

YRK - York - York Delivers Sparkling 18-Month Results  
17 Sep 2008

YRK

YRK - York - York Delivers Sparkling 18-Month Results

The York Timber Organisation Limited

(Incorporated in the Republic of South Africa)

Registration number 1916/004890/06)

Share code: YRK

ISIN: ZAE000008108

("York" or "the Group")

YORK DELIVERS SPARKLING 18-MONTH RESULTS

HIGHLIGHTS

- Global Forest Products acquired for R1,7 billion in July 2007 and successfully integrated
- Net asset value per share up from 941c to 2113c
- Headline earnings per share up by 280% to 1019c
- Cash generated by operating activities increased 28-fold, from R8 million to R224 million
- Biological asset growth of 46% since July 2007

The York Timber Organisation Limited (York) has announced headline earnings per share of 1019 cents for the 18-month period to 30 June 2008. This is a 280% increase over the 12 month period ended 31 December 2006.

Revenue for the financial period under review increased to R1,52 billion, a 287% increase over the previous 12-month period. This follows the acquisition of Global Forestry Products (GFP) in June 2007, transforming York into the largest forestry and timber milling company in Africa. The GFP acquisition lifts the group's share of the southern African sawn timber market to 19% from the previous 8%.

"These results were achieved despite the massive disruption caused by a devastating fire that affected about 6,5% of the country's sawlog resource, and a severe downturn in residential housing construction," says CEO Lance Cooper. Cooper further says the results are rewarding in the light of the prevailing market conditions, and the distortions introduced by the change in financial year-end, as well as the acquisition of GFP for R1,7 billion in June 2007.

"The nature of York's business model has changed substantially following the GFP acquisition, in that we are now 60% self-sufficient in timber. Forestry accounts for a quarter of our revenue, versus just 1% previously, and York is now a diversified, vertically integrated forestry and timber group, with seven modern and well-managed sawmills, as well as a plywood mill. We have been able to extract efficiencies from the acquired mills and further efficiency benefits wait to be realised."

The segmental breakdown for the period shows that merchandising now accounts for 19% of revenue, down from 40% prior to the GFP acquisition, timber milling 47% (previously 59%), and plywood 9% (previously zero). The GFP assets and operations were successfully integrated during the period under review, and York's acquisition programme - in line with the strategic objective of becoming a fully integrated forestry and sawmilling company - continued, with the acquisition of the Goedgeloof plantation from Crocodile Valley Estates (Pty) Limited as a going concern for a consideration of R32,3 million. This was funded from cash resources of R12,3 million, with the balance secured by way of long-term funding. Goedgeloof was successfully integrated into York's adjoining London plantation.

Cash generated from operating activities grew to R224 million from the previous 12-month period's R8 million. Net finance expenses were substantially higher at R93 million (2006: R3 million) due principally to the increase in debt acquired to effect the GFP acquisition. The GFP acquisition was funded by way of a R350 million rights offer and a R203 million issue of shares for cash to finance working capital for the merged group. This resulted in the number of ordinary shares in issue increasing to 78 million from 11 million, substantially improving the liquidity of the counter.

Commenting on market conditions during the period under review, Cooper says the fire that devastated 6,5% of the country's pine sawlog reserves in July 2007 created a temporary surplus of logs as producers were forced to fell damaged trees. This temporary surplus will transform into a shortfall as producers struggle to meet the future timber needs of the country as a whole. Some 11 000 hectares of York's plantations were affected by the fire, as well as the Driekop sawmill. York is accelerating the replanting of the burnt areas over a 24-month period in order to normalise the growing regime as quickly as possible. The Driekop timber mill is being rebuilt as a new state-of-the-art mill, which will be ready for commissioning in March 2009.

Cooper welcomed the increase in the group's BEE shareholding to 39% as a result of the Lereko Metier Capital Growth Fund's interest in the company having increased from 4% to 14.1%.

#### Dividend

Taking into account the debt facilities extended by York's bankers for the GFP acquisition and other growth plans, no dividend (save preference dividends) was declared during the period under review. During the previous year, no dividend was declared.

#### Outlook

Looking to the coming financial period, Cooper says market conditions will remain tough in an environment of depressed residential construction and high interest rates. "While we expect interest rates to fall over the coming 12-month period, this will not be fully reflected until 2010 and beyond. York will focus its energies on building market share and generating further efficiency improvements across the group in an effort to maintain and grow margins. We therefore expect to see a continued improvement in financial performance in the coming financial year," concludes Cooper.

#### Ends/

ISSUED THE YORK TIMBER ORGANISATION LIMITED (YORK): 013 764  
FOR : 9200  
CONTACT Lance Cooper, CEO: 083 227 4700 / John Lehman CFO: 082  
: 388 8998  
FAX NO 013 764 1164  
:  
E-MAIL lcooper@york.co.za; jlehman@york.co.za  
:  
WEBSITE www.york.co.za  
:  
ISSUED YORK Corporate and Investor Communications  
BY :  
CONTACT Tish Stewart 011 442 5536 / 082 443 6399  
:  
FAX NO 011 447 9317  
:  
E-MAIL tishstewart@mweb.co.za  
:  
DATE : 17 September 2008

Date: 17/09/2008 12:01:01 Produced by the JSE SENS Department.

The SENS service is an information dissemination service administered by the JSE Limited ('JSE'). The JSE does not, whether expressly, tacitly or implicitly, represent, warrant or in any way guarantee the truth, accuracy or completeness of the information published on SENS. The JSE, their officers, employees and agents accept no liability for (or in respect of) any direct, indirect, incidental or consequential loss or damage of any kind or nature, howsoever arising, from the use of SENS or the use of, or reliance on, information disseminated through SENS.