permitted re-purchase of securities, the Company and its subsidiaries ("the Group") are, as at the date of this notice convening the Annual General Meeting of the Company, able to fully comply with the Listings Requirements of the JSE. Nevertheless, at the time that the contemplated re-purchase is to take place, the directors of the Company will ensure that the:

   3.1 Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the Annual General Meeting;

   3.2 assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice of the Annual General Meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in these audited annual group financial statements;

   3.3 share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting;

   3.4 working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting; and

   3.5 the Company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Information regarding certificated and dematerialised holdings

Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the Annual General Meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by not later than 48 hours before this Annual General Meeting at 10:00 on Tuesday, 16 February 2010.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than with own name registration who wish to attend the Annual General Meeting should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Shareholders who have dematerialised their shares through a CSDP or broker, other than with own name registration who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

Directors' and Audit Committee's responsibility statements

In terms of the Act and the Listings Requirements of the JSE the directors, whose names are given on Page 4 of this annual report, and/or Audit Committee ("the Committee"), as the case may be, respectively confirm that:

- collectively and individually they accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice of Annual General Meeting contains all information required by the Act and the Listings Requirements of the JSE; and

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING *CONTINUED*

- save as may be addressed in the report of the directors, there has been no material change in the financial or trading position of the Company or any of its subsidiaries that has occurred since 30 June 2009;

- they are aware of no legal or arbitration proceedings, either pending or threatened, against the Company or its subsidiaries which may have, or have had in the last 12 months, a material effect on the financial position of the Company or its subsidiaries; and

- the Committee has carried out and has met periodically to consider and to act upon its statutory duties and functions and confirms that it has satisfied itself of the independence of the Company's auditors and of the appropriateness of the expertise and experience of the financial director of the Company.

Shareholders diary 2009 – 2010

• Interim year-end:	31 December 2009
• Release of interim results:	on or before 31 March 2010
• Financial year-end:	30 June 2010
• Release of annual financial results:	on or before 30 September 2010
• Next (94th) Annual General Meeting:	16 February 2010

By order of the Board

Francois Dekker
Company Secretary

FORM OF PROXY

York Timber Holdings Limited
(previously "The York Timber Organisation Limited")
Incorporated in the Republic of South Africa
Registration Number 1916/004890/06
JSE Code: YRK; ISIN Code: ZAE000008108

YORK TIMBERS

For use **ONLY** by certificated and dematerialised ordinary shareholders of York Timber Holdings Limited ("the Company" or "York") with own name registration, Central Securities Depository Participants' ("CSDP") nominee companies and brokers' nominee companies at the 93rd York Annual General Meeting to be held at **York's Corporate Offices, 3 Main Street, Sabie, 1260** at **10:00** on **Tuesday, 16 February 2010**. Dematerialised York shareholders other than those with own name registration must NOT complete this form of proxy and must provide their CSDP or broker of their voting instructions in terms of the custody agreement entered into between such York shareholders and their CSDP or broker.

I/We

of (address)

being (an) ordinary shareholder/s in the Company holding shares, appoint

or failing him,

or failing him,

the Chairperson of the Annual General Meeting as my/our proxy to act for me/us at the Annual General Meeting of the Company which will be held at **York's Corporate Offices, 3 Main Street, Sabie, 1260** at **10:00** on **Tuesday, 16 February 2010** for the purpose of considering the business as set out in the notice which this form of proxy accompanies, and, in particular, to vote for and on my/our behalf in respect of the following resolutions:

Insert X in the appropriate box

VOTING INSTRUCTIONS	FOR	AGAINST	ABSTAIN
1. **Ordinary Resolution Number 1:** To re-elect Pieter van Zyl			
2. **Ordinary Resolution Number 2:** To re-elect Duncan Erskine			
3. **Ordinary Resolution Number 3:** To re-elect Richard Claunch			
4. **Ordinary Resolution Number 4:** To re-elect Tlhopheho Modise			
5. **Ordinary Resolution Number 5:** To receive and consider the financial statements and reports of the directors and auditors of the Company for the year ended 30 June 2009			
6. **Ordinary Resolution Number 6:** To authorise the directors, subject to the Audit and Risk Committee being satisfied as to the auditors' independence, to:			
6.1 approve the remuneration of the external auditors for the financial year ended 30 June 2009; and			
6.2 re-appoint KPMG Inc, the external auditors with Mr. Heinrich Mans as the Designated Auditor			
7. **Ordinary Resolution Number 7:** Place unissued ordinary shares of the Company under the control of the board of directors			
8. **Ordinary Resolution Number 8:** Authorising the board of directors to allot and issue for cash shares in the capital of the Company of a class of shares already in issue			
9. **Ordinary Resolution Number 9:** Approving the fees paid and payable to non-executive directors			
10. **Ordinary Resolution Number 10:** To authorise any one director of the Company or the company secretary to do all such things and to sign all such documents issued by the Company to give effect to the approved ordinary and special resolutions.			
11. **Special Resolution Number 1:** Authorising the Company and its subsidiaries to repurchase the issued ordinary shares of the Company			

Signed at on 2010

Signature: Number of shares:

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the Company. Forms of proxy, in order to be valid, must be lodged with the transfer secretaries or at the registered office of the Company at least 48 hours before the commencement of the Annual General Meeting.

NOTES TO PROXY

1. A York shareholder may insert the name of a proxy or the names of two alternative proxies of the York shareholder's choice in the space/s provided, with or without deleting "the Chairperson of the Annual General Meeting", but any such deletion must be initialled by the York shareholder concerned. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in York, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholders' votes exercisable thereat. A York shareholder or his/her proxy is not obliged to use all the votes exercisable by the York shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstentions recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. The date must be filled in on this proxy form when it is signed.

4. The completion and lodging of this form of proxy will not preclude the relevant York shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of York or waived by the Chairperson of the Annual General Meeting of York shareholders.

6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of York.

8. Forms of proxy must be received by the transfer secretaries, Computershare Investor Services (Pty) Limited at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or by the Company at York's Corporate Offices, Main Street, Sabie, 1260 (PO Box 1191, Sabie, 1260) at least 48 hours prior to the meeting by not later than 12:00 on **14 February 2010.**

9. The Chairperson of the Annual General Meeting may accept or reject any form of proxy, in his absolute discretion, which is completed other than in accordance with these notes.

10. If required, additional forms of proxy are available from the transfer secretaries of York.

11. Dematerialised shareholders, other than by own name registration, must NOT complete this form of proxy but must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

YORK TIMBERS

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York Timbers Annual Report 2009

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