

YRK - The York Timber Organisation Limited - Abridged Audited Financial
17 Sep 2008

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Results For The 18 Months Ended June 2008

The York Timber Organisation Limited
("York" or "the Group")

Reg. No. 1916/004890/06

Share code: YRK

ISIN: ZAE000008108

Abridged Audited Financial Results For The 18 Months Ended June 2008

Global Forest Products acquired for R1,7 billion in July 2007 and
successfully integrated

Net asset value per share up from 941 cents to 2 113 cents

Headline earnings per share up by 280% from 269 cents to 1 019 cents

Cash generated by operating activities increased 28-fold from R8 million to
R224 million

Biological asset growth of 46% since July 2007

ABRIDGED CONSOLIDATED BALANCE SHEET

	Audited 30 June 2008 R'000	Audited 31 December 2006 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	363 511	65 801
Biological assets	1 718 407	18 000
Goodwill	610 352	-
Investment property and financial assets	86 594	6 802
	2 778 864	90 603
Current assets		
Inventories	197 908	34 724
Biological assets	264 663	-
Trade and other receivables	192 108	59 909
Cash and cash equivalents	222 538	41 731
Other current assets	3 136	2 200
	880 353	138 564
Total assets	3 659 217	229 167
EQUITY AND LIABILITIES		
Equity		
Ordinary share capital and reserves	1 655 668	103 907
Liabilities		
Non-current liabilities		
Interest bearing long-term liabilities	1 128 545	32 757
Deferred tax	498 615	9 414
Other long-term liabilities and provisions	72 807	7 889
	1 699 967	50 060
Current liabilities		
Interest bearing short-term liabilities	64 109	12 050
Trade and other payables	233 984	57 676
Current tax payable	5 489	5 474
	303 582	75 200
Total liabilities	2 003 549	125 260
Total equity and liabilities	3 659 217	229 167

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Audited 18 months ended 30 June 2008 R'000	Audited 12 months ended 31 December 2006 R'000	Pro forma Unaudited 12 months 1 July 2007 to 30 June 2008 R'000
Revenue	1 521 581	393 975	1 274 621
Cost of sales	(569 804)	(242 481)	(405 304)
Gross profit	951 777	151 494	869 317

Other operating income	38 726	6 649	40 659
Selling, general and administration expense	(765 815)	(118 319)	(708 453)
Profit from operations	224 688	39 824	201 523
Biological asset fair value adjustment	607 308	5 722	603 308
Profit before finance costs	831 996	45 546	804 831
Finance income	110 421	2 066	100 629
Finance expense	(204 322)	(5 282)	(193 403)
Profit before tax	738 095	42 330	712 057
Taxation	(199 345)	(11 014)	(193 819)
Profit for the period	538 750	31 316	518 238
Basic earnings per ordinary share (cents)	1 018	284	661
Fully diluted earnings per ordinary share (cents)	981	284	n/a
Headline earnings per ordinary share (cents)	1 019	269	662
Fully diluted headline earnings per ordinary share (cents)	982	n/a	n/a

The unaudited pro forma financial information for the 12 months 1 July 2007 to 30 June 2008 are provided for illustrative purposes only and have been prepared in a manner consistent with the accounting policies of York. The directors of York are responsible for the preparation of the pro forma financial information.

The pro forma financial information has been derived by removing the published interim results for the six months from the current results for the 18 month ended 30 June 2008.

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	Audited 18 months ended 30 June 2008 R'000	Audited 12 months ended 31 December 2006 R'000
Cash flows from operations	252 333	38 656
Net working capital changes	(27 961)	(30 641)
Cash flows from operating activities	224 372	8 015
Cash generated/(utilised) by operating activities	31 561	891
Finance income	52	362
Income from investments	(163 279)	(5 282)
Finance expense	(5 704)	(1 475)
Taxation paid	87 002	2 511
Net cash from operating activities	(1 684 520)	
Business combination	(83 526)	10 065
Net cash utilised in other investing activities	1 861 851	20 448
Net cash from financing activities	180 807	33 024
Net increase/(decrease) in cash and cash equivalents	41 731	8 707
Cash and cash equivalents at beginning of period	222 538	41 731
Cash and cash equivalents at end of period		

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Total share capital R'000	Fair value adjustment asset Available for sale Reserve R'000
Group				
Balance at 1 January 2006	552	3 060	3 612	-
Issue of shares	-	1	1	-
Change in fair value of	-	-	-	144

available-for-sale financial assets				
Total income and expense recognised directly in equity	-	-	-	144
Profit for the year	-	-	-	-
Balance at 1 January 2007	552	3 061	3 613	144
Issue of shares	3 511	1 049 490	1 053 001	-
Buy-back of own shares	(144)	(28 074)	(28 218)	-
Share based payment	-	-	-	-
Change in fair value of available-for-sale financial assets	-	-	-	(363)
Share issue expenses	-	(21 855)	(21 855)	-
Total income and expense recognised directly in equity	-	(21 855)	(21 855)	(363)
Profit for the period	-	-	-	-
Balance at 30 June 2008	3 919	1 002 622	1 006 541	(219)

	Share-based payment reserve R'000	Retained income R'000	Total equity R'000
Group			
Balance at 1 January 2006	-	68 834	72 446
Issue of shares	-	-	1
Change in fair value of available-for-sale financial assets	-	-	144
Total income and expense recognised directly in equity	-	-	144
Profit for the year	-	31 316	31 316
Balance at 1 January 2007	-	100 150	103 907
Issue of shares	-	-	1 053 001
Buy-back of own shares	-	-	(28 218)
Share based payment	10 446	-	10 446
Change in fair value of available-for-sale financial assets	-	-	(363)
Share issue expenses	-	-	(21 855)
Total income and expense recognised directly in equity	-	-	(22 218)
Profit for the period		538 750	538 750
Balance at 30 June 2008	10 446	638,900	1 655 668
Calculation of headline earnings - Group 30 June 2008:			
		Group Audited	
		18 months 12 ended 30 months	
		June 2008 ended 31 December 2006	
		R'000	R'000
Basic earnings attributable to equity holders of the parent		538 750	31 316
- Loss/(surplus) on disposal of property, plant and equipment		400	(80)
- Increase in fair value of investment property		-	(1 381)
- Loss on sale of non-current assets held for sale		339	-
- Impairment of property, plant and equipment		-	(213)
Headline earnings for the period		539 489	29 642

assets				
Consolidated total				
assets				
Segment liabilities	34 621	25 907	45 042	-
Unallocated corporate liabilities				
Non-current and current loans and borrowings				
Taxation and deferred taxation				
Consolidated total liabilities				
Additions to biological assets	-	-	45 725	-
Capital expenditure	-	864	14 321	-
Depreciation	514	236	3 286	-
Impairment of tangible assets	-	-	-	-
	Elimination		Consolidated	
(All amounts in thousands)	2008	2006	2008	2006
Revenue				
External sales	-	-	1 521 581	393 975
Inter-segment sales	(50 775)	(5 010)	-	-
Total revenue	(50 775)	(5 010)	1 521 581	393 975
Result				
Fair value adjustment biological assets				
Trading				
Segment result	-	-	896 378	47 133
Unallocated expenses			(64 382)	(1 587)
Profit from operations			831 996	45 546
Net finance costs			(93 901)	(3 216)
Income tax expense			(199 345)	(11 014)
Profit for the year			538 750	31 316
Segment assets			2 744 179	187 436
Unallocated corporate assets			915 038	41 731
Consolidated total assets			3 659 217	229 167
Segment liabilities			271 782	61 237
Unallocated corporate liabilities			17 218	4 328
Non-current and current loans and borrowings			1 208 235	44 807
Taxation and deferred taxation			504 105	14 888
Consolidated total liabilities			2 001 340	125 260
Additions to biological assets			45 725	-
Capital expenditure			37 089	6 996
Depreciation			26 207	4 768
Impairment of tangible assets				300

Business segments:

The Group is organised into four major operating divisions - Sawn Timber Products, Plywood, Merchandising and Forestry. The divisions are the basis on which the Group reports its primary segment information. The Sawn Timber Products segment produces and sells a broad range of structural and industrial sawn timber products. The Plywood division manufactures and sells plywood products. The Merchandising 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.

Geographic segments:

The Group regards its business as a single geographic 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 provisions. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of accounts, wages and accrued liabilities. Segment assets and liabilities do not include deferred income taxes and taxes currently payable.

Inter-segment transfers:

Segment revenue, segment expenses and segment 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 in consolidation.

There were no changes in segment accounting policy although two new segments were added.

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

The Group is domiciled in South Africa. The abridged consolidated Group financial results of the 18 months ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the Group). The abridged consolidated financial results were authorised for issue on 16 September 2008.

(a) Basis of preparation

These abridged The York Timber Organisation Limited ("the Group") financial results for the eighteen months ended 30 June 2008 constitute a summary, prepared in terms of International Accounting Standard 34, of the Group's audited financial statements. They have been prepared in accordance with International Financial Reporting Standards and the South African Companies Act 1973, as amended.

KPMG Inc.'s unmodified auditors' reports included in the annual financial statements and on the summarised financial statements contained in this abridged report are available for inspection at the company's registered office.

(b) Basis of measurement

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

- financial instruments held for trad