

Highlights

- Revenue climbed 39% from R284 million to R394 million
- Operating profit grew by 50% from R28,2 million to R42,2 million
- Earnings per share up fourfold from 57 cents in 2005 to 284 cents in 2006
- Sale of Tucker interest in Yorkcor to Blackstar Investors Plc and BEE
- Outstanding performance
 - Softer lumber markets
 - Substantial log price increases
 - Flexible production processes underpin the companies success
- Moved away from litigation, strife and uncertainty surrounding sawlog supplies
- Acquired two plantations and rebuilt relationships with log suppliers
- Several other plantation opportunities will be pursued
- All litigation with Safcol and Komatiland settled

Condensed income statements

For the year ended 31 December 2006

	Group		Company	
	Audited 2006 R000	Audited 2005 R000	Audited 2006 R000	Audited 2005 R000
Revenue	393 975	284 012	-	-
Cost of sales	(242 481)	(154 530)	-	-
Gross profit	151 494	129 482	-	-
Other operating income	6 649	4 157	-	20
Distribution expenses	(6 883)	(5 827)	-	-
Administrative expenses	(29 511)	(31 595)	(7 739)	(6 041)
Other operating expenses	(79 476)	(67 962)	(1 387)	(1 176)
Profit/(loss) from operations	42 273	28 255	(9 126)	(7 197)
Arbitration awards reversal/(provision)	3 273	(22 956)	-	-
Profit/(loss) before finance costs	45 546	5 299	(9 126)	(7 197)
Financial income	2 066	8 812	1 267	2 333
Financial expenses	(5 282)	(1 449)	(209)	(1 684)
Income from subsidiaries	-	-	12 208	34 636
Profit before taxation	42 330	12 662	4 140	28 088
Income tax expense	(11 014)	(6 404)	(1 021)	(2 937)
Profit for the year	31 316	6 258	3 119	25 151
<i>Attributable to:</i>				
Equity holders of the parent	31 316	6 258	3 119	25 151
Basic and diluted earnings per share – cents	283,6	56,7	-	-
Dividends paid – cents	-	250,0	-	250,0

Condensed balance sheets

As at 31 December 2006

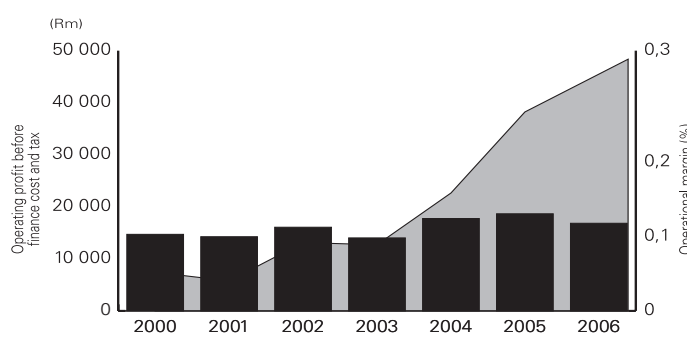
	Group		Company	
	Audited 2006 R000	Audited 2005 R000	Audited 2006 R000	Audited 2005 R000
ASSETS				
Total non-current assets	90 603	95 256	13 237	12 586
Property, plant, equipment and vehicles	65 801	63 894	993	1 064
Biological assets	18 000	14 278	-	-
Investment property	5 900	7 070	-	-
Interest in subsidiaries	-	-	11 342	1 508
Investments	902	10 014	902	10 014
Total current assets	138 564	68 019	489	801
Inventories	34 724	24 066	-	-
Trade and other receivables	59 909	35 246	78	148
Cash and cash equivalents	41 731	8 707	411	526
Income tax receivable	-	-	-	127
Non-current assets held for sale	2 200	-	-	-
Total assets	229 167	163 275	13 726	13 387
EQUITY AND LIABILITIES				
Issued capital	552	552	552	552
Share premium	3 061	3 060	3 061	3 060
Retained earnings	100 294	68 834	7 134	3 871
Total equity attributable to equity holders of the parent	103 907	72 446	10 747	7 483
Total non-current liabilities	50 060	32 070	339	4 536
Interest bearing loans and borrowings	32 757	14 735	-	9
Provisions	7 889	12 728	-	-
Loan from subsidiary	-	-	-	4 527
Deferred tax liabilities	9 414	4 607	339	-
Total current liabilities	75 200	58 759	2 640	1 368
Interest bearing loans and borrowings	12 050	5 416	11	16
Provisions	-	22 956	-	-
Trade and other payables	57 676	29 645	2 085	1 352
Income tax payable	5 474	742	544	-
Total equity and liabilities	229 167	163 275	13 726	13 387

Statements of changes in equity

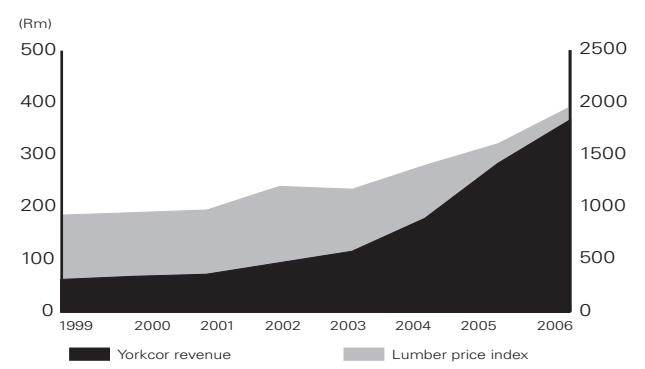
For the year ended 31 December 2006

	Share capital R000	Share premium R000	Retained earnings R000	Total R000
Group				
Balance at 1 January 2005	552	3 060	90 177	93 789
Dividends paid	-	-	(27 601)	(27 601)
Profit for the year	-	-	6 258	6 258
Balance at 31 December 2005	552	3 060	68 834	72 446
Profit for the year	-	-	31 316	31 316
Change in fair value of available-for-sale financial assets	-	-	144	144
Total recognised income and expenditure for the year			31 460	31 460
Share issue	-	1	-	1
Balance at 31 December 2006	552	3 061	100 294	103 907
Company				
Balance at 1 January 2005	552	3 060	6 321	9 933
Dividends paid	-	-	(27 601)	(27 601)
Profit for the year	-	-	25 151	25 151
Balance at 31 December 2005	552	3 060	3 871	7 483
Profit for the year	-	-	3 119	3 119
Change in fair value of available-for-sale financial assets	-	-	144	144
Total recognised income and expenditure for the year			3 263	3 263
Share issue	-	1	-	1
Balance at 31 December 2006	552	3 061	7 134	10 747

Financial history – Operational earnings



Market indicators – Lumber price index



Condensed cash flow statements

For the year ended 31 December 2006

	Group		Company	
	Audited 2006 R000	Audited 2005 R000	Audited 2006 R000	Audited 2005 R000
Cash flows from operating activities				
Cash generated by/(utilised in) operating activities	8 015	15 633	(8 176)	(6 124)
Net finance (expense)/income	(4 391)	1 302	(117)	137
Taxation paid	(1 475)	(18 091)	(11)	(3 329)
Income from investments	362	6 060	12 570	35 148
Dividends paid	-	(27 601)	-	(27 601)
Net cash inflow/(outflow) from operating activities	2 511	(22 697)	4 266	(1 769)
Cash flows from investing activities				
Investment to maintain operations:				
Replacement of equipment and vehicles	(2 549)	(1 952)	(76)	(105)
Proceeds on disposal of equipment and vehicles	783	80	-	20
Acquisition of investments	-	(2 826)	-	(2 826)
Disposal of investments	10 069	-	10 069	-
Investment to expand operations:				
Investment in subsidiaries	-	-	(14 361)	1 645
Additions to property, plant and equipment	(238)	(1 278)	-	-
Additions to biological assets	-	(8 920)	-	-
Reduction in purchase consideration of biological asset	2 000	-	-	-
Net cash inflow/(outflow) from investing activities	10 065	(14 896)	(4 368)	(1 266)
Cash flows from financing activities				
Loans and borrowings repaid	(8 433)	(14 716)	-	-
Loans and borrowings raised	28 880	12 284	(14)	(31)
Issue of share capital	1	-	1	-
Net cash inflow/(outflow) from financing activities	20 448	(2 432)	(13)	(31)
Net increase/(decrease) in cash and cash equivalents	33 024	(40 025)	(115)	(3 066)
Cash and cash equivalents at beginning of year	8 707	48 732	526	3 592
Cash and cash equivalents at end of year	41 731	8 707	411	526

Segmental report

For the year ended 31 December 2006

Business segments
(All amounts in thousands)

	Sawn timber products		Merchandising		Elimination		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue								
External sales	233 168	196 437	160 807	87 575	-	-	393 975	284 012
Inter-segment sales	5 010	837	-	-	(5 010)	(837)	-	-
Total revenue	238 178	197 274	160 807	87 575	(5 010)	(837)	393 975	284 012
Result								
Segment result	39 027	28 223	8 106	5 442	-	-	47 133	33 665
Unallocated expenses	-	-	-	-	-	-	(8 101)	(6 583)
Unallocated Income	-	-	-	-	-	-	3 241	1 173
Profit from operations	-	-	-	-	-	-	42 273	28 255
Arbitration awards reversal/(provision)	-	-	-	-	-	-	3 273	(22 956)
Net finance costs	-	-	-	-	-	-	(3 216)	7 363
Income tax expense	-	-	-	-	-	-	(11 014)	(6 404)
Profit for the year							31 316	6 258
Other information								
Segment assets	162 261	111 435	47 554	22 853	-	-	209 815	134 288
Unallocated corporate assets	-	-	-	-	-	-	19 352	28 987
Consolidated total assets							229 167	163 275
Segment liabilities	80 137	78 670	25 907	3 003	-	-	106 044	81 673
Unallocated corporate liabilities	-	-	-	-	-	-	4 328	3 807
Taxation and deferred taxation	-	-	-	-	-	-	14 888	5 349
Consolidated total liabilities							125 260	90 829
Capital expenditure	6 132	10 235	864	239	-	-	6 996	10 474
Depreciation	4 532	4 263	236	45	-	-	4 768	4 308
Impairment losses on tangible assets	300	400	-	-	-	-	300	400

Note 4 Business and geographical segments

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

Geographical segments: although the Company has two divisions the clients and normal operations are in the Republic of South Africa.

Assets and additions to property, plant, equipment, and intangible assets by geographical area: the tables above show the carrying amount of segment assets and additions to property, plant, equipment, and intangible assets in which the assets are located:

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

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

Unusual item: no unusual items occurred.

Directors: I S D Tucker*, J K H Lehman*, L S Cooper*, J Myers, A Bonamour, W Marshall-Smith, S Mottana, G Mokoena *Executive directors

Company Secretary: J F Dekker

Registered Office: 5th Floor, Yorkcor Park, 86 Watermeyer Street, Val de Grace, Pretoria 0184, PO Box 380, Pretoria 0001.

Transfer Secretaries: Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001. PO Box 61051, Marshalltown 2107.