

York Timber Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1916/004890/06)

JSE Share code: YRK

ISIN: ZAE000133450

("York" or "the Group")

ABRIDGED AUDITED GROUP ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010, NOTICE OF ANNUAL GENERAL MEETING AND POSTING OF ANNUAL REPORT

SALIENT FEATURES

Successful capital raising and business restructuring

Gross profit up 5%

Earnings per share up 110%

Headline earnings per share up 116%

Net asset value per share up 45%*

(* using the number of shares currently in issue)

GROUP STATEMENT OF FINANCIAL POSITION

	At 30 June 2010 R'000	At 30 June 2009 R'000
ASSETS		
NON-CURRENT ASSETS		
Biological assets (note 5)	1 562 936	1 492 002
Investment property	24 740	5 020
Property, plant and equipment	420 184	429 456
Goodwill (note 6)	565 442	610 352
Intangible assets	2 691	2 984
Other financial assets	1 345	3 911
TOTAL NON-CURRENT ASSETS	2 577 338	2 543 725
CURRENT ASSETS		
Biological assets (note 5)	358 738	246 369
Instalment sale receivables	606	1 854
Inventories	138 040	226 467
Trade and other receivables	104 334	117 999
Cash and cash equivalents	84 493	124 422
Current tax receivable	3 503	-
TOTAL CURRENT ASSETS	689 714	717 111
TOTAL ASSETS	3 267 052	3 260 836

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GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

	At 30 June 2010 R'000	At 30 June 2009 R'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital (note 7)	16 562	3 919
Share premium (note 7)	1 505 352	1 026 888
Reserves	(26 236)	(88 438)
Retained income	471 863	407 237
TOTAL EQUITY	1 967 541	1 349 606
LIABILITIES		
NON-CURRENT LIABILITIES		
Cash settled share based payments	2 104	50
Deferred tax	409 510	414 974
Retirement benefit obligation	22 463	20 200
Other financial liabilities	612 317	1 061 543
Finance lease obligations	13 245	23 252
Provisions	55 496	54 643
Instalment sale liabilities	917	2 907
TOTAL NON-CURRENT LIABILITIES	1 116 052	1 577 569
CURRENT LIABILITIES		
Other financial liabilities	51 698	97 819
Finance lease obligations	2 278	3 438
Instalment sale liabilities	1 515	1 781
Current tax payable	369	5 424
Provisions	285	-
Trade and other payables	127 314	225 199
TOTAL CURRENT LIABILITIES	183 459	333 661
TOTAL LIABILITIES	1 299 511	1 911 230
TOTAL EQUITY AND LIABILITIES	3 267 052	3 260 836

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GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2010 R'000	Year ended 30 June 2009 R'000
Revenue	909 361	1 095 290
Cost of sales	(559 244)	(762 223)
Gross profit	350 117	333 067
Other operating income	19 962	9 566
Selling, general and administration expenses	(300 815)	(322 134)
Operating profit before separately disclosed items	69 264	20 499
Insurance proceeds	8 519	158 731
Impairment of assets	(42 598)	(43 390)
Operating profit	35 185	135 840
Restructuring costs	(333)	(18 735)
Fair value adjustments	200 269	(244 598)
Loss on non-current assets held for sale	-	(373)
Profit/(Loss) before finance costs	235 121	(127 866)
Investment income	2 810	13 133
Finance costs excl hedge interest expense	(107 978)	(173 312)
Hedge interest expense (paid)	(16 791)	(18 266)
Hedge interest expense (ineffective portion)	(23 015)	(6 316)
Hedge interest expense (due to early settlement)	(29 577)	-
Profit/(Loss) before taxation	60 570	(312 627)
Taxation	4 056	80 707
Profit/(Loss) for the year	64 626	(231 920)
Other comprehensive income/(loss):		
Available-for-sale financial assets adjustments	716	40
Effects of cash flow hedges	52 499	(89 545)
Taxation related to components of other comprehensive income	10 273	-
Other comprehensive income/ (loss) for the year net of taxation (subtotal)	63 488	(89 505)
TOTAL COMPREHENSIVE INCOME/(LOSS)	128 114	(321 425)
Profit/(loss) attributable to:		
Owners of the parent	64 626	(231 920)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	128 114	(321 425)
Basic earnings/(loss) per share (cents)	30	(296)
Diluted earnings/(loss) per share (cents)	30	(296)
Headline earnings/(loss) per share (cents)	40	(254)

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GROUP STATEMENT OF CHANGES IN EQUITY

Share capital	Share premium	Hedging reserve	Fair value adjustment assets- available- for- sale reserve	Share based payment reserve	Retained income	TOTAL EQUITY
BALANCE AS AT 1 JULY 2008						
3 919	1 002 622	-	(219)	10 446	638 900	1 655 668
Total comprehensive loss for the year						
Loss for the year						
-	-	-	-	-	(231 920)	(231 920)
Other comprehensive (loss)/income						
Change in fair value of cash flow, net of tax						
-	-	(89 545)	-	-	-	(89 545)
Change in fair value of available-for-sale financial assets, net of tax						
-	-	-	40	-	-	40
Total other comprehensive (loss)/income						
-	-	(89 545)	40	-	-	(89 505)
Total comprehensive (loss)/income for the year						
-	-	(89 545)	40	-	(231 920)	(321 425)
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Share premium raised due to consolidation of treasury shares						
-	24 266	-	-	-	-	24 266
Reversal of share based payment reserve						
-	-	-	-	(9 160)	-	(9 160)
Dividends declared and not claimed						
-	-	-	-	-	257	257
Total transactions with owners						
-	24 266	(89 545)	40	(9 160)	(231 663)	(306 062)
BALANCE AS AT 30 JUNE 2009						
3 919	1 026 888	(89 545)	(179)	1 286	407 237	1 349 606

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GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Share capital	Share premium	Hedging reserve	Fair value adjustment assets- available- for- sale reserve	Share based payment reserve	Retained income	TOTAL EQUITY
BALANCE AS AT 1 JULY 2009						
3 919	1 026 888	(89 545)	(179)	1 286	407 237	1 349 606
Total comprehensive income for the year						
Profit for the year						
-	-	-	-	-	64 626	64 626
Other comprehensive income						
Change in fair value of cash flow, net of tax						
-	-	62 872	-	-	-	62 872
Change in fair value of available-for-sale financial assets, net of tax						
-	-	-	616	-	-	616
Total other comprehensive income						
-	-	62 872	616	-	-	63 488
Total comprehensive income for the year						
-	-	62 872	616	-	64 626	128 114
Transactions with owners recorded directly in equity						
Contributions by and distributions to owners						
Issue of shares through rights issue						
12 500	487 500	-	-	-	-	500 000
Share issue costs written off against share premium						
-	(12 844)	-	-	-	-	(12 844)
Increase in share based payment reserve						
-	-	-	-	9 160	-	9 160
Reversal of share premium due to disposal of treasury shares						
-	(24 266)	-	-	-	-	(24 266)
Conversion of preference shares in to ordinary shares						
143	28 074	-	-	(10 446)	-	17 771
Total transactions with owners						
12 643	478 464	62 872	616	(1 286)	64 626	489 821
BALANCE AS AT 30 JUNE 2010						
16 562	1 505 352	(26 673)	437	-	471 863	1 967 541

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GROUP STATEMENT OF CASH FLOWS

	Year ended 30 June 2010 R'000	Year ended 30 June 2009 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1 050 337	1 160 930
Cash paid to suppliers and employees	(948 469)	(939 983)
Cash generated from operations	101 868	220 947
Investment income	2 111	13 133
Finance costs	(129 665)	(168 549)
Tax received/(paid)	1 594	(2 999)
NET CASH FROM OPERATING ACTIVITIES	(24 092)	62 532
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17 095)	(130 604)
Sale of property, plant and equipment	933	989
Purchase of other intangible assets	(457)	(3 662)
Withdrawal from/(contribution to) self-insurance fund	3 282	(2 108)
Proceeds from sale of non-current assets held for sale	-	650
Decrease in loans and receivables	-	98
NET CASH FROM INVESTING ACTIVITIES	(13 337)	(134 637)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on share issue	12 643	-
Increase in share premium	491 308	24 266
Share issue cost deducted from share premium	(12 844)	-
Redemption of redeemable preference shares	-	(16 537)
Net movement on other financial liabilities	(481 432)	(30 279)
Movement in instalment sale liabilities	(2 256)	(1 631)
Movement in finance obligations	(11 167)	(2 829)
Movement in instalment sale receivables	1 248	999
NET CASH FROM FINANCING ACTIVITIES	(2 500)	(26 011)
TOTAL CASH MOVEMENT FOR THE YEAR	(39 929)	(98 116)
Cash at beginning of year	124 422	222 538
CASH AT END OF YEAR	84 493	124 422

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ADDITIONAL INFORMATION

	30 June 2010 R'000	30 June 2009 R'000
Capital expenditure	(17 095)	(130 604)
Authorised capital commitments contracted, but not provided for	(2 900)	(136)
Authorised capital commitments not yet contracted for	(5 894)	(3 164)
Depreciation of property, plant and equipment	(25 931)	(18 711)
Amortisation of intangible assets	(750)	(678)
Reversal of impairment/(impairment) of property, plant and equipment	3 184	(43 390)
Impairment of trade receivables	(872)	(6 183)
Restructuring costs	(333)	(18 735)

NOTES TO THE GROUP ANNUAL FINANCIAL INFORMATION

1. STATEMENT OF COMPLIANCE

The consolidated financial results announcement is based on the audited annual financial statements of the group for the year ended 30 June 2010. These have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the AC 500 standards as issued by the Accounting Practices Board ("APB"), the Listing Requirements of the JSE Limited and the Companies Act of South Africa, 1973.

The consolidated financial results do not include all the information required for full annual financial statements and have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The consolidated annual financial statements, which have been prepared on the going concern basis, were approved by the Board of Directors on 13 September 2010.

2. INDEPENDENT AUDIT BY THE AUDITORS

The consolidated annual financial statements for the year ended 30 June 2010 have been audited by the Group's auditors, KPMG Incorporated, who performed their audit in accordance with the International Standards on Auditing. A copy of their unqualified audit report is available for inspection at the registered office of the Company.

3. BASIS OF PREPARATION

The preparation of the annual financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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NOTES TO THE GROUP ANNUAL FINANCIAL INFORMATION (CONTINUED)

3. BASIS OF PREPARATION (CONTINUED)

The accounting policies are consistent with those used for the year ended 30 June 2009, other than the following:

- Presentation of financial statements due to the adoption of the revised IAS 1,
- Additional disclosure for financial instruments due to the amendments to IFRS 7,
- Determination & presentation of operating segments due to the adoption of IFRS 8,
- Accounting for borrowing costs due to the adoption of the revised IAS 23,
- Accounting for business combinations due to the adoption of the revised IAS 27 and IFRS 3, and
- Accounting for acquisitions of non-controlling interests due to the adoption of the revised IAS 27.

The presentation of the financial statements and the disclosure requirements for financial instruments as well as operating segments have been changed in accordance with IAS 1, IFRS 7 and IFRS 8. The Group changed the accounting for borrowing costs due to the amendments of IAS23 and as the Group did not incur any borrowing costs on qualifying assets during the year ended 30 June 2010 this adoption had no impact on the financial results. The Group adopted IFRS3 and IAS27 for periods commencing 1 July 2009 and as the Group had no business combinations or acquisitions of non-controlling interests during the year ended 30 June 2010, this adoption had no impact on the financial results.

4. OPERATING SEGMENTS

The business is considered from an operating perspective based on the products cultivated or produced and sold. The Group operates in one main geographic segment, the Republic of South Africa. The operating segments comprise timber products (aggregating the sawmilling, plywood and warehousing segments) as well as forestry.

R'000	Timber products 2010	Timber products 2009	Forestry 2010	Forestry 2009	Total 2010	Total 2009
Reportable items in the Statement of Comprehensive Income						
Revenue: external sales	872 741	1 025 747	34 747	67 299	907 488	1 093 046
Revenue: inter-segment sales	55 683	25 467	375 104	445 227	430 787	470 694
Total revenue	928 424	1 051 214	409 851	512 526	1 338 275	1 563 740
Depreciation and amortisation	(22 307)	(15 053)	(4 374)	(4 336)	(26 681)	(19 389)
Reportable segment profit (being the earnings before interest, taxation, depreciation & amortisation "EBITDA")	1 550	123 962	103 255	76 791	104 805	200 753
<i>Material non-cash items:</i>						
Fair value adjustment to biological assets	-	-	183 302	(244 698)	183 302	(244 698)

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NOTES TO THE GROUP ANNUAL FINANCIAL INFORMATION (CONTINUED)

4. OPERATING SEGMENTS (CONTINUED)

R'000	Timber products 2010	Timber products 2009	Forestry 2010	Forestry 2009	Total 2010	Total 2009
Reportable items in the Statement of Financial Position						
Reportable segment assets	236 697	308 482	1 942 707	1 780 031	2 179 404	2 088 513
Capital expenditure	10 364	125 970	5 360	4 634	15 724	130 604
Reportable segment liabilities	-	-	-	-	-	-
Reconciliation of reportable segment revenues, profit or loss, assets and liabilities					2010	2009
					R'000	R'000
Revenue						
Total revenue for reportable segments					1 338 275	1 563 740
Other revenue					1 873	2 244
Elimination of inter-segment revenue					(430 787)	(470 694)
Consolidated revenue					909 361	1 095 290
Profit or loss						
Total EBITDA for reportable segments					104 805	200 753
Depreciation, amortisation and impairment					(66 093)	(62 779)
Unallocated amounts: corporate office					(3 527)	(2 134)
Operating profit					35 185	135 840
Assets						
Total assets for reportable segments					2 179 404	2 088 513
Non-current assets not allocated to segments					1 014 402	1 051 723
Current assets not allocated to segments					73 246	120 600
Consolidated total assets					3 267 052	3 260 836
Liabilities						
Total liabilities for reportable segments					-	-
Non-current liabilities not allocated to segments					1 116 052	1 577 569
Current liabilities not allocated to segments					183 459	333 661
Consolidated total liabilities					1 299 511	1 911 230

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NOTES TO THE GROUP ANNUAL FINANCIAL INFORMATION (CONTINUED)

5. BIOLOGICAL ASSETS

	2010 R'000	2009 R'000
Reconciliation of biological assets		
Opening balance	1 738 371	1 983 070
Fair value adjustment:		
- Increase due to growth	326 846	179 491
- Decrease due to harvesting	(308 633)	(244 492)
- Adjustment to standing timber values to reflect fair value less point of sale cost at year end	165 090	(179 698)
Closing balance	1 921 674	1 738 371
Classified as non-current assets	1 562 936	1 492 002
Classified as current assets *	358 738	246 369
	1 921 674	1 738 371

* Being the biological assets to be harvested and sold in the 12 months after year end.

Change in valuation method

The fair value model as well as the methodology and assumptions used therein have been revised to obtain a more accurate valuation. The Group adopted the discounted cash flow valuation model to calculate the fair value of its biological assets during this year. Previously the Group used the net standing valuation model, which would have resulted in a value of R1,636 million.

The main changes in the methodology and assumptions:

- **Timber prices:** The market price per cubic metre is based on current and future expected market prices per log class.
- **Operating costs:** The costs are based on unit cost of the forest management activities required to enable the trees to reach the age of felling. The costs includes the current and future expected costs of harvesting, maintenance and risk management, as well as an appropriate amount of fixed overhead costs. The costs exclude the costs necessary to get the asset to the market. The net standing valuation method only incorporated the cost of felling all the standing timber.
- **Discount rate:** The Group used its after-tax weighted average cost of capital (“WACC”) applied to the after taxation net cash flow. No discount rate was used previously, as the Group applied the net standing valuation method which does not take into consideration the time value of money.

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NOTES TO THE GROUP ANNUAL FINANCIAL INFORMATION (CONTINUED)

6. GOODWILL

	2010 R'000	2009 R'000
Reconciliation of goodwill		
Opening balance	610 352	610 352
Impairment of goodwill	(44 910)	-
Closing balance	565 442	610 352

Goodwill arose from the business combination of Global Forest Products that took place on 13 July 2007.

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, which is not higher than the Group's operating segments before aggregation. Goodwill has been allocated to the forestry segment.

The Group's assets are compared to the present value of the future cash flows that are expected to flow from group sales.

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

- The plantations are managed in rotation based on a clear fell age of between 21 years and 25 years.
- The plantations are managed on a sustainable basis so that all harvested areas are replanted. The temporarily unplanted areas at any point constitute approximately 2,500 hectares.
- Long term CPIX of 6.0% (2009: 5.5%)
- Weighted average cost of capital 11.28% (2009: 14.0%)
- Target debt equity ratio of 30:70 (2009: 30:70)
- Pre-tax cost of debt of 10.0% (2009: 11.5%)

7. SHARE CAPITAL

	2010 '000	2009 '000
Reconciliation of the number of shares issued		
Opening balance	78 370	78 370
Issue of shares through rights offer	250 000	-
Conversion of preference shares into ordinary shares	2 871	-
Closing balance	331 241	78 370

	2010 R'000	2009 R'000
Issued share capital		
Ordinary shares of R0.05 each	16 562	3 919
Share premium	1 540 051	1 048 743
Share issue costs written off against share premium	(34 699)	(21 855)
Total	1 521 914	1 030 807

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NOTES TO THE GROUP ANNUAL FINANCIAL INFORMATION (CONTINUED)

7. SHARE CAPITAL (CONTINUED)

During the financial year, York issued and converted the following shares:

- 250 million ordinary shares were issued through a rights offer at an issue price of R2 per share. The rights offer was announced on 20 November 2009 in the ratio of 307.72792 rights offer shares for every 100 York shares held at the close of business on 20 November 2009. The rights offer closed at 12h00 on Friday, 11 December 2009. The cost of the rights issue was deducted from share premium during the reporting period.
- 2,871 million convertible, non-redeemable cumulative preference shares were converted into ordinary shares at 24 June 2010 on a one to one basis.

8. SHARE BASED PAYMENTS

Cash settled share based payments scheme

The cash settled share options allocated on 1 March 2008 were cancelled. The number of options outstanding as at 30 June 2009 was 399,000, with a weighted average exercise price of R22.70.

During the year ended 30 June 2010 the Group issued the following share-based options in terms of the share appreciation rights scheme:

	Number '000	Weighted exercise price
Granted on 17 November 2009, and outstanding at the end of the year	8 428	R2.74

The Group offers its key employees an incentive plan in the form of an employee share appreciation rights scheme which provides a right to receive a cash payment over the vesting period. The cash payment is based on the appreciation in the price of the shares over the five year period.

The appreciation rights are call options granted by the Company to 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 follows, at which time the option is exercised. The employees have the option to exercise their rights in trenches of 33.3% at the end of year 3, year 4 and year 5 respectively. The option expires at the end of year 6.

The payoff that a beneficiary of the share appreciation right scheme will receive, at the end of the lock in period, is the difference between the spot price on the exercise date and the 30 day volume weighted average price on grant date.

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

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NOTES TO THE GROUP ANNUAL FINANCIAL INFORMATION (CONTINUED)

8. SHARE BASED PAYMENTS (CONTINUED)

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

- The volume weighted average strike price of R2.74 per share.
- Closing share price at 30 June 2010 of R3.07 per share.
- Grant date is 17 November 2009.
- Vesting portions are in 3 equal trenches annually commencing on 17 November 2012.
- Option life is six years with a maturity/expiry date of 17 November 2015.
- It was assumed that no forfeiture of the granted share appreciation rights will occur.
- A dividend yield of 0% was applied in the calculation.
- The risk-free interest rate was sourced from the Bond Exchange of South Africa. The bootstrapped zero coupon perfect fit swap curve as at 30 June 2010 was used. The risk-free interest rates applied range from 6.89% (minimum value) to 7.81% (maximum value).
- Expected volatility was calculated using the equally weighted standard approach, by making use of the available historical share price data, for a period equal to the term to maturity of the scheme. Smoothing of the share price volatility was done at the end of July 2007 and June 2010, in order to exclude the effects of the rights issues made by the company on the volatility.

	2010	2009
Liability arising from share based payments:	R'000	R'000
Carrying amount of cash settled liability	2 104	50

9. EARNINGS PER SHARE

The calculation of basic earnings per share at 30 June 2010 is based on the profit/(loss) attributable to ordinary shareholders of R 64,626 million (2009: R (231,920) million) and a weighted average number of ordinary shares of 216,781 million (2009: 78,370 million).

The calculation of diluted earnings per share at 30 June 2010 is based on the profit/(loss) attributable to ordinary shareholders, after the effect on basic earnings for the convertible preference shares of R 64,626 million (2009: R (231,920) million) and a weighted average number of ordinary shares after the effect of the convertible preference shares of 216,781 million (2009: 78,370 million). In the year ended 30 June 2010 there were no instruments that had a dilutive effect.

	2010	2009
Reconciliation of weighted average number of ordinary shares	'000	'000
Issued ordinary shares	78 370	78 370
Effect of shares issued in December 2009	138 356	-
Effect of conversion of shares	55	-
Weighted average ordinary shares for the year	216 781	78 370

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NOTES TO THE GROUP ANNUAL FINANCIAL INFORMATION (CONTINUED)

10. HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per share at 30 June 2010 is based on the profit/(loss) attributable to ordinary shareholders, adjusted by items non headline earnings items of R 87,156 million (2009: R (199,352)) and the weighted average number of ordinary shares of 216,781 million (2009: 78,370).

	2010	2009
Headline earnings per share (cents)	40	(254)

Reconciliation of basic earnings to headline earnings

	Gross R'000	Taxation R'000	Total R'000
2010			
Basic earnings attributable to ordinary shareholders	60 570	4 056	64 626
Profit on sale of assets and liabilities	(10 933)	3 061	(7 872)
Fair value adjustment on investment property	(16 967)	4 751	(12 216)
Impairment of plant, equipment and vehicles	(3 184)	892	(2 292)
Impairment of goodwill	44 910	-	44 910
Headline earnings for the year	74 396	12 760	87 156

	Gross R'000	Taxation R'000	Total R'000
2009			
Basic earnings attributable to ordinary shareholders	(312 627)	80 707	(231 920)
Loss on sale of assets and liabilities	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)

NOTICE OF ANNUAL GENERAL MEETING AND POSTING OF ANNUAL REPORT

Notice is hereby given that the 94th Annual General Meeting of the Company will be held at the Sabie Country Club, Main Street, Sabie, 1260 at 10:00 on Tuesday, 16th November 2010.

Accordingly, shareholders are advised that the Annual Report containing the audited financial statements for the year ended 30 June 2010 will be posted to shareholders today. The audited financial statements for the year ended 30 June 2010, together with the Auditors' Report, is available on the Company's website: www.york.co.za as from today.

On behalf of the Board of Directors

JP MYERS
Chairman

PP VAN ZYL
Chief Executive

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ABRIDGED AUDITED GROUP ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2010, NOTICE OF ANNUAL GENERAL MEETING AND POSTING OF ANNUAL REPORT

NATURE OF BUSINESS

York has the largest market share of the South African lumber and plywood market resulting from its sustainable biological asset integrated with primary and value adding processes through the entire value chain. York operates in various trade sectors and markets, both domestic and overseas.

FINANCIAL HIGHLIGHTS

Major highlights for the year under review included:

- Recapitalised balance sheet;
- Negotiated debt repayment and revised debt terms;
- The closure of three operating units;
- Right sizing, restructured business management and cost structures;
- Business refocused on optimising the use of own raw material sources and supply chain management;
- Improved financial profit and cash flow generation for the second six months of the 2010 financial year; and
- The discounted cash flow method has been adopted to calculate the fair value of the biological asset.

The rights issue concluded in December 2009 was oversubscribed by 166%, an endorsement of York's strategic direction announced during the period as part of the Group's restructuring plans. This raised R500 million of equity.

R450 million of the rights issue was utilised to pay off debt. This debt reduction was largely achieved on a pro-rata basis when compared to the existing debt structure. Therefore, the average cost of debt has not been significantly impacted; however the reduction in balance has reduced the interest obligation significantly. The remaining R50 million was earmarked for strategic capital expenditure.

The goal to reduce fixed and overhead costs of over R72 million, on an annualised basis, has been exceeded by R7 million. This was achieved through a comprehensive right sizing exercise that involved the complete top down re-structuring of all salaried staff.

Improved operating efficiencies, a renewed focus to optimise the raw material base and integration with comprehensive supply chain management, provided York with the basis to significantly improve financial performance during the second six months of the financial year. This is despite economic conditions deteriorating further than anticipated at the outset of this financial period.

The discounted cash flow method is widely used in the Forestry, Paper and Pulp industry to calculate the fair value of biological assets. Following careful consideration and full consultation through the Audit and Risk Committee, the Board of Directors endorsed the recommendation that this method should be adopted, as it is most likely to provide an accurate and consistent fair value of the asset. This has resulted in an increase of approximately 10.5% when compared to the asset's value in the comparative period.

York Timber Holdings Limited

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FINANCIAL HIGHLIGHTS (CONTINUED)

Aligned with the adoption of this method, and as required by International Financial Reporting Standards, the goodwill associated with the plantations has been tested through a detailed valuation process. The goodwill, which arose as a result of the acquisition of Global Forest Products, remains largely intact as a result of this test. An impairment amounting to approximately R45 million was required. York's management and board believes that future economic benefit is expected to flow to the Group as York's sustainable forestry management and silviculture plans will result in a significant increase in the sustainable volume off-take from the plantations.

Sustainability of the plantation asset is being enhanced through continued accelerated re-planting of the fire damaged areas of the recent past. During the period under review, in excess of double the number of hectares were re-planted when compared to those hectares harvested. This situation will continue for the next further financial period, by when, all affected areas will be re-planted.

PROSPECTS

Management believe that the performance during the second six months of the 2010 financial year can be sustained. Revenue has improved during the three months of the new period when compared to the comparable three month period a year ago. The cost and raw material optimisation strategies and supply chain improvements continue to positively impact performance and results.

The above prospects is not a forecast and has not been reviewed or reported on by the Group's auditors.

COMPANY INFORMATION

Directors: JP Myers*# (Chairman), PC Botha*, DJ Erskine (CFO), SAU Meer*,
GR Tipper*#, PP van Zyl (CEO)
*(*non-executive) (# independent)*

Registered office: York Corporate Office, 3 Main Street, Sabie, 1260

Postal address: PO Box 1191, Sabie, 1260

Company secretary: Fusion Corporate Secretarial Services (Pty) Ltd

Transfer secretaries: Computershare Investor Services (Pty) Ltd

Sponsor: Barnard Jacobs Mellet Corporate Finance (Pty) Ltd

Auditors: KPMG Incorporated

www.york.co.za

Sabie, Mpumalanga
30 September 2010