York Timber Holdings Limited
(Registration number 1916/004890/06)
Consolidated and Separate Annual Financial statements
for the year ended 30 June 2022

These consolidated and separate annual financial statements were prepared under the supervision of:
GCD Stoltz CA(SA)
Acting Chief Financial Officer

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Audit Committee Report

1. Mandate and terms of reference

The Group's Audit Committee has adopted formal terms of reference, delegated to it by the board of directors, as its mandate. The mandate is in line with the Companies Act 71 of 2008 of South Africa, as amended (Companies Act), the King IV Report on Governance for South Africa, 2016 (King IV) and the JSE Limited Listings Requirements (JSE Listings Requirements). During the year, the Audit Committee discharged the functions delegated to it in its mandate.

The Audit Committee performed the following statutory and regulatory duties:

- Reviewed and recommended for adoption by the board the publicly disclosed financial information which comprised the Group's consolidated interim results for the six months ended 31 December 2021 and the consolidated and separate annual financial statements for the year ended 30 June 2022;
- Satisfied itself that the external auditor, PricewaterhouseCoopers Incorporated, and its audit partner, complied with the suitability criteria for re-appointment as required by paragraph 3.84(g)(iii) as read with later paragraph 22.15(h) of the JSE Listings Requirements, are properly accredited and independent and assessed the quality of the audit;
- Approved the external auditor's fees and terms of engagement for the 2022 financial year;
- Determined the nature and extent of the non-audit services that may be provided by the external auditors and pre-approved any proposed agreements with them for the provision of such services;
- The Audit Committee evaluated the performance of the internal audit function and resolved to continue to source the internal audit function from Tereo Krino Business Assurance Consultants Proprietary Limited and approved the internal audit plan and budgeted fee for the 2022 financial year;
- Reviewed the Audit Committee charter in line with King IV recommendations;
- Held separate meetings with management and the external and internal auditors to discuss relevant matters;
- Noted that it had not received any complaints, from either within or outside the Company, relating to the accounting practices, the internal audits, the content or auditing of the annual financial statements, the internal financial controls or any other related matters. It has however adopted certain recommendations proposed by the JSE Limited as part of their proactive monitoring procedures.;
- Confirmed that a whistle-blowing facility was in place and considered the actions taken in regard to incident reports;
- Evaluated and satisfied itself as to the appropriateness of the expertise and experience of the Chief Financial Officer, as required by paragraph 3.84(g)(i) of the JSE Listings Requirements;
- Satisfied itself as to the expertise, resources and experience of the Company's finance function;
- Considered the Group's liquidity and solvency positions and satisfied itself that the adoption of the going concern basis by York Timber Holdings Limited in preparing the consolidated annual financial statements was appropriate;
- Confirmed, with reference to reporting by management and the internal audit function, that the Group had established appropriate financial reporting procedures and satisfied itself that those procedures were operating which includes consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the Company to effectively prepare and report on the financial statements of the Company;
- Satisfied itself that the combined assurance provided is effective and monitors the relationship between external assurance providers and the Company;
- Ensured that the appointment of the auditor and audit partner is presented and included as a resolution at the annual general meeting of the Company, pursuant to section 61(8) of the Companies Act; and
- Satisfied itself through management representations and findings by the external auditor, as well as work performed by the internal auditors that the key audit matters relating to Goodwill, including the impairment assessment of the Forestry cash generating unit and the valuation of Biological Assets for Pine and Eucalyptus trees have been presented fairly in the consolidated and separate annual financial statements.

2. Membership

In terms of section 94(2) of the Companies Act, the Audit Committee is a statutory committee and in terms of the JSE Listing Requirements and King IV, comprises at least three independent non executive members, elected by the shareholders at each annual general meeting. The members of the Audit Committee for the 2022 financial year were:

- AW Brink CA (SA) (Independent non-executive, Audit Committee Chairman);
- KM Nyanteh CA (SA) (Independent non-executive); and
- Dr AP Jammine BSc Hons Mathematical Statistics (Wits), BA Hons Economics cum laude (Wits), MSc Economics (London School of Economics), PhD Economics (London Business School), Post-Doctoral Fellowship Centre for Business Strategy (London Business School) (Independent non-executive).

Audit Committee Report

The members of the Audit Committee have the necessary academic qualifications and experience to adequately fulfil their duties as members of the Audit Committee.

The Chief Executive Officer, Chief Financial Officer, the heads of External and Internal Audit, and other relevant parties attend Audit Committee meetings by invitation.

The internal and external auditors have unlimited access to the Chairman of the Audit Committee.

Audit committee meeting attendance	**07/09/2021**	**15/09/2021**	**04/11/2021**	**16/03/2022**	**08/06/2022**
AW Brink (Chairman)	Yes	Yes	Yes	Yes	Yes
KM Nyanteh	Yes	Yes	Yes	Yes	Yes
Dr AP Jammine	Yes	Yes	Yes	Yes	Yes

3. Internal controls

Internal controls comprise the methods and procedures adopted by management to provide reasonable assurance of the safeguarding of assets, prevention and detection of errors, accuracy and completeness of accounting records, and reliability of the consolidated and separate annual financial statements of all entities in the Group.

The internal audit function performs independent evaluations of the adequacy and effectiveness of the Group's controls, financial reporting mechanisms, information systems and operations, and provides a degree of assurance in regard to safeguarding of assets and the integrity of financial information.

Management continuously reviews the adequacy of the internal control environment and addresses any shortcomings identified. The Audit Committee is of the view that the internal controls are designed and implemented effectively and nothing has come to the attention of the Audit Committee, or to the attention of the internal or external auditors, to indicate that any material breakdown in the functioning of the internal controls and systems occurred during the period under review. All shortcomings in the internal control environment identified by the respective reviews by internal audit and external audit are addressed by management to improve the internal control environment.

4. Recommendation of the consolidated and separate annual financial statements

Based on the information provided to the Audit Committee by management, and considering the reports of the external and internal auditors, the Audit Committee is satisfied that the annual financial statements comply, in all material respects, with the requirements of the Companies Act 71 of 2008 of South Africa, International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements. The consolidated and separate annual financial statements for the year ended 30 June 2022 were approved by the Board of Directors on 15 September 2022.

The Chairman of the Audit Committee, or in his absence, the other members of the Audit Committee, will attend the annual general meeting to answer questions falling within the mandate of the Audit Committee.

AW Brink
Chairman: Audit Committee
20 September 2022

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa, 71 of 2008, as amended (Companies Act) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors (Board) sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and Company and all employees are required to maintain the highest ethical standards in ensuring that the Group and Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints. The consolidated and separate annual financial statements are uploaded on the website of the Group after signing. The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the consolidated and separate annual financial statements and the auditor cannot be held responsible for any changes that may have occurred to the consolidated and separate annual financial statements since they were initially presented on the website.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. Any system of internal financial control however, can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group and Company's cash flow forecast for the year to 30 June 2023 and, in light of this review and the current financial position, they are satisfied that the Group and Company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the Group's external auditor and their report is presented on pages 11 to 15.

The consolidated and separate annual financial statements set out on pages 16 to 90, which have been prepared on the going concern basis, were approved by the Board of Directors on 15 September 2022 and were signed on their behalf by:

Approval of consolidated and separate annual financial statements

N Siyotula **Chairman**	**GCD Stoltz** **Chief Executive Officer and Interim Chief Financial Officer**

York Timber Holdings Limited

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Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act of South Africa, 71 of 2008, as amended, I certify that the group and company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Kilgetty Statutory Services (South Africa) Proprietary Limited
Company Secretary
20 September 2022

Responsibility Statement by the Executive Director

I, Gerald Stoltz, in my capacity as Chief Executive Officer and interim Chief Financial Officer hereby confirm that:

- the annual financial statements set out on pages 16 to 90, fairly present in all material respects the financial position, financial performance and cash flows of York Timber Holdings Limited ("York") in terms of the International Financial Reporting Standards;
- to the best of my knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to York and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of York;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled my role and function as executive director with primary responsibility for implementation and execution of controls;
- where I am not satisfied, I have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- I am not aware of any fraud involving directors.

GCD Stoltz
Chief Executive Officer and Interim Chief Financial Officer
20 September 2022

Directors' report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of York Timber Holdings Limited (York, the Company or the Group) for the year ended 30 June 2022.

1. Nature of business

York was incorporated in South Africa with interests in investment holding. The activities of the Group are undertaken through the subsidiaries with interests in forestry and fleet management, sawmills, plywood, wholesale, farming of citrus, avocados and macadamias and the hospitality industry. The Group operates in South Africa, the Southern Africa Development Community and international market.

2. Review of the financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 of South Africa. The accounting policies to the consolidated and separate financial statements have been applied consistently compared to the prior year, except for the change as disclosed in note 34.

Full details of the financial position, results of operations and cash flows of the Group are set out in the consolidated and separate annual financial statements.

York temporarily closed down all operations at its sawmill in Graskop due to the sawmill being dependent on SAFCOL for log supply. Volumes awarded by SAFCOL were significantly less than bid volumes. With no raw material security a decision was made to temporarily close down the operation.

The group's results were impacted by heavy rainfall and industrial action resulting in the disruption of operations in the Escarpment commencing on 25 April 2022 through to June 2022. The total comprehensive income for the period was R30.5 million (2021: R138.5 million).

3. Share capital

	2022	2021	2022	2021
Issued	R '000	R '000	Number of shares	
Ordinary shares	16 045	15 876	320 896 242	317 520 045

During the year 3 376 197 shares, previously held as treasury shares by a wholly-owned subsidiary as per note 17, were transferred to qualifying individuals in terms of the share based payment scheme awarded in 2019 and the scheme awarded to the late CEO, Mr PP van Zyl, under the 2015 Share plan (refer to note 18).

4. Dividends

The Board has resolved not to declare a dividend for the year ended 30 June 2022.

5. Directors' shareholding

As at 30 June 2022, the directors of the Company held direct beneficial interests in 0.18% (2021: 1.54%) and indirect beneficial interest in 21.82% (2021:0%) of its issued ordinary shares, as set out below. There were no changes to the directors’ shareholding between 30 June 2022 and the date of approval of the annual financial statements. It is however understood that Peresec’s holding has decreased by 7 049 shares, but that the relevant directors were not involved in the decisions relating to such trades nor is Peresec an associate of the directors.

Interest in shares

	2022	2021	2022	2021
GCD Stoltz (Direct interest)	609 866	609 866	0.18 %	0.18 %
PP van Zyl (Direct interest)	-	4 507 410	- %	1.36 %
A Zetler and A van der Veen (represented by A2 Investment Partners Proprietary Limited (A2) and Peresec Prime Brokers Proprietary Limited (Peresec), which York shares held by Peresec are controlled by A2) (Indirect interest)	72 274 219	-	21.82 %	- %
	72 884 085	**5 117 276**	**22.00 %**	**1.54 %**
Interest in share incentive scheme (units)				
PP van Zyl (equity-settled share-based payment)		-	3 000 000	-

The register of interests of directors and others in shares of the Company is available to the shareholders on request.

6. Borrowing limitations

In terms of the memorandum of incorporation, the Board may raise debt from time to time for the purposes of the Group.

The Group's subsidiary, York Timbers Proprietary Limited, is subject to externally imposed capital requirements in the form of a debt-equity ratio requirement of below 1:1, in terms of the Land Bank loan facility and a debt-equity ratio of <0.3, in terms of the Absa capital fund loan (refer to note 20 and 42).

7. Directorate

The directors in office at reporting date, including changes during the year, are as follows:

Directors	Office	Designation	Changes
AW Brink		Non-executive Independent	
L Dhlamini		Non-executive Independent	Appointed 21 September 2021
Dr AP Jammine		Non-executive Independent	
HM Mbanyele-Ntshinga		Non-executive Independent	
DM Mncube		Non-executive Independent	Resigned 31 May 2022
Dr JP Myers (USA)	Chairman	Non-executive Independent	Resigned 08 June 2022
KM Nyanteh		Non-executive Independent	
N Siyotula	Chairperson	Non-executive Independent	Appointed 21 June 2022
AJ Solomons		Non-executive	Appointed 15 July 2022
GCD Stoltz	Chief Executive Officer and Interim Chief Financial Officer	Executive	Appointed 01 July 2022
PP van Zyl	Chief Executive Officer	Executive	Deceased 17 July 2021
A van der Veen		Non-executive	Appointed 11 November 2021
A Zetler		Non-executive	Appointed 15 July 2022

Directors' report

8. Special resolutions

During the year, two special resolutions were passed by the shareholders of York Timber Holdings Limited and its subsidiaries. The resolutions were for general authority to repurchase shares and financial assistance in terms of section 44 and 45 of the Companies Act, 71 of 2008, of South Africa.

9. Auditor

PricewaterhouseCoopers Inc. was appointed as auditor for the Group for 2022. The engagement partner appointed is Schalk Barnard.

10. Secretary

Mrs Han-hsiu Hsieh resigned as company secretary on 29 July 2022. Kilgetty Statutory Services (South Africa) Proprietary Limited was appointed as company secretary with effect from 1 August 2022.

Business address:	York Corporate Office 3 Main Road Sabie 1260

11. Interest in subsidiaries

Details of the Group's investment in subsidiaries are set out in note 8 to the consolidated and separate annual financial statements.

12. Going concern

The consolidated and separate annual 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 believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

13. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Directors' report

14. Shareholder profile

The shareholder profile at 30 June 2022 was as follows:

Shareholder spread	Number of shareholder accounts	% Number of shareholder accounts	Number of shares	% of number of shares
1 - 1 000	3 479	77.92 %	413 952	0.12 %
1 001 - 10 000	580	12.99 %	2 377 863	0.72 %
10 001 - 100 000	326	7.30 %	10 654 270	3.22 %
100 001 - 1 000 000	61	1.37 %	18 141 166	5.48 %
Over 1 000 000	19	0.42 %	299 653 346	90.46 %
Total	**4 465**	**100.00 %**	**331 240 597**	**100.00 %**

Assurance Companies	2	0.04 %	26 888 892	8.12 %
Close Corporation	14	0.31 %	211 693	0.06 %
Collective Investment Schemes	5	0.10 %	27 204 767	8.21 %
Custodians	5	0.10 %	1 789 539	0.54 %
Foundations and Charitable Funds	4	0.09 %	27 632	0.01 %
Hedge Funds	3	0.07 %	13 284 802	4.01 %
Investment Partnerships	8	0.18 %	979 628	0.30 %
Managed Funds	3	0.07 %	26 301 955	7.94 %
Private Companies	64	1.43 %	56 318 915	17.01 %
Public Companies	3	0.07 %	8 110	- %
Public Entities	1	0.02 %	95 136 513	28.72 %
Retail Shareholders	4 273	95.70 %	28 206 347	8.52 %
Retirement Benefit Funds	3	0.07 %	135 608	0.04 %
Script Lending	1	0.02 %	383 890	0.12 %
Share Schemes	1	0.02 %	48 200	0.01 %
Stockbrokers & Nominees	10	0.22 %	47 308 072	14.28 %
Trusts	64	1.43 %	7 004 613	2.11 %
Unclaimed Scrip	1	0.02 %	1 421	- %
Total	**4 465**	**100.00 %**	**331 240 597**	**100.00 %**

Key Shareholders	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
Directors and Associates	4	0.09 %	72 884 085	22.00 %
Strategic Holdings	1	0.02 %	95 136 513	28.72 %
Share Schemes	1	0.02 %	48 200	0.01 %
Non-public shareholders	6	0.13 %	168 068 798	50.73 %
Public Shareholders	4 459	99.87 %	163 171 799	49.27 %
Total	**4 465**	**100.00 %**	**331 240 597**	**100.00 %**

Beneficial Shareholders Holding > 3% of Issued Shares	Number of shares	% of issued shares
Industrial Development Corporation	95 136 513	28.72 %
Legae Peresec	46 762 264	14.12 %
Old Mutual Group	45 487 064	13.73 %
Bridge Creek Trading 10 Proprietary Limited	29 356 410	8.86 %
A2 Investment Partners Proprietary Limited	25 511 955	7.70 %
Rozendal Partners	13 165 201	3.97 %
Auburn Avenue Trading 55 Proprietary Limited	11 416 382	3.45 %
Agentimber Proprietary Limited	10 682 958	3.23 %
	277 518 747	**83.78 %**

Independent auditor's report

To the Shareholders of York Timber Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of York Timber Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

York Timber Holdings Limited's consolidated and separate financial statements set out on pages 16 to 90 comprise:

- the consolidated and separate statements of financial position as at 30 June 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

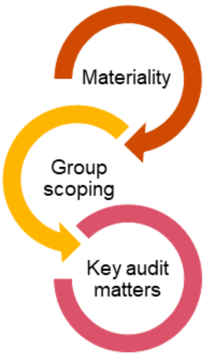
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- **R18.38 million, which represents 1% of consolidated revenue**

Group audit scope

- We performed full scope audits on all the trading entities within the Group
- Dormant entities were subject to independent reviews performed by another firm. These entities are insignificant to the Group

Key audit matters

- Valuation of biological assets – pine and eucalyptus trees
- Impairment assessment of the Forestry Cash Generating Unit (CGU) which includes Goodwill

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	**R18.38 million**
How we determined it	1% of consolidated revenue
Rationale for the materiality benchmark applied	We chose consolidated revenue as the benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatility and near break-even earnings, and it is a generally accepted benchmark. We chose 1%, which is consistent with quantitative materiality thresholds used for companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of the Company and 15 subsidiaries which consist of 6 trading entities and 9 dormant entities. All trading entities were subject to full scope audits based on their financial significance to the Group due to their contribution to consolidated revenue.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the group's engagement team, as well as the component auditors. The 9 dormant entities are insignificant to the Group and only consist of intergroup balances, which all eliminate on consolidation. As such, we did not rely on the work of the component auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Valuation of biological assets - pine and eucalyptus Refer to note 5 to the consolidated financial statements. Biological assets comprise planted pine and eucalyptus trees. As at 30 June 2022, the Group recognised biological assets with a fair value of R 2.478 billion in consolidated non-current assets and R 324 million in consolidated current assets. The Group measures its biological assets at fair value less costs to sell with any resultant gain or loss	Our audit addressed the key audit matter as follows: We evaluated the appropriateness and consistency of the significant judgements and assumptions applied by management in the discounted cash flow calculation by performing the procedures below: - Making use of our valuations expertise, we independently calculated the WACC using external data sources, including a recalculation of the biological asset value at year end. We

recognised through profit and loss. Refer to accounting policy 1.5 for further detail in this regard. Biological assets are classified as level 3 in the accounting standard *IFRS 13 - Fair Value Measurement.* This implies that fair value is determined with reference to unobservable inputs. The Group has used the discounted cash flow method to value the biological assets. This method is complex, highly judgemental and subject to significant assumptions. The most significant judgements and assumptions applied in determining the fair value of biological assets include: 1. determination of a discount rate which is calculated as an after tax weighted average cost of capital ("WACC"); 2. determination of expected yields per log class calculated based on relevant growth models (growth rate); 3. determination of a volume adjustment factor due to the susceptibility of the plantations to the environment; 4. determination of the price per cubic metre based on the current and future expected market prices per log class; and 5. determination of operational costs based on unit costs of the forest management activities. The valuation of the Group's biological assets was considered to be a matter of most significance to our current year audit due to: ● the valuation being subject to complexity, significant judgement and management assumptions; ● biological assets forming a key metric in the Group's business; and ● the magnitude of the balance in relation to the consolidated statement of financial position	found the discount rate used by management to be within an acceptable range of our independent calculation. - We tested the mathematical accuracy of management's valuation model. No material differences were noted. - We evaluated the reasonableness of: a) The projected volumes, including yields, that the existing plantations are predicted to produce, through assessment against the Group's historical production volumes; b) The volume adjustment factor with reference to actual deviations based on harvested results; c) The price per cubic meter against actual results and current market prices; and d) The operational costs of the forest management activities, based on our understanding of the business, past results and the economic outlook. Based on the results of our work performed, we accepted management's projected volumes, yields, volume adjustment factor and price per cubic metre and operational costs used in their assessment. - We performed an independent sensitivity analysis of the fair value assessment to assess the reasonableness of management's calculation, taking in account reasonable changes in the assumed growth rates and cash flows. We did not note any aspect in this regard which required further consideration. - We assessed management's significant judgements and assumptions against historical practices and the biological asset management plans. We noted no material inconsistencies in this regard. We also considered management bias in determining key assumptions by comparing assumptions to prior periods and considering changes in operations and the economic environment. We found assumptions to be consistent with prior periods and changes in operations and the economic environment with no indication of management bias.
Impairment assessment of the Forestry Cash Generating Unit (CGU) which includes goodwill The Group recognised goodwill with a carrying amount of R 357.6 million as at 30 June 2022. As set out in note 6 to the consolidated financial statements, goodwill is tested for impairment at each year end. For purposes of impairment testing, goodwill has been allocated to the forestry cash generating unit ("CGU"). Management performs an annual impairment assessment in respect of the CGU. The recoverable amount of the CGU is determined with reference to fair value less costs to sell. Assumptions made by management in determining the fair value less costs to sell are disclosed in note 6 to the consolidated financial statements and include projected cash flows,	We evaluated the appropriateness of the level at which impairment is assessed, being the Group's CGU's. We also assessed the level at which goodwill is monitored for impairment to evaluate whether it was tested at the appropriate CGU level in accordance with International Accounting Standard (IAS) 36 - *Impairment of Assets*. We performed the following in addressing the key audit matter: We evaluated the appropriateness and consistency of the significant judgements and assumptions applied by management in the discounted cash flow calculation by performing the procedures below: ● Making use of our valuations expertise, we independently calculated the WACC using external data sources, including a recalculation of the fair value less cost to sell off the CGU at year end. We found the discount rate used by management to be within an acceptable range of our independent calculation.

inflation rates, expected yields per log class, volume adjustment factors and price per cubic metre. We considered the impairment assessment of the forestry CGU, including its related goodwill, to be a matter of most significance to the current year audit due to the significant judgement, assumptions and estimation applied by management in determining the fair value less costs to sell.	• We tested the mathematical accuracy of management's valuation model. No material differences were noted. • We performed an independent sensitivity analysis of the fair value assessment to assess the reasonableness of management's calculation, taking into account a reasonable change in the assumed growth rates and cash flows. We did not note any aspect in this regard which required further consideration. We evaluated the reasonableness of: • The future log prices by comparing it to actual results and current market prices; • The expected yields from the plantation based on rotation which includes replantings and associated costs with reference to the Group's historical production volumes; and • The forecasted growth rates by comparing it to historical actual growth and market expectations. We also considered management bias in determining key assumptions by comparing assumptions to prior periods and considering changes in operations and the economic environment. We found assumptions to be consistent with prior periods and changes in operations and the economic environment with no indication of management bias.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*York Timber Holdings Limited Consolidated and Separate Annual Financial Statements for the year ended 30 June 2022*" and "*York Timbers Annual Report 2022"* includes the Directors' Report, the Audit Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of York Timber Holdings Limited for 4 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Schalk Barnard
Registered Auditor
Mbombela, South Africa
20 September 2022

Statements of Financial Position as at 30 June 2022

		Group		Company	
Figures in Rand R'000	Notes	2022	Restated* 2021	2022	2021
Assets					
Non-Current Assets					
Property, plant and equipment	3	910 355	905 645	-	-
Investment property	4	36 093	34 180	-	-
Biological assets	5	2 478 866	2 502 597	-	-
Goodwill	6	357 630	357 630	-	-
Intangible assets	7	237	334	-	-
Investments in subsidiaries	8	-	-	1 131 089	1 123 919
Loans to group companies	9	-	-	1 240 449	1 256 070
Other financial assets at amortised cost	10	114 785	97 583	-	-
Deferred tax	11	3 778	4 336	36	37
		3 901 744	**3 902 305**	**2 371 574**	**2 380 026**
Current Assets					
Biological assets	5	329 755	375 554	-	-
Inventories	12	223 276	183 265	-	-
Trade and other receivables	13	193 453	271 933	187	138
Current tax receivable	14	822	1 072	2	-
Cash and cash equivalents	15	16 364	108 030	-	1
		763 670	**939 854**	**189**	**139**
Non-current assets held for sale	16	-	750	-	-
Total Assets		**4 665 414**	**4 842 909**	**2 371 763**	**2 380 165**
Equity and Liabilities					
Equity					
Share capital	17	1 491 674	1 484 157	1 529 431	1 521 914
Reserves		3 243	2 193	1 014	1 363
Retained income		1 560 466	1 531 338	838 870	855 076
		3 055 383	**3 017 688**	**2 369 315**	**2 378 353**
Liabilities					
Non-Current Liabilities					
Borrowings	20	298 210	347 330	-	-
Lease liability	21	25 941	394	-	-
Retirement benefit obligation	22	24 081	25 658	-	-
Deferred tax	11	832 935	885 035	-	-
Provisions	23	17 670	16 576	-	-
		1 198 837	**1 274 993**	**-**	**-**
Current Liabilities					
Trade and other payables	24	273 522	337 535	2 448	1 812
Borrowings	20	83 100	167 461	-	-
Lease liability	21	6 191	4 690	-	-
Deferred income		1 663	502	-	-
Current tax payable	14	5 202	2 934	-	-
Provisions	23	2 912	256	-	-
Bank overdraft	15	38 604	36 850	-	-
		411 194	**550 228**	**2 448**	**1 812**
Total Liabilities		**1 610 031**	**1 825 221**	**2 448**	**1 812**
Total Equity and Liabilities		**4 665 414**	**4 842 909**	**2 371 763**	**2 380 165**

* Refer to note 34.

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand R'000	Notes	2022	Restated* 2021	2022	2021
Revenue	25	1 838 810	1 928 589	6 564	4 775
Cost of sales		(1 346 236)	(1 339 277)	-	-
Gross profit		**492 574**	**589 312**	**6 564**	**4 775**
Other operating income	26	10 359	28 743	-	-
Other operating gains (losses)	27	3 701	(10 369)	-	-
Other operating expenses		(401 654)	(388 206)	(7 080)	(4 771)
Operating profit (loss) before fair value adjustment on biological assets	28	**104 980**	**219 480**	**(516)**	**4**
Fair value adjustment on biological assets	29	(68 596)	14 173	-	-
Operating profit (loss) after fair value adjustment on biological assets		36 384	233 653	(516)	4
Investment income	30	5 011	3 618	1	3 451
Finance cost	31	(37 484)	(48 447)	(15 690)	-
Other non-operating gains (losses)	32	-	6 269	-	-
Profit (loss) before taxation		**3 911**	**195 093**	**(16 205)**	**3 455**
Taxation	33	25 217	(58 024)	(1)	(1)
Profit (loss) for the year		**29 128**	**137 069**	**(16 206)**	**3 454**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability		1 900	2 001	-	-
Taxation related to remeasurements on net defined benefit liability		(501)	(560)	-	-
Total items that will not be reclassified to profit or loss		**1 399**	**1 441**	**-**	**-**
Other comprehensive income for the year net of taxation		**1 399**	**1 441**	**-**	**-**
Total comprehensive income (loss) for the year		**30 527**	**138 510**	**(16 206)**	**3 454**
Earnings per share					
Per share information					
Basic earnings (loss) per share (c)	46	9	43	(5)	1
Diluted earnings (loss) per share (c)	46	9	43	(5)	1

* Refer to note 34.

Statements of Changes in Equity

Figures in Rand R'000	Share capital	Share based payment reserve	Defined benefit plan reserve	Total reserves	Retained income	Total equity
Group						
Opening balance as previously reported	1 480 232	4 759	(611)	4 148	1 396 492	2 880 872
Adjustments						
Change in accounting policy (refer to note 34)	-	-	-	-	(4 065)	(4 065)
Balance at 01 July 2020 as restated	**1 480 232**	**4 759**	**(611)**	**4 148**	**1 392 427**	**2 876 807**
Profit for the year restated (refer to note 34)	-	-	-	-	137 069	137 069
Other comprehensive income	-	-	1 441	1 441	-	1 441
Total comprehensive income for the year restated	**-**	**-**	**1 441**	**1 441**	**137 069**	**138 510**
Employees share option scheme	-	2 371	-	2 371	-	2 371
Employee share option vested	3 925	(5 767)	-	(5 767)	1 842	-
Total contributions by and distributions to owners of company recognised directly in equity	**3 925**	**(3 396)**	**-**	**(3 396)**	**1 842**	**2 371**
Balance at 01 July 2021 Restated	**1 484 157**	**1 363**	**830**	**2 193**	**1 531 338**	**3 017 688**
Profit for the year	-	-	-	-	29 128	29 128
Other comprehensive income	-	-	1 399	1 399	-	1 399
Total comprehensive income for the year	**-**	**-**	**1 399**	**1 399**	**29 128**	**30 527**
Employee share option scheme	-	7 168	-	7 168	-	7 168
Employee share option scheme vested	7 517	(7 517)	-	(7 517)	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**7 517**	**(349)**	**-**	**(349)**	**-**	**7 168**
Balance at 30 June 2022	**1 491 674**	**1 014**	**2 229**	**3 243**	**1 560 466**	**3 055 383**
Notes	17	18	19			

Statements of Changes in Equity

Figures in Rand R'000	Share capital	Share based payment reserve	Defined benefit plan reserve	Total reserves	Retained income	Total equity
Company						
Balance at 01 July 2020	**1 521 914**	**4 759**	**-**	**4 759**	**851 622**	**2 378 295**
Profit for the year	-	-	-	-	3 454	3 454
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**3 454**	**3 454**
Employees' share option scheme	-	2 371	-	2 371	-	2 371
Employee share options vested	-	(5 767)	-	(5 767)	-	(5 767)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(3 396)**	**-**	**(3 396)**	**-**	**(3 396)**
Balance at 01 July 2021	**1 521 914**	**1 363**	**-**	**1 363**	**855 076**	**2 378 353**
Loss for the year	-	-	-	-	(16 206)	(16 206)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(16 206)**	**(16 206)**
Employee share option scheme	-	7 168	-	7 168	-	7 168
Employee share option scheme vested	7 517	(7 517)	-	(7 517)	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**7 517**	**(349)**	**-**	**(349)**	**-**	**7 168**
Balance at 30 June 2022	**1 529 431**	**1 014**	**-**	**1 014**	**838 870**	**2 369 315**
Notes	17	18	19			

Statements of Cash Flows

		Group		Company	
Figures in Rand R'000	Notes	2022	Restated 2021	2022	2021
Cash flows from operating activities					
Cash generated from operations	35	202 227	425 446	70	284
Interest income		5 011	3 618	1	1
Finance cost		(36 257)	(47 046)	-	-
Tax paid	36	(24 309)	(23 400)	(2)	(3)
Net cash from operating activities		**146 672**	**358 618**	**69**	**282**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(86 795)	(82 096)	-	-
Sale of property, plant and equipment	3	1 407	937	-	-
Purchase of investment property	4	(1 506)	(1 150)	-	-
Sale of investment property	4	750	-	-	-
Purchase of other intangible assets	7	(14)	(31)	-	-
Acquisition of business net of cash acquired	37	-	(77 805)	-	-
Loans advanced to group companies		-	-	(70)	(281)
Purchase of other financial assets at amortised cost		(51 786)	(62 728)	-	-
Proceeds from other financial assets at amotised cost		34 584	18 476	-	-
Net cash applied to investing activities		**(103 360)**	**(204 397)**	**(70)**	**(281)**
Cash flows from financing activities					
Proceeds from borrowings	35	39 487	101 097	-	-
Repayment of borrowings	35	(173 346)	(170 204)	-	-
Repayment of lease liability		(8 594)	(8 124)	-	-
Net cash applied to financing activities		**(142 453)**	**(77 231)**	**-**	**-**
Total cash movement for the year		**(99 141)**	**76 990**	**(1)**	**1**
Cash at the beginning of the year		71 180	3 013	1	-
Effect of exchange rate movement on cash balances		5 721	(8 823)	-	-
Total cash at end of the year	15	**(22 240)**	**71 180**	**-**	**1**

Accounting policies

Corporate information

York Timber Holdings Limited is a public company incorporated and domiciled in South Africa.

The consolidated and separate annual financial statements for the year ended 30 June 2022 were approved by the Board of Directors on 15 September 2022.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate annual financial statements and the Companies Act of South Africa, as amended.

These consolidated and separate annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the group and company's functional currency and rounded to the nearest thousand (R'000).

All subsidiaries use uniform accounting policies.

These accounting policies are consistent with the previous period, except for the change in accounting policy as noted in note 34.

1.2 Segmental reporting

The Group determines and presents operating segments based on the information that is internally provided to the Group's Chief Operating Decision-Maker (CODM), comprising senior management and Executive Committee members.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and in which it may incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment and to assess its performance where salient financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

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

Accounting policies

1.3 Consolidation

Basis of consolidation

Acquisitions on or after 1 July 2009

For acquisitions on or after 1 July 2009, the Group measures goodwill as the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net identifiable assets being recognised at the aquisition date fair values. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of a pre-existing relationship between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards are exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) related to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Acquisitions prior to 1 July 2009

For acquisitions prior to 1 July 2009, the Group measures goodwill as the excess of the cost of the acquisition over the Group's interest in the recognised amount of the identifiable assets, liabilities and contingent liabilities of the acquiree at the aquisition date fair value. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

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 annual financial statements.

Investments in subsidiaries in the separate financial statements

Subsidiaries are entities controlled by the company. Control exists when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated annual financial statements from the date that control commences until the date that control ceases. They are de-consolidated from the date that control is lost. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the company.

Investments in subsidiaries are initially carried at cost and subsequently at cost less impairment.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Accounting policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

For details of judgements and estimates that have a significant effect on the consolidated financial statements, refer to:

- Note 3 - Property, plant and equipment
- Note 4 - Investment property
- Note 5 - Biological assets
- Note 6 - Goodwill
- Note 11 - Deferred tax
- Note 12 - Inventories
- Note 13 - Trade and other receivables
- Note 18 - Share-based payment reserve
- Note 21 - Lease liability
- Note 22 - Retirement benefit obligation
- Note 23 - Provisions

1.5 Biological assets

Pine and eucalyptus trees:

Planted pine and eucalyptus trees are recognised as biological assets, where the group controls the assets, future economic benefits are probable and the fair value can be reliably measured.

Biological assets are measured at fair value less costs to sell, at each reporting period (31 December and 30 June), with any resultant gain or loss recognised as operating profit or loss in the Statement of Profit or Loss and other Comprehensive income.

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

The operating cycle will commence when the biological assets reach clearfell age at 20 years where after the biological assets will be consumed in the next 12 months as part of the normal operating cycle.

Unharvested fruit:

The group recognises a biological asset from unharvested avocado and macadamias when, and only when:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the group; and
- the fair value or cost of the asset can be measured reliably.

Avocados and macadamias growing on bearer plants (recognised in Property, plant and equipment Note 3) are accounted for as biological assets until the point of harvest. Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell at the point of harvest. A gain or loss arising on initial recognition of unharvested agricultural produce at fair value less cost to sell is included in operating profit or loss for the period in which it arises as a fair value adjustment. Any fair value adjustments subsequent to initial recognition will be included in operating profit or loss for the period.

The fair value of avocado and macadamias growing on the bearer plants is determined by reference to market prices for local, export and reject classes, adjusted for expected costs to reach maturity, which is typically one to two months after the end of the reporting period. Significant estimates include the expected agricultural produce yields and quality, and the expected market price.

Accounting policies

1.6 Investment property

Investment property is initially recognised at cost and subsequently measured at fair value. Transaction costs are included in the initial measurement of investment property.

Any gain or loss arising from a change in fair value is recognised as non operating profit or loss in the statement of Profit or Loss and other comprehensive income. An external, independent valuation company, having an appropriate, recognised professional qualification and recent experience in the location and category of property being valued, is used to value the portfolio. External valuations are performed every three years. The valuations in between the professional valuations are done internally by the directors. 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 1.18.

When an item of property 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, to the extent that the remeasurement of an investment property on the date of classification results in a gain, applied first to reducing any impairment loss that was previously recognised in profit or loss and the remaining increase is recognised in other comprehensive income. 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, measured in terms of the fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

1.7 Property, plant and equipment

Owned assets

Items of property, plant and equipment and bearer plants are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Bearer plant consists of citrus, macadamias and avocado trees.

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised interest 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 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 obligations or from changes in the discount rate.

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.

Capital work in progress is carried at cost less any impairments.

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.

Accounting policies

1.7 Property, plant and equipment (continued)

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 on the earlier of the date it is classified as held for sale or the date it is derecognised upon disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/ other expenses in profit or loss.

The residual values, depreciation methods and useful lives are re-assessed annually at the reporting date. The current estimated useful lives are as follows:

Item	Depreciation method	Useful life
Land	-	Indefinite
Buildings	Straight-line	10 - 49 years
Roads (included in Buildings in note 3)	Straight-line	40 years
Right of use asset	Straight line	2 - 5 years
Plant and machinery	Straight line	5 - 12 years
Other equipment	Straight-line	3 - 15 years
Bearer plants	Straight line	5 - 33 years

1.8 Leases

Where the Group is the lessee, a right of use asset and lease liability are recognised.

Payments made under leases are recognised against the lease liability over the period of the lease.

The right of use assets are initially measured at cost and include the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration cost where applicable and subsequently measured at cost less accumulated depreciation and accumulated impairment losses and are depreciated over the shorter of the asset's useful life and the lease term on a straightline basis.

The right of use assets and liabilities consist mainly of warehouses leased for a period between 2 – 5 years and are measured at the present value of lease payments over the lease term at the Group’s incremental borrowing rate adjusted for asset specific risks and the lease term. Lease modifications that result in the addition of one or more assets are accounted for as a newly acquired asset and lease liability. Lease modification that does not result in the addition of one or more assets i.e. rent reductions and amendment of lease terms are accounted for as a right of use asset and lease liability adjustment at the adjusted incremental borrowing rate on the effective date of the modification.

Lease payments are allocated between principal and finance cost. The finance cost is changed to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The group has elected to apply the recognition exemption to not recognise right of use assets and liabilities for short term leases of 12 months or less and leases for which the underlying asset and liability is of low value.

The lease agreements are renegotiated at the termination of each lease contract.

1.9 Intangible assets

Goodwill

Initial measurement

Goodwill is measured at cost.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Goodwill has an indefinite life. Goodwill is tested annually for impairment and when impairment indicators exist.

1.9 Intangible assets (continued)

Other intangible assets

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

Useful life

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 ceasing when the asset is disposed of or no longer generates benefits for the entity.

Re-assessing 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 when an impairment indicator exists and the remaining carrying amount is amortised over its useful life.

Subsequent measurement

The Group recognises in the carrying amount of an item of intangible assets, 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.

Amortisation

The residual values, amortisation methods and useful lives are re-assessed annually at the reporting date.

Amortisation is recognised as part of operating expenses in the Statement of Profit or Loss and Other Comprehensive Income.

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

Item	Useful life
Computer software	5 years

1.10 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

- Amortised cost.

Note 42 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group and company are presented below:

Loans receivable at amortised cost

Classification

Loans to group companies (note 9) and self insurance fund (note10) are classified as financial assets subsequently measured at amortised cost.

Accounting policies

1.10 Financial instruments (continued)

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, value added tax (VAT) and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Accounting policies

1.10 Financial instruments (continued)

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT, interest and prepayments. The amount of expected credit losses is updated at each reporting date.

The group calculated the expected credit loss under the simplified approach using a provision matrix. The expected credit loss is calculated by applying an expected loss ratio to each age receivable group. The loss ratio is calculated as the historical payment profile and adjusted for macro-economic forecasts. A default credit loss ratio is applied to ageing periods of 90 days and over if the debtor is covered by credit insurance. Debtors not covered by credit insurance are reviewed on an individual basis based on historical transactions and communication to determine debt loss.

Derecognition

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost.

Borrowings

Classification

Borrowings (note 20) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value less transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss under finance cost (note 31).

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 42 for details of risk exposure and management thereof.

Accounting policies

1.10 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 24), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance cost (note 31).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 42 for details of risk exposure and management thereof.

Derecognition

Any gains or losses arising on the derecognition of trade and other payables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are classified as financial assets initially and subsequently measured at amortised cost and consist of cash on hand and bank balances.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost.

1.11 Tax

Current tax assets and liabilities

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of 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;
- 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, and the Group is able to control the timing of the reversal; and
- taxable temporary differences arising on the initial recognition of goodwill.

Accounting policies

1.11 Tax (continued)

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.

Deferred tax on investment property is provided for at the tax rate expected to apply to the proceeds on sale of the property.

Tax expenses

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 or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

1.12 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 and fruit produce is its fair value at the date of harvest, based on the previous biological asset valuation performed, determined in accordance with the accounting policy for biological assets. Any change in value at the date of harvest is recognised in profit or loss.

The harvested timber is carried at roadside prices which includes transport cost up to roadside. The ageing of logs is used to determine whether the logs should be written off. Logs older than 20 weeks are written off.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Impairment of assets

Financial assets

A financial asset, other than financial assets at fair value through profit and loss, is assessed at each reporting date to determine whether there is any objective evidence that it should be 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.

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.

Accounting policies

1.13 Impairment of assets (continued)

All impairment losses are recognised in profit or loss.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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, the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

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 pre-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 is, from the acquisition date, 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 allocated represents 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 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.

1.14 Share capital and equity

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.

1.15 Share based payments

Equity-settled transactions

The grant date fair value of options allocated 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.

The group allocated shares based payment scheme to the employees of a subsidiary. The grant date fair value of options allocated to employees is recognised as an investment in subsidiary, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an investment in subsidiary is adjusted to reflect the actual number of share options that vest.

Accounting policies

1.16 Employee benefits

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

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 has 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.

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 and former employees.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods and discounting the amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The expense is included under operating expenses.

1.17 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 any discount is recognised as a 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.

Accounting policies

1.18 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sale of logs
- Sale of timber products
- Rendering of services - treating
- Sale of food and beverages
- Accommodation income
- Sale of nuts and fruits
- Income from fruit packaging
- Rental income
- Transport income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Sale of logs

Revenue is recognised at a point in time for sale of logs and includes the sale of logs and transport income.

For the sale of logs to customers, revenue is recognised when control of the goods has transferred, being at the point when the customer receives the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods, or within 30 days for account holding customers. A receivable is recognised for account holding customers. No financing element is recognised as the payment terms are within 30 days.

Sale of timber products

Revenue is recognised at a point in time for local and export sales of timber products and includes the sales of timber and transport income.

Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. In some instances the customer requires the company to arrange transport with the sale of goods. The performance obligation on the sale of goods are then satisfied when the goods are delivered to the customer.

Rendering of services - treating

Revenue relating to treating services is recognised in the accounting period in which the services are rendered.

Sale of food and beverages

Revenue from sale of goods is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and VAT.

Accommodation income

Revenue is derived from accommodation income and is measured at the transaction price received or receivable after deducting VAT based on an overnight rate for accommodation. Revenue is recognised when the performance obligations are met over time as services are rendered.

Accounting policies

1.18 Revenue from contracts with customers (continued)

Sale of nuts and fruits

Revenue is recognised at a point in time for sales of nuts and fruit.

For the sale of fruit, the final packed produce is sent to the marketing and distribution agent (Agent) for local and export consumers. The title of the produce remains with the group until the final payment for the product has been received by the Agent and the risk in the produce will only pass to the end consumer on the sale between the Agent and end consumer.

Deferred revenue is recognised for produce where the group has received partial payment for the produce from the Agent.

For the sale of nuts revenue is recognised when the nuts are delivered to the customer.

Income from fruit packaging

Revenue is recognised at a point in time.

Revenue derived from fruit packaging services rendered is recognised when the goods are packed from the growers based on the pack out distribution of the produce delivered by the grower.

Rental income

Rental income from investment property is recognised in profit or loss (net of VAT) on a straight line basis over the term of the lease. Other rental income is recognised in profit or loss.

Transport income

Revenue derived from transport services is recognised in the accounting period in which the services are rendered, at a point in time when the goods are delivered, at the gross amount of revenue received.

1.19 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group 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).

Any foreign exchange differences are recognised in profit and loss in the year in which the difference occurs. The profits are included under other income and the losses are included under other operating gains / (losses).

Non-monetery assets and libilities denominated in foreign currencies that are measured at fair value are retranslated to the funcional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of hitorical cost are translated using the exchange rate at the date of the transaction.

1.20 Investment income and finance cost

Investment income comprises interest income on funds invested, interest charged on overdue trade receivables and interest charged at a market related interest rate for loans to group companies in line with IFRS 9.

Interest income is recognised as it accrues, using the effective interest method.

Finance cost comprises interest expenses on borrowings, interest expenses on lease liabilities, interest expense charged on overdue trade payables and interest charged at market related interest rate for loans to group companies in line with IRFS 9 and overdraft facilities.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

During the current financial year there were no new standards and interpretations applicable to the group that were adopted.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2022 or later periods:

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the consolidated and separate annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in consolidated and separate annual financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

Notes to the consolidated and separate annual financial statements

2. New Standards and Interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the group is for years beginning on or after 01 January 2022.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the group is for years beginning on or after 01 January 2022.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

3. Property, plant and equipment

Group	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	140 880	-	140 880	140 880	-	140 880
Buildings	356 893	(103 442)	253 451	337 319	(89 939)	247 380
Right of use asset	37 158	(6 127)	31 031	25 077	(21 265)	3 812
Plant and machinery	662 365	(341 770)	320 595	630 130	(278 040)	352 090
Motor vehicles	212 882	(115 510)	97 372	192 066	(99 343)	92 723
Bearer plants	20 987	(2 672)	18 315	23 071	(921)	22 150
Other equipment*	14 032	(8 850)	5 182	22 274	(9 016)	13 258
Capital - Work in progress	43 529	-	43 529	33 352	-	33 352
Total	**1 488 726**	**(578 371)**	**910 355**	**1 404 169**	**(498 524)**	**905 645**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	140 880	-	-	-	-	140 880
Buildings	247 380	21 002	(165)	(407)	(14 359)	253 451
Right of use asset	3 812	34 286	-	-	(7 067)	31 031
Plant and machinery	352 090	34 299	-	-	(65 794)	320 595
Motor vehicles	92 723	16 864	(1 169)	-	(11 046)	97 372
Bearer plants	22 150	47	(1 563)	-	(2 319)	18 315
Other equipment*	13 258	4 406	(23)	-	(12 459)	5 182
Capital - Work in progress	33 352	10 177	-	-	-	43 529
	905 645	**121 081**	**(2 920)**	**(407)**	**(113 044)**	**910 355**

* Other equipment refers to furniture and fittings, computer equipment and critical spares. The total other equipment have been grouped together as the total net carrying value for these assets is less than 20% of the total net carrying value of property, plant and equipment. In the prior year financial statements motor vehicles were included in the other equipment balance. This has now been disclosed separately in the current and prior year and excluded from the other equipment balance.

Notes to the consolidated and separate annual financial statements

Figures in Rand R'000	Group 2022	Group 2021	Company 2022	Company 2021

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Additions through business combinations	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	111 928	-	28 952	-	-	-	-	140 880
Buildings	218 674	5 431	29 063	(3)	7 649	(13 320)	(114)	247 380
Right of use asset	9 649	-	-	-	-	(5 837)	-	3 812
Plant and machinery	377 575	946	7 071	(208)	25 886	(59 180)	-	352 090
Motor vehicles	82 979	24 891	5 756	(2 240)	-	(18 663)	-	92 723
Bearer plants	-	11 140	11 931	-	-	(921)	-	22 150
Other equipment*	12 973	-	410	(35)	3 152	(3 242)	-	13 258
Capital - Work in progress	30 351	39 688	-	-	(36 687)	-	-	33 352
	844 129	**82 096**	**83 183**	**(2 486)**	**-**	**(101 163)**	**(114)**	**905 645**

* Other equipment refers to furniture and fittings, computer equipment and critical spares. They have been grouped together as the total net carrying value for these assets is less than 20% of the total net carrying value of property, plant and equipment. In the prior year financial statements motor vehicles were included in the other equipment balance. This has now been disclosed separately in the current and prior year and excluded from the other equipment balance.

Property, plant and equipment encumbered as security

Landholdings amounting to 57 178 ha (2021: 57 178 ha) with a carrying value of R29.8 million were encumbered in favour of Micawber 558 Proprietary Limited (unrelated to the group), as security for loans and borrowings, as per note 20.

Assets comprising the Plywood plant with a carrying value of R231.7 million (2021: R262.7 million) are subject to a notarial bond.

Assets are encumbered in terms of instalment sale agreements.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

3. Property, plant and equipment (continued)

Carrying value of plant and equipment under instalment sale agreement obligation

Plant and machinery	19 608	27 613	-	-
Motor vehicles	86 470	81 487	-	-

The Group has entered into instalment sale agreements with Absa, Mercedes Benz Financial Services, Daimler Financial Services and Toyota Financial Services for plant, equipment and vehicles (Refer note 20).

The present value of minimum instalment sale agreement payments due at year-end was R65 million (2021: R64 million) (Refer note 20).

Impairment

The impairment in the prior year relates to the wetmill roof that was damaged. It was included in other operating expenses.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company and its respective subsidiaries.

4. Investment property

Group		
	Valuation	Valuation
Investment property	36 093	34 180

Reconciliation of investment property - Group - 2022

	Opening balance	Additions	Transfers	Total
Investment property	34 180	1 506	407	36 093

Reconciliation of investment property - Group - 2021

	Opening balance	Additions	Classified as held for sale	Fair value adjustments	Total
Investment property	30 740	1 150	(750)	3 040	34 180

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

The property held for sale in the 2021 financial year has been sold.

Registers with details of investment properties are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

4. Investment property (continued)

Details of valuation

There is a three year external valuation cycle and external valuations were performed on 21 May 2021.

Revaluations were performed by independent valuators, Tetragon Valuers Proprietary Limited. These valuators are not connected to the Company and have recent experience in location and category of the investment properties being valued. The directors assessed the fair value as at 30 June 2022 and deemed the existing values to be reasonable.

The fair value measurement for investment property of R36 million (2021: R34.1 million) has been categorised as a Level 3 fair value. A 1% change in the value of investment property would result in a R0.4 million (2021: R0.3 million) adjustment to profit and loss.

Amounts recognised in profit and loss for the year excluding fair value adjustments

Rental income from investment property	2 132	1 874	-	-
Direct operating expenses from rental generating property	(718)	(1 070)	-	-
Total	**1 414**	**804**	**-**	**-**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

5. Biological assets

The biological assets comprise of pine and eucalyptus trees and unharvested fruit.

Pine and euclyptus trees:

The calculation to establish the value of the plantation biological assets is based on existing, sustainable harvesting plans and assessments regarding growth, timber prices, harvesting and silviculture costs and selling expenses. The calculation is performed for a harvesting cycle for biological assets that York estimates to average 20 years and does not include replanting of trees once harvested. The change in value is recognized as part of operating profit or loss in the Statement of profit or loss and other comprehensive income.

Reconciliation of biological asset: pine and eucalyptus trees

	Group 2022	Group 2021	Company 2022	Company 2021
Opening balance	2 875 903	2 906 890	-	-
Standing timber purchased	-	935	-	-
Standing timber harvested	(935)	(44 880)	-	-
Reconciliation of biological assets due to changes in standing volume:				
Fair value adjustment				
- Increase due to growth and enumerations(1)	436 431	362 074	-	-
- Decrease due to harvesting and disposals	(242 861)	(342 632)	-	-
Adjustment to standing timber values to reflect changes to sales price, cost and discount rate assumptions(2)	(265 300)	(6 484)	-	-
Closing balance	**2 803 238**	**2 875 903**	**-**	**-**
Classified as non-current assets	2 478 866	2 502 597	-	-
Classified as current assets(3)	324 372	373 306	-	-
	2 803 238	**2 875 903**	**-**	**-**

1 Enumerations refer to updates that are made to the merchandising model's data due to more accurate information being collected about the trees in the plantations. These are used to adjust the model's theoretical yields to actual yields and are done systematically over the life of the plantations.

2 Being the movement after the increases in growth and enumeration and decreases due to harvesting, from the opening balance value and consists of the impact of changes to the discount rate, log sales prices and operating costs from the prior year balance.

3 The biological assets to be harvested and sold in the 12 months after year-end.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

5. Biological assets (continued)

Change in discounted cash flow (DCF) attributable to:				
Opening balance	2 875 903	2 906 890	-	-
Change in product mix and age(4)*	70 393	36 761	-	-
Revenue and price(5)*	290 174	136 894	-	-
Operating costs*	(233 852)	(53 251)	-	-
Discount rate*	(396 911)	(107 596)	-	-
Standing timber purchased	-	935	-	-
Standing timber harvested	(935)	(44 880)	-	-
Change in volume(6)*	198 466	150	-	-
	2 803 238	**2 875 903**	**-**	**-**

* The total of these amounts equals the fair value adjustment disclosed in note 29.

4 Represents the cash flow profile change from the prior year yield forecast as a result of the change in the product mix and the age profile of the plantation biological assets.

5 Revenue and price changes relate to inflationary adjustments over the next year, following year and over the long term.

6 Change in volume in the DCF model refers to changes in the forecast yield at maturity of planted trees. Temporary unplanted hectares decreased by 1 806 hectares from the prior year. The DCF volumes over the 20 year period remained in line with the prior year volumes. An accuracy factor is used to calculate the accounting estimated volume. This is a downwards adjustment of harvestable volume.

Reconciliation of standing volume (m3)				
Opening balance	6 285 007	6 244 607	-	-
Increase due to growth and enumeration(1)	952 241	744 151	-	-
Decrease due to harvesting and sales	(529 893)	(703 751)	-	-
	6 707 355	**6 285 007**	**-**	**-**

Landholding: (Hectares)				
Pine(7)	56 473	54 562	-	-
Eucalyptus(7)	292	289	-	-
Temporary unplanted areas(7)	1 998	3 804	-	-
Conservancy areas(7)	30 701	30 816	-	-
Agricultural land(7)	115	108	-	-
	89 579	**89 579**	**-**	**-**

1 Enumerations refer to updates that are made to the merchandising model's data due to more accurate information being collected about the trees in the plantations. These are used to adjust the model's theoretical yields to actual yields and are done systematically over the life of the plantations.

7 The planted pine and eucalyptus trees are valued in determining the fair value of the biological assets. The temporary unplanted, conservation and agricultural land areas are carried at cost and included under land in note 3.

Methodology and assumptions used in determining fair value

The key inputs into the 20 year discounted model (DCF) are set out below. The DCF does not take replantings into account and is based on a 20 year finite period. This is consistent with the expected rotation of the plantations.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

5. Biological assets (continued)

Log Prices: Log prices per cubic metre and per log class is based on current and future expected market prices. Current prices were adjusted upwards for inflation with 5.8% over the next year, 4.7% over the following year and 4.6% over the long term. (2021: 4.4% over the next year, 4.5% pa over the following year and long term).

Operating costs: Costs include harvesting, maintenance and associated fixed overhead costs. No replanting and associated costs are included. The overhead costs are based on a unit cost on the remaining planted hectares, and reduce over the discount period as the remaining planted hectares reduce. The current costs were adjusted upwards for inflation with 5.8% over the next year, 4.70% over the following year, and 4.60% over the long term (June 2021: 4.40% per annum over the next year, 4.50% over the following year, and over the long term) was used.

Costs to sell: Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes. Cost to sell include harvesting cost and cost to bring logs to roadside, that are part of operating cost.

Discount rate: In determining the weighted average cost of capital ("WACC"), a comparable group of forestry companies' Beta is used to determine the Beta applied in WACC. York applied the debt/equity ratio of market participants included in its comparable company basket.

Volumes and volume adjustment factor: The total maturity volumes over the 20-year cycle is 21 440 029 m3 (2021: 20 055 548 m3). The projected volumes from the harvesting plans are risk adjusted by a weighted average of 3% (June 2021: 5%) based on the most recent actual yield reconciliation data to account for normal and abnormal deviations and operational losses.

Year	**Maturity volume (m3) 2022**	**Maturity volume (m3) 2021**
Year one to five	3 785 099	3 649 502
Year six to ten	6 406 816	5 858 281
Year eleven to fifteen	4 998 934	4 690 971
Year sixteen to twenty	6 249 180	5 856 794
Total	**21 440 029**	**20 055 548**

Level 3 fair value

The valuation model considers the present value of the net cash flows expected to be generated from the plantations. The cash flow projections include specific estimates for 20 years (June 2021: 20 years). The expected cash flows are risk-adjusted for current economic conditions.

Key assumptions used in calculation of the discount rate

Beta factor(9)	1.16	1.16
Risk free rate(8)	11.00 %	9.26 %
Cost of equity	18.17 %	16.45 %
Pre-tax cost of debt	8.25 %	7.00 %
After-tax weighted average cost of capital	15.27 %	13.61 %
Debt-equity ratio(9)	24:76	25:75

8 The GSAB10YR yield curve was used (2021: GSAB10YR yield curve).

9 York applied a relevered beta and a debt/equity ratio of the market participants included in its comparable company basket.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

5. Biological assets (continued)

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

Regulatory and environmental risk: The Group has established environmental policies and procedures aimed at compliance with environmental legislation. Management performs regular reviews to identify environmental risks and to ensure that the management systems in place are adequate. The Group manages its plantations in compliance with the International Forest Stewardship Council's (FSC) requirements for sustainable forestry.

Supply and demand risks: The Group is exposed to risks arising from fluctuations in the price and demand for log products. When possible the Group manages these risks by aligning its harvest volumes to market 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 expected demand on a sustainable basis.

Climate and other risks: The Group's 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 various national fire prevention associations which use differing weather conditions to indicate fire risk. The Group insures itself against natural disasters such as fires and floods. Refer to note 10. The group is mapping areas in terms of expected climatical conditions over York's landholdings and identifying suitable genetic material in response to climate changes and pest tolerance. To address the climate change the group developed hybrid material that are more heat tolerant and less dependent on water.

Pledged as security

Landholdings amounting to 57 178 ha (2021: 57 178 ha) with biological assets valued at R1.8 billion were encumbered in favour of Micawber 558 Proprietary Limited, as security for loans and borrowings, as per note 20.

Sensitivity analysis

The sensitivity analysis below shows how the present value of the discounted cash flows would be affected if the key valuation parameters were attributed to other values than those that form the basis of the current valuation of the discounted cash flows. A decrease by the same percentage would have the opposite effect on the valuation.

Sensitivity analysis				
100 basis point increase in the current log price	46 469	45 282	-	-
25 basis points increase in forecasted log prices (year 1 and 2 and long term)	85 674	88 800	-	-
25 basis point increase in the forecast cost inflation rate	(24 456)	(24 168)	-	-
50 basis points increase in the pre-tax cost of debt	(20 122)	(22 054)	-	-
25 basis points increase in the discount rate	(57 101)	(60 902)	-	-
100 basis points increase in projected volumes	38 665	37 718	-	-

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

5. Biological assets (continued)

Unharvested fruit:

Reconciliation of biological assets: Unharvested fruit				
Opening balance	2 248	-	-	-
Additions through business combination	-	3 892	-	-
Change in fair value of avocados and macadamias due to harvesting	(2 248)	(2 859)	-	-
Change in fair value of avocados and macadamias due to growth	5 383	1 215	-	-
	5 383	**2 248**	**-**	**-**

Methodology and assumptions used in determining the level 3 fair value.

The agricultural produce volumes were reduced by a weighted average of 1% based on the historical actual volumes harvested compared to estimated volumes and volume distribution between export, local and reject markets based on the historical pack out rates. The fair value of avocados and macadamias growing on the bearer plants is determined by reference to market prices for local, export and reject classes, adjusted for expected costs to reach maturity, which is typically one to two months after the end of the reporting period. Cost to sell include packaging cost and harvesting cost. Significant estimates include the expected agricultural produce yields and quality, and the expected market price.

Maturity of bearer plants

As at 30 June 2022, the Group had 117 hectares (2021: 108 hectares) of bearer plants. From the 117, hectares 38 hectares were immature, and 79 hectares were mature (2021: 108 hectares, 30 hectares were immature, and 78 hectares were mature). During the year 685 tonnes (2021: 379 tonnes) of agricultural produce were harvested.

Sensitivity analysis				
100 basis point increase in market prices	61	24	-	-
25 basis point increase in harvesting cost	(2)	(2)	-	-
100 basis point increase in volumes	54	26	-	-

The above sensitivity analysis shows how the fair value would be affected if the key valuation paramaters were attributed other values than those that form the basis of the current valuation. A decrease by the same percentage would have the opposite effect on the valuation.

Classified as current assets	5 383	2 248	-	-

Total biological assets (Pine and eucalyptus trees and unharvested fruit)

Classified as non-current assets	2 478 866	2 502 597	-	-
Classified as current assets	329 755	375 554	-	-
	2 808 621	**2 878 151**	**-**	**-**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

6. Goodwill

Group	2022			2021		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	566 626	(208 996)	357 630	566 626	(208 996)	357 630

Goodwill of R565 million arose from the business combination that took place in July 2007 and represents the difference between the fair value of the net assets purchased and the then acquisition price.

Goodwill is tested for impairment at each year-end. For the purpose of impairment testing, goodwill has been allocated to the Forestry segment. The segment's net assets are compared to the fair value less cost to sell that are expected to flow from forestry segment cash flows only.

The fair value less cost to sell was determined based on the assumptions detailed below. The cash flows have been based on the approved budget for the 2023 financial year as well as a forecast to 2037 using a long-term inflation rate of 4.60% (2021: 4.50%). The period is longer than would normally be the case due to the nature of the underlying assets. The plantations are managed in rotation based on a clear-fell age for pine of approximately 20 years (2021: 20 years). The plantations are managed to harvest approximately 3 000 hectares per annum and include the replanting of plantations whereas the biological asset valuation has no replantings.

Volumes: The expected yields per log class are calculated with reference to the yield curves of the species and growth sites relevant to the planted area. The growth models are derived from actual trial data that has been measured annually since 1976. A merchandising model, using the modelled tree shapes at various ages, is used to split the trees into predefined products.

Volume adjustment factor: Harvesting volumes expected from York plantations in MicroForest were further reduced by a weighted average of 3% (2021: 5%) for the first rotation period, based on the most recent actual yield reconciliation data, and in the residual period the volumes were adjusted for the expected yield.

Log prices: The price per cubic metre is based on current and future expected market prices per log class. It was assumed that prices will increase at 5.8% over the next year, 4.70% over the following year and 4.60% over the long term (2021: 4.40% over the next year and 4.50% over the following year and over the long term).

Operating costs: The costs are based on the unit cost of the forestry management activities required to enable the trees to reach the age of felling. The costs include the current and future expected costs for establishment, harvesting, maintenance and risk management, as well as associated fixed overhead costs. Cost include all costs associated to delivering the product at roadside (point of sale). A long-term inflation rate of 4.60% (2021: 4.50%) was used.

Discount rate: In determining the weighted average cost of capital ("WACC"), a comparable group of forestry companies' Beta is used to determine the Beta applied in WACC. York applied the debt/equity ratio of market participants included in its comparable company basket.

Level 3 fair value
The valuation model considers the present value of net cash flows expected to be generated from the segment. The cash flow projections include specific estimates for 15 years, thereafter a terminal value is determined. The expected net cash flows are discounted using a risk-adjusted discount rate that takes into account the Beta factors of a comparable group of forestry companies. York applied the debt/equity ratio of the market participants included in its comparable company basket.

Results of impairment testing				
Carrying amount of segment assets	2 378 183	2 418 211	-	-
Fair value less cost to sell (1)	(2 746 586)	(2 626 111)	-	-
Net result: headroom	**(368 403)**	**(207 900)**	**-**	**-**

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

6. Goodwill (continued)

(1) The present value of the segment was impacted by the following:
~ Decrease in disposal value of non-commercial areas;
~ Increase in long term inflation forecast;
~ Decrease in the biological asset value included in the carrying amount of the segment assets
~ Decrease in tax rate from 28% to 27%,
~ Increase in discount rate.

Key assumptions used in the calculation of the discount rate				
Risk free rate (2)	11.00 %	9.26 %	-	-
Cost of equity	18.17 %	16.45 %	-	-
Pre-tax cost of debt	8.25 %	7.00 %	-	-
Debt-equity ratio (3)	24:76	25:75		
After-tax weighted average cost of capital	15.27 %	13.61 %	-	-
Beta factor (3)	1.16	1.16	-	-

(2) The GSAB10YR yield curve (GSAB10YR yield curve) was used.

(3) York applied the relevered beta and debt/equity ratio of the market participants included in its comparable company basket.

The following sensitivity analysis shows how the present value of the segment's future cash flows would be affected if the key valuation parameters were attributed other values than those that form the basis of the current valuation of the segment's future cash flows. A decrease by the same percentage would have the opposite effect on the valuation.

Sensitivity analysis (4)				
100 basis points increase in the current log price	81 393	106 231	-	-
25 basis points increase in forecast log prices	104 004	130 100	-	-
25 basis points increase in forecast cost inflation rate	(22 061)	(35 301)	-	-
50 basis points increase in the pre-tax cost of debt	(26 869)	(31 824)	-	-
25 basis points increase in discount rate	(75 734)	(87 090)	-	-
100 basis points increase in projected volumes	52 682	47 726	-	-

(4) When comparing the sensitivity analysis above to note 5, the biological asset valuation, the key differences in the valuation methodologies should be taken into account. The valuation above reflects the Forestry segment as a stand-alone business with the plantations in rotation and therefore includes a residual period. The fair valuation of the pine and eucalyptus biological assets (note 5) is calculated on the assumption that no replanting of the plantations is done and therefore relates to a finite period.

Reconciliation of goodwill - Group - 2021

	Opening balance	Additions through business combinations	Impairment loss	Total
Goodwill	357 630	1 184	(1 184)	357 630

Goodwill of R1.2 million arose from the business combination that took place in the 2021 financial year as per note 37 and represents the difference between the fair value of the net assets purchased, liabilities assumed and the acquisition price. The goodwill was impaired in the prior financial year, as the goodwill originated from a deferred tax liability recognised at acquisition date for immovable assets acquired for farming purposes not being deductible for taxation purposes.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

7. Intangible assets

Group	2022			2021 Restated		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	3 189	(2 952)	237	3 175	(2 841)	334

Reconciliation of intangible assets - Group - 2022

	Opening balance	Additions	Amortisation	Total
Computer software	334	14	(111)	237

Reconciliation of intangible assets - Group - 2021 - Restated

	Opening balance	Additions	Amortisation	Total
Computer software	430	31	(127)	334

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

8. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
South African Plywood Proprietary Limited(1)*	100.00 %	100.00 %	-	-
Global Forest Products Proprietary Limited(1)*	100.00 %	100.00 %	1 117 743	1 117 743
York Timbers Proprietary Limited (2)	100.00 %	100.00 %	13 346	6 176
Agentimber Proprietary Limited	100.00 %	100.00 %	-	-
Madiba Forest Products Proprietary Limited*	100.00 %	100.00 %	-	-
Madiba Timbers Proprietary Limited*	100.00 %	100.00 %	-	-
York Timbers Chile Limitada*	100.00 %	100.00 %	-	-
York Timbers Energy (RF) Proprietary Limited*	100.00 %	100.00 %	-	-
York Fleet Solutions Proprietary Limited	100.00 %	100.00 %	-	-
York Carbon Proprietary Limited*	51.00 %	51.00 %	-	-
Mbulwa Estate Proprietary LImited	100.00 %	100.00 %	-	-
York Power (RF) Proprietary Limited*	100.00 %	100.00 %	-	-
Sonrach Proprietary Limited	100.00 %	100.00 %	-	-
Stadsrivier Vallei Proprietary Limited	100.00 %	100.00 %	-	-
Nicholson & Mullin V2 Proprietary Limited*	100.00 %	- %	-	-
			1 131 089	1 123 919

Subsidiaries detail

* The entities are currently dormant and not actively trading.

The carrying amount of subsidiaries is shown net of impairment losses.

All of the companies are incorporated and domiciled in the Republic of South Africa, except for York Timbers Chile Limitada which is incorporated and domiciled in Chile.

(1) The company has a direct investment in these companies. All other companies are indirect investments.

(2) Increase of investment in subsidiary through share based payment scheme

The company granted certain employees of its subsidiary, York Timbers Proprietary Limited, the right to receive 1 300 000 (2021: 3 601 504) shares. The options will vest at the end of three years at no consideration to the employees. Refer to note 18.

Fair value of options				
Value of options	-	-	7 170	2 371

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

9. Loans to group companies

Subsidiaries				
York Timbers Proprietary Limited The loan to the group company is unsecured, bears no interest and has a notice period of at least 367 days.	-	-	1 240 449	1 256 070

Split between non-current and current portions

Non-current assets	-	-	1 240 449	1 256 070
Current assets	-	-	-	-
	-	**-**	**1 240 449**	**1 256 070**
Face value of loan	-	-	1 340 965	1 340 896

Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

The expected credit loss for the intercompany loan was assessed by taking into account macro-economic factors and the solvency and liquidity for the underlying subsidiary and no credit loss was deemed necessary. The underlying subsidiary's credit risk and the loss given default was taken into account, after exclusion of the assets held as security for borrowings, and no impairment was necessary.

Repayment of the loan has been subordinated as security for borrowings as per note 20.

The loan has been amortised in terms of IFRS 9 at an interest rate of 8.25% being the prime interest rate (2021: 6.75%).

10. Other financial assets

Other financial assets at amortised cost	114 785	97 583	-	-

Other financial assets at amortised cost				
Self insurance fund The capacity target of the fund is R173 million (2021: R173 million) and is reassessed annually to take into account changing insurance cover requirements. For periods where the Experience Account balance is positive, the investment accrues interest at the 32-day call rate average for FNB, Absa and Nedbank as published on the first business day of each month. Where the Experience Account balance is negative, interest is charged at the prime lending rate plus 200 basis points.	114 785	97 583	-	-
	114 785	**97 583**	**-**	**-**

Split between non-current and current portions

Non-current assets	114 785	97 583	-	-

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

10. Other financial assets (continued)

Risk exposure

The investments held by the group expose it to interest rate risk. Refer to note 42 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

The carrying amount reasonably approximates its fair value.

11. Deferred tax

The deferred tax asset and the deferred tax liability relate to income tax in the same jurisdiction, which allows net settlement.

		Restated		
Deferred tax liability	(832 935)	(885 035)	-	-
Deferred tax asset	3 778	4 336	36	37
Total net deferred tax (liability) / assets	**(829 157)**	**(880 699)**	**36**	**37**

Reconciliation of deferred tax (liability) / asset

At beginning of year	(880 699)	(839 690)	37	37
Increase / (decrease) in tax losses available for set-off against future taxable income*	1 786	(39 320)	-	-
Taxable / (deductible) temporary differences*	82 972	(1 832)	-	-
Changes to other comprehensive income	(501)	(560)	-	-
Rate change*	(30 132)	-	(1)	-
Prior year under provision*	(2 583)	703	-	-
Closing balance	**(829 157)**	**(880 699)**	**36**	**37**

The balance comprises the following items:				
Capital allowances	(106 605)	(100 742)	-	-
Biological assets	(755 496)	(805 620)	-	-
Provisions	27 965	21 752	36	37
Estimated tax loss	5 803	4 234	-	-
Defined benefit plan reserve	(824)	(323)	-	-
	(829 157)	**(880 699)**	**36**	**37**

Deferred tax asset not recognised

Assessed loss not recognised	17 446	13 111	-	-
Potential tax benefit on assessed loss	4 710	3 671	-	-

* The total of these amounts equals the deferred tax movement in profit or loss in note 33.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

12. Inventories

Raw materials	27 866	34 080	-	-
Work in progress	34 263	38 210	-	-
Timber products	102 595	54 941	-	-
Merchandise	2 857	1 895	-	-
Consumables	57 407	53 751	-	-
Agricultural produce	1 663	3 401	-	-
	226 651	186 278	-	-
Write-downs	(3 375)	(3 013)	-	-
Total inventory	**223 276**	**183 265**	**-**	**-**

The total movement in cost of sales regarding inventory write downs was an expense of R0.4 million (2021: expense of R0.5 million). The movement of inventory in cost of sales was R261.9 million (2021: R394.2 million).

Finished goods at net realisable value

Finished goods carried at net realisable value	10 781	7 784	-	-

13. Trade and other receivables

Financial instruments:				
Trade receivables	168 285	249 205	178	178
Loss allowance	(7 186)	(10 057)	(178)	(178)
Trade receivables at amortised cost	161 099	239 148	-	-
Deposits	5 873	10 277	-	20
Employee costs paid in advance	1 563	1 804	-	-
Other receivables	7 637	7 726	-	-
Non-financial instruments:				
Value added taxation	5 477	1 565	-	35
Prepayments	11 804	11 413	187	83
Total trade and other receivables	**193 453**	**271 933**	**187**	**138**

Trade and other receivables pledged as security

At year-end, trade receivables and Credit Guarantee Insurance Corporation of Africa Ltd (CGIC) insurance had been ceded to Absa Bank as security for banking facilities (refer note 15). The amount of trade receivables that has been pledged as security was R152.4 million (2021: R224.8 million).

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Refer to note 42 for details on credit risk exposure.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

13. Trade and other receivables (continued)

The carrying amount reasonably approximates its fair value.

Group	2022	2022	2021	2021
Expected credit loss rate:	Estimated gross carrying amount	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount	Loss allowance (Lifetime expected credit loss)
Current	125 428	(1 299)	190 780	(2 098)
30 days	33 606	(377)	39 637	(422)
60 days	4 440	(930)	8 962	(876)
90 days and over	4 811	(4 580)	9 826	(6 661)
Total	**168 285**	**(7 186)**	**249 205**	**(10 057)**

Company	2022	2022	2021	2021
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
60 days and over	178	(178)	178	(178)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) based on the simplified approach for trade and other receivables:

Opening balance	**(10 057)**	**(13 547)**	**(178)**	**(178)**
Provision raised on new trade receivables	(9)	(78)	-	-
Remeasurement of loss allowance	97	1 018	-	-
Bad debt written off	2 783	2 550	-	-
Closing balance	**(7 186)**	**(10 057)**	**(178)**	**(178)**

A 0.25% - 1.82% (2021: 1% - 1.34%) credit loss ratio is applied to current up to 60 days debtors, taking into account macroeconomic factors such as the inflation rate and economic outlook.

Included in the credit loss ratio is an additional loss ratio of 0.25% (2021: 0.25%) applied to take account of future economic uncertaintly.

A default loss ratio of 20% (2021: 20%) was applied to debtors ageing over 90 days if they are covered by credit insurance. Debtors not covered by credit insurance are reviewed individually to determine the risk of expected credit losses.

All other receivables are neither past due nor impaired as there is no risk of expected loss.

14. Current tax receivable / (payable)

Income tax receivable relates to an over estimate and payment of provisional taxes.

Income tax payable relates to an under estimate and payment of provisional taxes.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	143	143	-	-
Bank balances	12 632	74 782	-	1
Short-term deposits	3 589	33 105	-	-
Bank overdraft(1)	(38 604)	(36 850)	-	-
	(22 240)	**71 180**	**-**	**1**
Current assets	16 364	108 030	-	1
Current liabilities	(38 604)	(36 850)	-	-
	(22 240)	**71 180**	**-**	**1**

The carrying amount reasonably approximates its fair value.

(1) At year-end, the invoice discounting facility granted by Absa Bank was secured by a cession of a clearing account held with Absa bank and cession of trade receivables with a maximum exposure limit of R150 million, and Credit Guarantee Insurance Corporation of Africa Ltd (CGIC) insurance (refer note 13). The invoice discounting facility bears interest at the prime interest rate on the utilised amount. This facility is available to all companies in the Group. Refer to note 42 for credit ratings on the various banks. The funds in use balance was a credit balance of R102.2 million at year-end with an ofsetting clearing account debit balance of R63.6 million - net credit balance of R38.6 million.The availability on the Absa invoice discounting facility is limited to the lower of 85% of qualifying debtors or R150 million.

The group utilised R36.9 million of the Absa asset and vehicle finance facility.

The total facilities and guarantees available to the group are as follows:

Absa invoice discounting facility	150 000	150 000	-	-
Guarantees	6 000	6 000	-	-
Letters of credit	1 000	1 000	-	-
Guarantees to Eskom Holdings Limited	3 334	3 334	-	-
Forward exchange contracts	1 000	1 000	-	-
Foreign exchange settlement limit	5 000	5 000	-	-
Absa asset and vehicle finance facility	90 000	90 000	-	-

16. Non-current assets held for sale

An offer to purchase a residential house on Portion 5 of erf 254, Claremont, Pretoria, with a fair value of R820 thousand was signed on 20 May 2021 for a selling price of R750 thousand. The transfer of the property was not completed at the 2021 financial year end. A loss in fair value adjustment of R70 thousand was recognised in the Statement of Profit or Loss and Other Comprehensive Income in the prior year. The property was sold in the current year and R750 thousand proceeds were received.

Assets and liabilities

Non-current assets held for sale				
Investment property	-	750	-	-

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

17. Share capital

Authorised				
600 000 000 ordinary shares of R0.05 each	30 000	30 000	30 000	30 000
Reconciliation of number of shares issued:				
Opening balance	317 520	316 048	331 241	331 241
Exercise of options	3 376	1 472	-	-
	320 896	**317 520**	**331 241**	**331 241**
Reconciliation of issued shares (Rand)				
331 240 597 (2021: 331 240 597) ordinary shares of R0.05 each	16 562	16 562	16 562	16 562
10 344 355 (2021: 13 720 552) treasury shares of R0.05 each	(517)	(686)	-	-
Exercise of options	11 199	3 851	7 517	-
Share premium	1 464 430	1 464 430	1 505 352	1 505 352
	1 491 674	**1 484 157**	**1 529 431**	**1 521 914**

All issued shares are fully paid.

The Group repurchased shares during the 2016 and 2017 financial year in the open market in order to benefit from the discount between the share price and the tangible net asset value per share. A total of 10.3 million shares (2021: 13.7 million shares) were held by the subsidiary at 30 June 2022 and are treated as treasury shares for accounting purposes.

18. Share based payment reserve

Opening balance	1 363	4 759	1 363	4 759
Share - based payment movement	(349)	(3 396)	(349)	(3 396)
Closing balance	**1 014**	**1 363**	**1 014**	**1 363**
Opening balance (units)	3 601 504	4 360 902	3 601 504	4 360 902
Units awarded	1 300 000	3 000 000	1 300 000	3 000 000
Units vested	(3 601 504)	(3 759 398)	(3 601 504)	(3 759 398)
Closing balance (units)	**1 300 000**	**3 601 504**	**1 300 000**	**3 601 504**

The shares allocated as part of the share based payment employment schemes are approved as per the 2015 Share Plan which states that the maximum number of shares which may be issued and allocated shall not exceed 9 000 000 shares.

In the 2022 financial year, the Company granted certain employees of York Timbers Proprietary Limited, the right to receive 1 300 000 shares.

In the current year, the share based payment schemes awarded in the 2019 financial year and the restricted shares granted to the late CEO in the 2021 financial year vested with 3 601 504 units awarded to qualifying individuals at an exercise price of Rnil.

Due to the entity not expecting a dividend flow within the next three years and no consideration payable at exercise date, the grant date fair value is deemed to be equal to the share price at award date.

During the period ended 30 June 2022, the company had one (2021: three) share based payment scheme, with the following details:

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

18. Share based payment reserve (continued)

Key assumptions used in 2022 award				
York share price at reporting date	R 2.46		R 2.46	
Number of shares awarded	1 300 000	-	1 300 000	
Award date	2021/08/12		2021/08/12	
Expiry / vesting date	2024/08/12		2024/08/12	
Fair value of options at grant date	R 3.32		R 3.32	
Exercise price	R -		R -	
Expected vesting rate	80 %		80 %	
Vesting conditions	Three years' service		Three years' service	

Chief Executive officer's share plan				
York share price at reporting date		R 1.87		R 1.87
Number of shares awarded		1 800 000		1 800 000
Award date		2021/03/30		2021/03/30
Expiry / vesting date		2024/03/30		2024/03/30
Fair value of options at grant date		R 2.34		R 2.34
Exercise price		R -		R -
Expected vesting rate		100 %		100 %
Vesting conditions		Achievement of a tangible net asset value (TNAV) per share at year end reporting date		Achievement of a tangible net asset value (TNAV) per share at year end reporting date

The following scales were in place for the vesting conditions of the above award:

- TNAV per share of R7.89 receive nil units
- TNAV per share of R8.13 receive 900 000 units
- TNAV per share of R8.37 receive 1 200 000 units
- TNAV per share of R8.62 receive 1 800 000 units

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

18. Share based payment reserve (continued)

Chief Executive officer's share plan	Group	Company
York share price at reporting date	R 1.87	R 1.87
Number of shares awarded	1 200 000	1 200 000
Award date	2021/03/30	2021/03/30
Expiry / vesting date	2024/03/30	2024/03/30
Fair value of options at grant date	R 2.34	R 2.34
Exercise price	R -	R -
Expected vesting rate	100 %	100 %
Vesting conditions	Achievement of a volume weighted average share price	Achievement of a volume weighted average share price

The following scales were in place for the vesting conditions of the above award:

- Share price of R2.31 receive nil units
- Share price of R2.43 receive 600 000 units
- Share price of R2.54 receive 800 000 units
- Share price of R2.66 receive 900 000 units
- Share price of R2.77 receive 960 000 units
- Share price of R2.89 receive 1 0000 000 units
- Share price of R3 receive 1 200 000 units

Key assumptions used in 2019 awards	Group	Company
York share price at reporting date	R 1.87	R 1.87
Number of shares awarded	601 504	601 504
Award date	- 2019/06/19	- 2019/06/19
Expiry / vesting date	- 2022/06/19	- 2022/06/19
Fair value of options at grant date	R 1.90	R 1.90
Exercise price	R -	R -
Expected vesting rate	80 %	80 %
Vesting conditions	- Three years' service	- Three years' service

19. Defined benefit plan reserve

The reserve is a result of the actuarial gains on the defined benefit plan.

	2022	2021	2022	2021
Opening balance	830	(611)	-	-
Movement through other comprehensive income	1 399	1 441	-	-
Closing balance	**2 229**	**830**	**-**	**-**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

20. Borrowings

Held at amortised cost				
Secured				
Land Bank term loan	226 701	274 385	-	-
Land Bank Plywood Expansion Project loan	-	79 495	-	-
Land Bank Press loan	9 662	16 482	-	-
Absa Capital fund loan (Stadsrivier Vallei Proprietary Limited)	75 000	74 837	-	-
Instalment sale agreements	65 272	64 089	-	-
Loan raising fee	(1 157)	(1 411)	-	-
Absa Capital fund loan (Sonrach Properties Proprietary Limited)	5 832	6 914	-	-
	381 310	**514 791**	**-**	**-**

Split between non-current and current portions

Non-current liabilities	298 210	347 330	-	-
Current liabilities	83 100	167 461	-	-
	381 310	**514 791**	**-**	**-**

Land Bank Term loan: This loan bears interest at an interest rate of prime less 0.5% (2021: prime less 0.5%) per annum and is payable monthly in arrears over 10 years of which 4 are remaining.

Refer to Financial instruments and risk management, note 42, for detail on loan covenants.

Land Bank Plywood Expansion Project loan: This loan bears interest at an interest rate of prime less 0.5% (2021: prime less 0.5%) per annum and is payable monthly in arrears, after interest and capital holiday for the first 12 months and capital holiday for the second 12 months, over 7 years. The loan was repaid during the year.

Refer to Financial instruments and risk management, note 42, for detail on loan covenants.

Land Bank Press loan: This loan bears interest at an interest rate of prime less 0.5% (2021: prime less 0.5%) per annum and is payable monthly in arrears, over 5 years and 6 months, of which 1 year and 5 months are remaining.

Security over the Land Bank debt:

- Guarantee by security special purpose vehicle (SPV), Micawber 558 Proprietary Limited (unrelated to the group), in respect of all of the Group's obligations under the loan.
- Indemnity by the Group in favour of the security SPV limited to R720 million in respect of any claim under the Guarantee.
- Mortgage Covering Bonds for an amount of R1.8 billion, limited to the indemnity of R720 million, and limited to the land-holding of 57 178 ha (2021: 57 178 ha) as recorded in note 5.
- Cession of insurance policy.
- Subordination of the shareholder's loan from York Timber Holdings Limited. The facility is held in York Timbers Proprietary Limited.
- A notarial covering bond(s) over the movable assets of the Borrower, in respect of the Sabie Plywood plant for an amount of R231.7 million (2021: 306 million) in favour of the Security SPV Guarantor.

Absa Capital fund loans (Stadsrivier Vallei Proprietary Limited): The loan for the business combination as per note 37 bears interest at prime and is repayable over 5 years of which 3 years and 10 months are remaining. The interest is repayable on a quarterly basis and quarterly capital repayments of R1.5 million from 31 March 2024.

20. Borrowings (continued)

Security over the Absa Capital fund loan (Stadsrivier Vallei Proprietary Limited):

- a pledge and cession of all the shares, securities and other ownership interests held by Stadsrivier Vallei Proprietary Limited, together with all its debt claims (on shareholder loan account or otherwise);
- a cession of all its present and future claims against any person;
- a cession of all its rights and claims in respect of bank accounts maintained in South Africa (including all cash balances standing to the credit of those bank accounts);
- a cession of all Insurances taken out by or for the benefit of the Borrower, and all the proceeds receivable under those Insurances at any time;
- first-ranking covering mortgage bonds over the Stadsrivier Vallei Proprietary Limited's properties and all other immovable property of which the Borrower is the registered owner; and
- a general notarial bond over all its movable assets.

Refer to Financial instruments and risk management, note 42, for details on loan covenants.

Loan raising fees: The Land Bank and Absa loan raising fees are amortised over the period of the loan using the effective interest rate method. The amortised amount is included in finance expenses (refer note 31).

Absa Capital fund loan (Sonrach Properties Proprietary Limited): This loan bears interest at an interest rate of prime less 0.75% (2021: prime less 0.75%) per annum and is payable in monthly instalments in arrears, over a period of 10 years of which 4 are remaining.

The carrying amounts reasonably approximates its fair value.

Exposure to liquidity risk

Refer to note 42 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

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, while borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group does not have a policy to hedge long term interest rate risk and will only make use of hedging instruments to reduce the short term sensitivity of the Group to interest rate changes.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only loans held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. The sensitivity analysis was calculated based on 1% higher and lower than the actual rate.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

20. Borrowings (continued)

Group	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
Finance cost	4 269	(4 269)	997	(997)
Taxation	(1 195)	1 195	(279)	279
	3 074	**(3 074)**	**718**	**(718)**

Instalment sale agreements

These liabilities consist of 137 (2021: 164) instalment sale agreements, payable over a period of three to six years at effective interest rates of prime less 1% to prime plus 0.5% (2021: 6% - 7.75%) per annum. These liabilities are secured by plant and equipment and motor vehicles with a carrying value of R106.1 million (2021: R109.1 million), refer to note 3. These instalment sale agreements have no escalation clauses. Repayments are based on the outstanding debt at the prevailing interest rate.

Instalment sale agreement obligation				
- within one year	28 148	35 127	-	-
- in second to fifth year inclusive	43 035	34 237	-	-
Total	71 183	69 364	-	-
Less: future finance charges	(5 911)	(5 275)	-	-
Present value of minimum instalment sale agreement payments	**65 272**	**64 089**	**-**	**-**

Instalment sale providers	**Quantity**	**Interest rate**	**Quantity**	**Interest rate**
Absa Bank	101	7.25% - 8.75%	124	6% - 7.75%
Mercedes Finance	26	7.75% - 8.55%	23	6.5% - 6.75%
Toyota Finance	8	7.25% - 7.75%	17	6% - 6.5%
Daimler Truck	2	8.5%	-	

Present value of minimum instalment sale agreement payments				
- within one year	24 843	32 044	-	-
- in second to fifth year inclusive	40 429	32 045	-	-
	65 272	**64 089**	**-**	**-**

21. Lease liability

Non-current liabilities	25 941	394	-	-
Current liabilities	6 191	4 690	-	-
	32 132	**5 084**	**-**	**-**

Contractual undiscounted cash flows				
Less than one year	8 425	4 897	-	-
One to five years	29 451	349	-	-
	37 876	**5 246**	**-**	**-**

The lease liability relates to the warehouse facilities rented by the company for 3 to 5 years (2021: 2 to 5 years).

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

21. Lease liability (continued)

The lease liability is measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate adjusted for asset specific risk and lease term. The lease liability is measured at amortised cost using the effective interest method.

Assumptions used		
Lease terms	3 - 5 years	2 - 5 years
Group's incremental borrowing rate	6.75% - 9.50%	9.50% - 9.75%
Adjustment to asset specific risk - unsecured debt	0.25 %	0.25 %
Adjustment over the lease term	0.25 %	0.25 %
Effective interest rate	7.25% - 10%	10% - 10.25%

Refer to note 3 for disclosure around the right of use assets, accumulated depreciation, impairment and depreciation, note 28 for the depreciation, variable lease payments, short term leases and leases of low value assets and note 31 for finance cost on leases.

22. Retirement benefit obligation

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 the benefits. 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 at year-end.

Present value of defined benefit obligation

	Group 2022	Group 2021	Company 2022	Company 2021
Opening balance	(25 658)	(26 910)	-	-
Service cost	(2)	(3)	-	-
Interest cost	(2 745)	(3 067)	-	-
Actuarial gain	1 900	2 001	-	-
Benefits paid	2 424	2 321	-	-
Closing balance	**(24 081)**	**(25 658)**	**-**	**-**

The closing balance is the present value of the defined benefit obligation and is wholly unfunded. There is no asset-funding plan in place.

The actuarial gain for the current year consists of two factors, demographic and financial. The demographic factors contributed a loss of R0.5 million (2021: loss of R0.4 million) and the financial factors a gain of R2.4 million (2021: gain of R2.4 million).

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

22. Retirement benefit obligation (continued)

Sensitivity analysis

Assumed healthcare cost trend rates have a significant effect on the amount recognised in profit and loss.

A 1% change in the investmebt discount rate would have the following effects:				
100 basis points increase: Increase in aggregate of the service and interest cost	211	223	-	-
100 basis points increase: Increase in defined benefit obligation	1 887	2 079	-	-

A 1% change in the investment discount rate would have the following effects:

100 basis points increase: Increase in aggregate of the service and interest cost	41	46	-	-
100 basis points increase: Decrease in defined benefit obligation	(1 638)	(1 796)	-	-

Limitations to sensitivity analysis:

The limitations that apply to the valuation's assumptions and methodology also apply to the sensitivity analysis. Furthermore, the sensitivity analysis changes a single variable without considering the impact of that change on other variables. The individual assumptions of the discount rate and healthcare inflation are less important than the gap between them. It is also important to recognise that the assumptions chosen are assumed to prevail over the long term based on market conditions at the time, whereas short-term fluctuations occur. A decrease by the same percentage would have the opposite effect on the valuation.

Contributions towards defined benefit plan

Current service cost	2 511	2 633	-	-

Key assumptions used

Active number of members	6	8	-	-
Retired number of members	36	37	-	-
Total number of members	42	45	-	-
Average expected duration of the scheme (years)	17.10	17.00	-	-
Average expected remaining working lifetime (years)	1.80	2.10	-	-
Discount rate (estimated corporate bond yield)	11.20 %	10.70 %	-	-
Medical contribution inflation rate	9.20 %	8.70 %	-	-

Defined contribution plan: Retirement fund

The Group has three provident fund schemes, York Timbers Provident Fund, the Hospitality and General Provident Fund and the Alexander Forbes Provident Fund. The Group also has an Alexander Forbes Pension Fund, Momentum Pension Fund and an Allan Gray Retirement Annuity. Pensioners under these schemes have had their pensions bought from insurers in the form of annuities and there is no on-going liability to the Group. The schemes are governed by the Pensions Fund Act, 24 of 1956, as amended.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

22. Retirement benefit obligation (continued)

The number of members of the Provident Fund at year-end:

Hospitality and General Provident Fund	130	243	-	-
York Timbers Provident Fund	1 798	1 874	-	-
Alexander Forbes Provident Fund	293	283	-	-

Defined contribution plan: Pension fund and Retirement annuity

The Group has two pension funds and 1 retirement annuity, with the following number of members at year end:

Alexander Forbes Pension Fund	7	7	-	-
Momentum Pension Fund	85	108	-	-
Allan Gray Retirement Annuity	-	7	-	-

Defined contribution plan: Medical aid fund

The Group facilitates contributions to a defined medical aid scheme for the benefit of its permanent employees and their dependants. In terms of the Group's policy there is no post-retirement medical aid obligation for current or retired employees, other than the closed group referred to above. The Group is under no obligation to cover any unfunded benefits.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

22. Retirement benefit obligation (continued)

Contributions towards defined contribution funds:				
Hospitality and General Provident Fund	2 816	1 810	-	-
York Timbers Provident fund	20 613	21 180	-	-
Alexander Forbes Provident Fund	11 356	11 424	-	-
Alexander Forbes Pension Fund	409	550	-	-
Momentum Pension Fund	1 037	376	-	-
Allan Gray Retirement Annuity	190	130	-	-
	36 421	**35 470**	**-**	**-**

Expected contributions for the next year				
Hospitality and General Provident Fund	2 968	1 919	-	-
York Timbers Provident fund	21 726	22 451	-	-
Alexander Forbes Provident Fund	11 969	12 110	-	-
Alexander Forbes Pension Fund	431	583	-	-
Momentum Pension Fund	1 093	398	-	-
Allan Gray Retirement Annuity	201	138	-	-
	38 388	**37 599**	**-**	**-**

These amounts are included in salary, wages and other employee costs per note 28.

Below is the undiscounted maturity analysis of the retirement benefit obligation. The weighted average duration for pensioners in payment is 17.1 years and 1.8 years for the active members until benefit payment commence (2021: 17 years for Pensioners and 2.1 years for the active members).

2022	**Pensioners R'000**	**Actives R'000**	**Total R'000**
Less than a year	2 506	11	2 517
1 - 2 years	2 632	8	2 640
2 - 5 years	8 568	5	8 573
More than 5 years	75 582	-	75 582
	89 288	**24**	**89 312**

2021	**Pensioners R'000**	**Actives R'000**	**Total R'000**
Less than a year	2 570	27	2 597
1 - 2 years	2 695	21	2 716
2 - 5 years	8 759	17	8 776
More than 5 years	76 987	2	76 989
	91 011	**67**	**91 078**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

23. Provisions

Reconciliation of provisions - Group - 2022

	Opening balance	Additions	Total
Restructuring	-	2 912	2 912
Environmental rehabilitation	16 832	838	17 670
	16 832	**3 750**	**20 582**

Reconciliation of provisions - Group - 2021

	Opening balance	Additions	Utilised during the year	Total
Environmental rehabilitation	16 249	653	(70)	16 832

Non-current liabilities	17 670	16 576	-	-
Current liabilities	2 912	256	-	-
	20 582	**16 832**	**-**	**-**

Environmental liability

The provision of R17.7 million arose from a business combination during the 2007 financial year. It comprised contingent amounts assessed at the date of the transaction. At each financial period-end the amount is re-assessed. The expected timing of the outflow of economic benefits is estimated to be during the next two to five years. The re-assessment in the current year comprises an inflation adjustment only. The inflation rate applied during the year was 6.6% (2021: 4.1%).

Restructuring liability

The restructuring provision in the current year relates to a restructuring at one of the warehouses which is expected to be finalized within the next 12 months.

24. Trade and other payables

Financial instruments:				
Trade payables	178 884	210 935	60	51
Payroll related accruals	84 255	108 690	2 334	1 761
Accruals	5 381	5 398	-	-
Deposits received	124	328	-	-
Other payables	1 815	4 296	-	-
Non-financial instruments:				
Value added taxation	3 063	7 888	54	-
	273 522	**337 535**	**2 448**	**1 812**

Exposure to liquidity risk

Refer to note 42 Financial instruments and financial risk management for details of liquidity risk exposure and management.

The carrying amounts reasonably approximates its fair value.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

25. Revenue

Revenue from contracts with customers		**Restated**		
Sale of goods	1 819 231	1 911 381	-	-
Rendering of services	18 617	16 203	6 564	4 775
Rental income	962	1 005	-	-
	1 838 810	**1 928 589**	**6 564**	**4 775**

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Sale of goods				
Food and beverage sales	116	7 296	-	-
Lumber sales (1)	1 010 950	1 049 834	-	-
Plywood sales (1)	669 181	728 134	-	-
Fruit and nut sales	16 645	2 110	-	-
Sundry income* (1)	38 997	57 959	-	-
Log sales (2)	83 342	66 048	-	-
	1 819 231	**1 911 381**	**-**	**-**
Rendering of services				
Administration and management fees received	-	-	6 564	4 775
Transport income (2)	1 357	464	-	-
Income from fruit packed	12 618	10 426	-	-
Treating income (1)	3 979	3 841	-	-
Accommodation income	663	1 472	-	-
	18 617	**16 203**	**6 564**	**4 775**
Other revenue				
Rental income	962	1 005	-	-
Total revenue from contracts with customers	**1 838 810**	**1 928 589**	**6 564**	**4 775**

1) A portion of the lumber and plywood sales, sundry income and treating income is disclosed as part of the external sales of the processing, agricultural and wholesale operating segments in note 38.

2) The log sales and transport income are included in the external sales of the forestry and fleet operating segment in note 38.

* Sundry income mainly consists of sawdust and chips income.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

25. Revenue (continued)

Timing of revenue recognition

At a point in time

		Restated		
Sale of goods	1 819 231	1 911 381	-	-
Rendering of services	17 954	14 731	6 564	4 775
	1 837 185	**1 926 112**	**6 564**	**4 775**

Over time				
Rendering of services	663	1 472	-	-
Other revenue	962	1 005	-	-
	1 625	**2 477**	**-**	**-**
Total revenue from contracts with customers	**1 838 810**	**1 928 589**	**6 564**	**4 775**

Refer to note 38 for revenue per geographical area.

26. Other operating income

Other rental income(1)	4 092	4 318	-	-
Bad debts recovered	20	1	-	-
Sundry income (2)	3 875	3 952	-	-
Insurance income(3)	1 235	17 904	-	-
Scrap sales	1 137	2 568	-	-
	10 359	**28 743**	**-**	**-**

(1) *Other rental income relates to income derived from rental income on Telecommunication infrastructure placed on York's property and other property rental.*

(2) Sundry income relates to seedlings sold and income received for training programmes.

(3) Insurance claim received relates to a claim on fire in sawmill (2021: business interuption in the 2018 financial year).

Notes to the consolidated and separate annual financial statements

		Group		Company	
Figures in Rand R'000		2022	2021	2022	2021

27. Other operating gains (losses)

Losses on disposals and scrappings			**Restated**		
Property, plant and equipment	3	(2 021)	(1 549)	-	-
Foreign exchange gains (losses)					
Net foreign exchange gains (losses)		5 722	(8 820)	-	-
Total other operating gains (losses)		**3 701**	**(10 369)**	**-**	**-**

28. Operating profit (loss)

Operating profit (loss) before fair value adjustment on biological assets for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	2 750	4 221	-	-
Remuneration, other than to employees				
Administrative and managerial services	4 013	4 965	1 186	632
Consulting and professional services	12 449	14 108	445	-
	16 462	**19 073**	**1 631**	**632**
Employee costs				
Salaries, wages, bonuses and other benefits	165 214	160 897	4 590	3 371
Employee cost included in cost of sales	236 057	229 688	-	-
Other short-term costs	2	1	-	-
Retirement benefit plans: defined contribution expense	1	-	-	-
Retirement benefit plans: defined benefit expense	2 740	3 129	-	-
Equity settled share-based payment expenses	7 814	2 371	-	-
Total employee costs	**411 828**	**396 086**	**4 590**	**3 371**
Leases				
Short term leases	1 305	1 759	-	-
Depreciation and amortisation				
Depreciation of property, plant and equipment	113 044	101 163	-	-
Amortisation of intangible assets	111	127	-	-
Total depreciation and amortisation	**113 155**	**101 290**	**-**	**-**

Depreciation of R76.8 million on property, plant and equipment that forms part of the production process is included in cost of sales and all other depreciation and amortisation are included in operating expenses.

Impairment losses				
Property, plant and equipment	-	114	-	-

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

28. Operating profit (loss) (continued)

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Changes in inventories of finished goods and work in progress	261 972	394 240	-	-
Employee costs	411 828	396 086	4 590	3 371
Lease expenses	1 305	1 759	-	-
Depreciation, amortisation and impairment	113 155	101 404	-	-
Other expenses	622 266	516 765	2 490	1 400
Utilities	87 498	82 456	-	-
Fuel	43 669	29 056	-	-
Transport	206 197	205 717	-	-
	1 747 890	**1 727 483**	**7 080**	**4 771**

29. Fair value adjustment

Fair value (losses) / gains		**Restated**		
Biological assets - pine and eucaluptus trees	(71 731)	12 958	-	-
Biological assets - unharvested fruit	3 135	1 215	-	-
	(68 596)	**14 173**	**-**	**-**

30. Investment income

Interest income				
Loans to:				
Group loans*	-	-	-	3 450
Investments in financial assets:				
Bank and other cash	2	498	1	1
Other financial assets	5 009	3 120	-	-
Total interest income	**5 011**	**3 618**	**1**	**3 451**

* Interest relates to the amortisation of the interest free intercompany loan in terms of IFRS 9 with an interest rate of 8.25%, being the prime interest rate (2021: 6.75%).

Interest was generated from financial assets at amortised cost.

31. Finance cost

Group loans*	-	-	15 690	-
Trade and other payables	10	420	-	-
Lease liabilities	1 355	908	-	-
Interest on borrowings held at amortised cost	31 115	43 093	-	-
Loan raising fee - amortised	436	524	-	-
Other interest paid	4 568	3 502	-	-
Total finance costs	**37 484**	**48 447**	**15 690**	**-**

* Interest relates to the amortisation of the interest free intercompany loan in terms of IFRS 9 with an interest rate of 8.25%, being the prime interest rate (2021: 6.75%).

Notes to the consolidated and separate annual financial statements

		Group		Company	
Figures in Rand R'000		2022	2021	2022	2021

32. Other non-operating gains

			Restated		
Bargain purchase		-	4 413	-	-
Fair value adjustment on Investment property	4	-	3 040	-	-
Impairment of goodwill		-	(1 184)	-	-
		-	**6 269**	**-**	**-**

33. Taxation

Major components of the tax (income) expense

Current		**Restated**		
Local income tax - current period	26 827	25 737	-	1
Deferred				
Deferred tax: current period	(21 912)	32 989	1	-
Deferred tax: rate change	(30 132)	-	-	-
Deferred tax: prior periods	-	(702)	-	-
	(52 044)	**32 287**	**1**	**-**
Total	**(25 217)**	**58 024**	**1**	**1**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28%	28 %	28 %	28 %
Legal fees, fines, penalties and impairment of goodwill	97.71 %	1.50 %	- %	- %
Learnership agreements and bargain purchase	(83.24)%	(1.18)%	- %	- %
Assessed loss not recognised	30.17 %	1.24 %	- %	- %
Amortisation of intergroup loans	- %	- %	(28.00)%	(27.97)%
Rate change	(717.41)%	- %	(0.01)%	- %
Prior year under provision	- %	0.18 %	- %	- %
	(644.77)%	**29.74 %**	**(0.01)%**	**0.03 %**

During the year the South African Government announced a change in the tax rate from 28% to 27%, effective for years of assessment on or after 31 March 2023. The announced rate was used to measure the deferred tax assets and liabilities at year end.

Taxation related to components of other comprehensive income

Re-measurements of defined benefit liability	(501)	(560)	-	-

34. Prior period restatements

Reclassification of prior year figures:

(1) In the previous year, fair value movements on biological assets: pine and eucalyptus trees were incorrectly presented within other non-operating gains / (losses) within the Statement of profit or loss and other comprehensive income. As these fair value movements form part of the group's operating activities the prior year results have been restated to reflect the movement within operating profit / (loss). It was decided to reflect fair value adjustments on biological assets as a separate line within the Statement of profit or loss and other comprehensive income. An amount of R 12.96 million (2021) has been taken from other non-operating gains / (losses) to the fair value adjustment on biological asset line item.

As a result of the additional line item, fair value adjustments on biological assets, being reflected in the Statement of profit or loss and other comprehensive income, an amount of R 1.2 million (2021) relating to fair value movements on biological assets - unharvested fruit have been taken from other operating (losses) / gains to the fair value adjustment line.

(2) In the previous financial year, inter-company sales of R 99.2 million were incorrectly eliminated against the operating expenses line instead of cost of sales. Also, cost of sales of R 23 million relating to transport cost, was incorrectly classified as operating expenses. As a result, operating expenses and cost of sales have been restated by an amount of R 76.2 million to correct these errors.

(3) York transports the timber it sells to its customers' premises. Where York had to make use of a third party to deliver the timber, this was incorrectly treated as a separate performance obligation, and the revenue from transport was presented net of fees paid to the service provider, as though York was acting as an agent in arranging for the delivery. This accounting was incorrect as York is not acting as an agent in arranging the delivery but as a principal in the promise to sell and deliver timber to its customers. As control of the timber only passes to its customers upon delivery, the sale and transport should have been treated as a single performance obligation. To correct for this error, the revenue and cost of sales for 2021 have respectively been increased by R 77.9 million.

These reclassifications do not have an impact on the net profit for the year ending 30 June 2021.

Change in accounting policy:

(4) The group previously accounted for the customisation and configuration cost of the new Enterprise Resource Planning system as part of work in progress intangible assets as per IAS 38. Following the International Financial Reporting Interpretations Committee (IFRIC) agenda decision on the accounting treatment of costs of configuring or customising of a supplier's application software in a cloud computing or Software as a Service (SaaS) arrangement in March 2021, the group has reconsidered its accounting treatment and adopted the treatment set out in the IFRIC agenda decision. The cost of customisation and configuration have been expensed in the Statement of profit or loss and other comprehensive income. This change in accounting treatment has been accounted for retrospectively and comparative information has been restated. The results for the 2020 and 2021 financial year have been restated for this new IFRIC agenda decision by R 5.6 million and R 3.6 million respectively. This restatement resulted in a decrease in the deferred tax liability reflected in the 2021 Statement of financial position of R 2.6 million and a resulting decrease in the taxation reflected in the 2021 Statement of profit or loss and other comprehensive income of R 1 million, the difference of R 1.6 million was reflected as an adjustment to the 2021 opening retained earnings.

In addition, this change in accounting policy from capitalizing to expensing the customisation and configuration cost have resulted in the 2021 Statement of cash flow being restated, so as to reflect the cash outflow as operating instead of investing as was previously presented.

The impact this adjustment has had on earnings, diluted earnings, headline earnings and core earnings per share have been included in the table below.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

34. Prior period restatements (continued)

	Balance as previously stated R'000	Reclassification R'000	Change in accounting policy R'000	Restated total
Statements of Profit or Loss and Other Comprehensive Income				
Other non-operating gains(1)	19 227	(12 958)	-	6 269
Other operating losses(1)	(9 154)	(1 215)	-	(10 369)
Fair value adjustment on biological assets(1)	-	14 173	-	14 173
Revenue(3)	(1 850 670)	(77 919)	-	(1 928 589)
Cost of sales(2) and (3)	1 337 549	1 728	-	1 339 277
Operating expenses(2) and (4)	308 439	76 191	3 576	388 206
Taxation(4)	59 025	-	(1 001)	58 024
Statements of Financial Position				
Intangible assets(4)	9 556	-	(9 222)	334
Opening retained income 01/07/2020(4)	(1 396 492)	-	4 065	(1 392 427)
Deferred taxation(4)	(887 618)	-	2 583	(885 035)
Statements of Cash Flows				
Net cash from operating activities(4)	362 194	-	(3 576)	358 618
Net cash applied to investing activities(4)	(207 973)	-	3 576	(204 397)
Notes to the consolidated and separate annual financial statements				
Earnings and diluted earnings per share (cents)	44	-	(1)	43
Headline earnings and diluted headline earnings per share (cents)(4)	43	-	(1)	42
Core earnings and diluted core earnings per share (cents)(4)	41	-	(1)	40

35. Cash generated from operations

		Restated		
Profit (loss) before taxation	3 911	195 093	(16 205)	3 455
Adjustments for:				
Depreciation and amortisation	113 155	101 290	-	-
Losses on disposals and scrappings	2 021	1 549	-	-
(Gains) losses on foreign exchange	(5 722)	8 820	-	-
Interest income	(5 011)	(3 618)	(1)	(3 451)
Finance cost	37 484	48 447	15 690	-
Fair value losses (gains)	68 596	(20 442)	-	-
Net impairments	-	114	-	-
Purchase of biological assets	-	(935)	-	-
Harvesting of puchased biological assets	935	47 739	-	-
Movements in retirement benefit liabilities	323	256	-	-
Movement in provision	3 750	583	-	-
Share based payment expenses: equity-settled	7 170	2 371	-	-
Changes in working capital:				
Inventories	(40 011)	48 238	-	-
Trade and other receivables	78 481	(107 137)	(49)	18
Trade and other payables	(64 016)	102 576	635	262
Deferred income	1 161	502	-	-
	202 227	**425 446**	**70**	**284**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

35. Cash generated from operations (continued)

Changes in liabilities arising from financing activities (Group)	Borrowings	Lease liabilities	Total
Balance as at 01 July 2021	514 733	5 084	519 817
Cash flow movement:			
Proceeds from borrowings (Instalment sale agreement)	39 487	-	39 487
Lease and borrowings payments	(173 346)	(8 594)	(181 940)
Non-cashflow movements:			
Loan raising fee	436	-	436
Finance cost	-	1 355	1 355
Additions to lease liability	-	34 286	34 286
	381 310	**32 131**	**413 441**

Balance as at 01 July 2020	583 898	12 302	596 200
Cash flow movements:			
Proceeds from borrowings	101 097	-	101 097
Repayment of borrowings	(170 786)	-	(170 786)
Lease payments	-	(8 140)	(8 140)
Non-cashflow movements:			
Loan raising fee	524	-	524
Finance cost	-	908	908
Disposal	-	14	14
Balance as at 30 June 2021	**514 733**	**5 084**	**519 817**

36. Tax paid

	Group 2022	Group 2021	Company 2022	Company 2021
Net balance at the beginning of the year	(1 862)	475	-	(2)
Current tax recognised in profit or loss	(26 827)	(25 737)	-	(1)
Net balance at the end of the year	4 380	1 862	(2)	-
Total	**(24 309)**	**(23 400)**	**(2)**	**(3)**

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

37. Business combinations

Aggregated business combinations

Property, plant and equipment (including bearer plants)	-	83 182	-	-
Biological assets: unharvested fruit	-	3 892	-	-
Deferred tax	-	(8 163)	-	-
Inventories	-	2 312	-	-
Trade and other payables	-	(189)	-	-
Total identifiable net assets	-	81 034	-	-
Goodwill	-	1 184	-	-
Bargain purchase gain in a business combination	-	(4 413)	-	-
Consideration paid	**-**	**77 805**	**-**	**-**

Funded through

Cash	-	(2 805)	-	-
Borrowing facility	-	(75 000)	-	-
	-	**(77 805)**	**-**	**-**

Net cash outflow on acquisition				
Cash consideration paid	-	(77 805)	-	-

Twycross

On 1 February 2021, Stadsrivier Vallei Proprietary Limited (previously known as York Agri Proprietary Limited) acquired the businesses of PVT Timber Products Proprietary Limited, Twycross Farms Proprietary Limited, and Twycross Packers Proprietary Limited, as going concerns. These businesses comprise sawmilling and pallet making, farming of avocados and macadamias and a fruit packing facility for a net cash consideration of R64 million. R62 million of the acquisition was funded by way of loan. This transaction was published on SENS on 15 December 2020.

The acquisition will enable the Group to diversify its earnings.

A bargain purchase was recognised as a result of the net assets purchased at fair value and bearer fruit produce on the trees exceeding the consideration paid as agreed between the Group and the seller.

A deferred tax liability was recognised as a result of the immovable assets acquired for farming operations that are not deductible for taxation purposes in terms of paragraph 12 of the first schedule of the Income Tax Act.

Acquisition costs of R618 970 were incurred for legal fees and due diligence costs. The costs have been included as part of the other operating expenses in the Statement of Profit or Loss and other Comprehensive Income as well as cash flow from operating activities in the Statement of Cash Flow for the period ended 30 June 2021.

Fair value of assets acquired and liabilities assumed

Property, plant and equipment (including bearer plants)	-	69 682	-	-
Biological assets: unharvested fruit	-	3 471	-	-
Deferred tax	-	(6 558)	-	-
Inventories	-	2 312	-	-
Trade and other payables	-	(189)	-	-
Total identifiable net assets	-	68 718	-	-
Gain on a bargain purchase in a business combination	-	(4 413)	-	-
Consideration paid	**-**	**64 305**	**-**	**-**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

37. Business combination (continued)

Tropicado

On 12 May 2021, Stadsrivier Vallei Proprietary Limited entered into a purchase agreement with Skillfull 1018 CC to acquire its business of farming of avocados and macadamias for a net cash consideration of R13.5 million. R13 million of the acquisition was funded by way of loan. Although registration of the land at the deeds office was not completed at the 2021 financial year end, the substance over form of the transaction was considered and Stadsrivier Vallei Proprietary Limited accounted for the transaction as at 30 June 2021. The transfer of the land was completed on 5 July 2021.

The acquisition will enable the Group to diversify its earnings.

The fair value was determined based on a revaluation performed by an independent external valuer and the most recent transactions in the external market. Goodwill was recognised due to the net cash consideration paid exceeding the fair value of the net identifiable assets purchased as a result of the immovable assets acquired for farming purposes not being deductible for taxation purposes.

A deferred tax liability was recognised as a result of the immovable assets acquired for farming operations that are not deductible for taxation purposes in terms of paragraph 12 of the first schedule of the Income Tax Act.

Acquisition costs of R68 122 were incurred for legal fees. The costs have been included as part of the other operating expenses in the Statement of Profit or Loss and other Comprehensive Income as well as cash flow from operating activities in the Statement of Cash Flow for the period ended 30 June 2021.

Fair value of assets acquired and liabilities assumed

Property, plant and equipment (including bearer plants)	-	13 500	-	-
Biological assets: unharvested fruit	-	421	-	-
Deferred tax	-	(1 605)	-	-
Total identifiable net assets	-	12 316	-	-
Goodwill	-	1 184	-	-
Consideration paid	**-**	**13 500**	**-**	**-**

Revenue and profit contributions

The acquired businesses contributed revenues of R21.7 million and net profit of R4.3 million for the period 1 February 2021 to 30 June 2021.

The contributed revenues and net profit if the acquisition had occurred on 1 July 2020 is not included due to the determination of the amount not being practical. This is due to accurate prior period information on income and expenses only applicable to the businesses acquired not being readily available and revenue contribution from the fruit packing facility dependent on volumes received from external sources.

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

38. Operating segments

The Group has four reportable segments which are the Group's strategic divisions. Management has identified the segments based on the internal reports reviewed monthly by the Group's Chief Operating Decision-Maker (CODM). The CODM at the reporting date is senior management and the Executive Committee members. The responsibility of the CODM is to assess performance and to make resource allocation decisions related to the individual operations of the Group. The segment financial information provided to and used by the CODM forms the basis of the segment disclosure in these financial statements.

The business is considered from an operating perspective based on the products cultivated or produced and sold. The reportable segments comprise:

- **Processing plants:** The Group has aggregated two divisions. These divisions produce timber-related products and have therefore been assessed as one segment by management. The cash generating units are:
  - **Sawmilling:** Three sawmills located in close proximity to Sabie, Graskop and Warburton that produce and sell a broad range of structural and industrial sawn timber products.
  - **Plywood:** A plywood plant in Sabie that manufactures and sells plywood timber products.
- **Forestry and Fleet:** The Group owns plantations in the Mpumalanga Province on which it grows pine and eucalyptus trees that are cultivated and managed on a rotational basis. The segment sells its products to its Processing segment and to external customers. Fleet Solutions owns heavy motor vehicles used to transport logs.
- **Wholesale:** The Group has five distribution centres located in Germiston, Polokwane, Gqeberha, Durban and Cape Town, that sell timber-related products from the sawmills, plywood plant and external suppliers.
- **Agricultural:** The Group owns land with avocados, citrus and macadamias orchards, a fruit packaging facility and a sawmill that produces lumber and pallets in the Mpumalanga province.

The Group operates in three geographical areas, namely South Africa, countries in the Southern Africa Development Community (SADC) and non-SADC regions. Refer to the section on credit risk in note 42 for disclosure on major customers.

Performance in internal management reports is measured based on earnings before interest, taxation, depreciation and amortisation (EBITDA) and fair value adjustment on biological assets. Management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate in the industry.

The amounts included in the internal management reports are measured in a manner consistent with the financial statements.

The segment assets and liabilities are not separately disclosed as this information is not presented to the CODM. All non-current assets owned by the Group are located in South Africa.

Transactions between segments are done at arm's length.

The segment information for the year ended 30 June 2022:

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

38. Operating segments (continued)

2022	**Processing plants**	**Wholesale**	**Forestry and Fleet**	**Agriculture**	**Total**
Revenue: External sales	1 192 080	513 974	84 699	46 261	1 837 014
Revenue: Inter-segment sales	250 190	110 572	713 305	10 746	1 084 813
	1 442 270	**624 546**	**798 004**	**57 007**	**2 921 827**
Material segment expenses:					
- Depreciation, amortisation and impairments	(71 052)	(8 281)	(28 392)	(4 191)	(111 916)
- Employment cost	(232 494)	(18 848)	(64 207)	(19 147)	(334 696)
- Utilities	(69 872)	(2 995)	(3 389)	(3 473)	(79 729)
- Fuel	(16 395)	(3 747)	(20 452)	(2 079)	(42 673)
- Transport	(62 099)	(8 488)	(133 814)	(1 796)	(206 197)
Reportable segment profit / (loss)*	203 485	157 589	(127 977)	(15 863)	217 234
Other non-cash item:					
- Fair value adjustment to biological assets	-	-	(71 731)	3 135	(68 596)
Capital expenditure	43 378	209	30 579	11 929	86 095

* Being EBITDA and fair value adjustments on biological assets. (2021: EBITDA and fair value adjustments on pine and eucalyptus biological assets)

2021	**Processing plants**	**Wholesale**	**Forestry and Fleet**	**Agriculture**	**Total**
Revenue: external sales (restated)	1 290 652	549 274	66 512	19 555	1 925 993
Revenue: inter-segment sales	304 732	-	812 168	3 420	1 120 320
	1 595 384	**549 274**	**878 680**	**22 975**	**3 046 313**
Material segment expenses:					
- Depreciation, amortisation and impairments	(70 630)	(7 093)	(19 389)	(1 685)	(98 797)
- Employment cost	(255 197)	(15 979)	(44 216)	(8 597)	(323 989)
- Utilities	(71 069)	(2 562)	(2 683)	(1 158)	(77 472)
- Fuel	(15 255)	(2 930)	(9 102)	(763)	(28 050)
- Transport	(71 012)	(6 673)	(127 138)	(893)	(205 716)
Reportable segment profit/ (loss)*	150 486	34 163	145 117	4 492	334 258
Other non-cash item:					
-Fair value adjustment to biological assets (pine and eucalyptus trees)	-	-	12 958	-	12 958
Capital expenditure	41 482	282	25 156	12 079	78 999

* Being EBITDA and fair value adjustments on pine and eucalyptus biological assets.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

38. Operating segments (continued)

Reconciliation of reportable segment revenue and profit				**Restated**
Revenue				
Total revenue for reportable segments			2 921 827	3 046 313
Non-reporting segment revenue			1 796	2 596
Elimination of reportable inter-segment revenue			(1 084 813)	(1 120 320)
Consolidated revenue			**1 838 810**	**1 928 589**

Profit				
Total profit for reportable segments*	217 234	334 258	-	-
Depreciation and amortisation for reportable segments	(111 916)	(98 797)	-	-
Fair value adjustment on unharvested fruit	-	(1 215)	-	-
Depreciation and amortisation and impairment for non-reporting segments	(1 239)	(2 607)	-	-
Non-reporting segments profit/(loss)*	901	(12 159)	-	-
Operating profit before fair value adjustment on biological assets	**104 980**	**219 480**	**-**	**-**

* Being EBITDA and fair value adjustments on biological assets (2021: EBITDA and fair value adjustment on pine and eucalyptus trees).

Refer to note 42 where sales to the three largest customers are disclosed. Refer also to note 28, where the components of operating profit are disclosed. Refer to note 34 for details on the restatement.

Revenue per geographical area		**Restated**		
South Africa	1 521 041	1 616 585	-	-
Southern Africa Development Community (SADC)	225 355	204 375	-	-
International (Non-SADC)**	92 414	107 629	-	-
Total	**1 838 810**	**1 928 589**	**-**	**-**

** International sales refer to plywood sales to the United Kingdom, Belgium, Canada, Italy, Holland, Germany and the United States of America.

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Property, plant and equipment	1 472	16 749	-	-
Not yet contracted for				
• Property, plant and equipment	68 077	49 315	-	-

This committed expenditure will be financed through existing cash resources, available loan facilities and funds generated internally.

Capital commitments are based on capital projects approved to date and the budget approved by the Board. Major capital projects require further approval before they commence.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

40. Related parties

Relationships	
Subsidiaries	York Timbers Proprietary Limited
	Agentimber Proprietary Limited
	Sonrach Properties Proprietary Limited
	Global Forest Products Proprietary Limited*
	Madiba Forest Products Proprietary Limited
	Madiba Timbers Proprietary Limited
	South African Plywood Proprietary Limited*
	York Timbers Energy (RF) Proprietary Limited
	York Fleet Solutions Proprietary Limited
	York Timbers Chile Limitada
	Mbulwa Estates Proprietary Limited
	York Power (RF) Proprietary Limited
	York Carbon Proprietary Limited**
	Stadsrivier Vallei Proprietary Limited
	Nicholson and Mullin V2 Proprietary Limited
Other related entities	York Timbers Community Proprietary Limited
	York Timber Staff Proprietary Limited
Directors	Refer to note 41.

* The Company has a direct investment in these companies. All other companies are indirect investments.

** Non-controlling interest in the subsidiary amounts to 49% for York Carbon Proprietary Limited (equivalent to an amount of R49 (2021: R49)). Non-controlling interest is not disclosed in the Group's consolidated annual financial statements as this amount is less than one thousand Rand.

All of the companies are incorporated and domiciled in the Republic of South Africa, except for York Timbers Chile Limitada which is incorporated and domiciled in Chile, respectively. The holdings in and voting power of York Timber Holdings Limited in all subsidiaries is 100%, except in York Carbon Limited, where it is 51%.

Transactions between York Timber Holdings Limited and the respective subsidiaries, which are related parties, have been eliminated on consolidation.

Related party balances

Refer to note 9.

Related party transactions

	Group 2022	Group 2021	Company 2022	Company 2021
Recoveries received				
York Timbers Proprietary Limited	-	-	(6 564)	(4 775)
Finance cost / (investment income) from loan to group companies				
York Timbers Proprietary Limited	-	-	15 690	(3 450)

The directors held 26 121 821 shares (2021: 5 117 276 shares) in York Timber Holdings Limited.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

41. Directors' emoluments

Executive

2022

	Emoluments	Other benefits*	Bonus	Share options received	Total
GCD Stoltz	3 342	301	2 233	-	5 876
PP van Zyl	688	90	5 899	5 820	12 497

* Other benefits relates to expense allowance and pension fund contributions.

2021

	Emoluments	Other benefits*	Total
GCD Stoltz	2 312	1 886	4 198
PP van Zyl	5 253	1 073	6 326

* Other benefits relates to performance related payments, expense allowance, share based payments and pension fund contributions.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

41. Directors' emoluments (continued)

Non-executive

2022

	Director's fees	Total
AW Brink	553	553
L Dhlamini	339	339
Dr AP Jammine	586	586
HM Mbanyele-Ntshinga	506	506
DM Mncube	477	477
Dr JP Myers	722	722
KM Nyanteh	477	477
A van der Veen	252	252
A Zetler	107	107
	4 019	**4 019**

2021

	Director's fees	Total
AW Brink	443	443
Dr AP Jammine	442	442
HM Mbanyele-Ntshinga	362	362
SAU Meer	238	238
DM Mncube	477	477
Dr JP Myers	1 024	1 024
KM Nyanteh	385	385
	3 371	**3 371**

Equity settled share based payment

	Fair value of options at grant date (R)	Total value provided at the end of the year (R'000)	Awards held at the beginning of the year (units '000)	Awards awarded / (vested) during the year (units '000)	Awards held at the end of the year (units '000)
2022					
PP van Zyl	2.34	-	3 000	(3 000)	-
2021					
GCD Stoltz	2.60	-	752	(752)	-
PP van Zyl	2.34	589	-	3 000	3 000

42. Financial instruments and risk management

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure consists of debt, which includes borrowings disclosed in note 20, lease liabilities in note 21 and cash and cash equivalents disclosed in note 15, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing percentage.

Covenant compliance

The Group's loan agreement with Land Bank and Absa Capital fund loan (Stadsrivier Vallei Proprietary Limited), as per note 20, are subject to covenant clauses, whereby the company is required to meet certain key financial ratios. The Group did fulfill all the covenants in the current and prior financial year. The following covenants are required:

Land Bank Loan covenant	**Required ratio**	**As calculated**	**Compliance (Yes / No)**
Security cover ratio	>=1.5:1	7.09	Yes
Interest cover ratio	>= 2:1	8.10	Yes
Debt-equity ratio	<= 1:1	0.11	Yes
Absa Capital Fund Loan (Stadsrivier) covenant			
Loan to value	<1	0.90	Yes
Debt to equity	<0.3	0.15	Yes
Leverage	<3	1.90	Yes
Interest cover	>3	6.64	Yes

The capital structure and gearing ratio of the group at the reporting date was as follows:

Figures in Rand R'000	Note	Group 2022	Group 2021	Company 2022	Company 2021
Borrowings repayable within one year	20	83 100	167 461	-	-
Borrowings repayable after one year	20	298 210	347 330	-	-
Lease liabilities	21	32 132	5 084	-	-
Total borrowings		**413 442**	**519 875**	**-**	**-**
Bank overdraft (cash and cash equivalents)	15	22 240	(71 180)	-	-
Net borrowings		**435 682**	**448 695**	**-**	**-**
Equity (Restated)		3 055 383	3 017 688	2 369 315	2 378 353
Gearing ratio		14 %	15 %	- %	- %

42. Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

This note presents information about the Group and Company's financial risk management framework, objectives, policies and processes for measuring and managing risk, and the Group and Company's exposure to these financial risks, and the Company's management of capital. Furthermore, quantitative disclosures are included throughout the annual financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Group and Company's executives are responsible for developing and monitoring the Group and Company's risk management policies. The Group's executives report regularly to the Board of Directors on these activities.

The Group and Company's risk management policies are established to identify and analyse the risks faced by the Group and Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group and Company's activities. The Group and Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board has a Risk and Opportunity Committee, which oversees how management monitors compliance with the Group and Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and Company. The Risk and Opportunity Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

The Group and Company monitors its forecasted financial position on a regular basis. The Group and Company's executive meets regularly and considers cash flow projections for the following 12 months in detail, taking into consideration the impact of market conditions. The Group and Company's executive also receives reports from independent consultants and receives presentations from advisors on current and forecasted economic conditions.

The Group and Company's objectives, policies and processes for managing risks arising from financial instruments have not changed from the previous reporting period.

The Group and Company's forecasted financial risk position with respect to key financial objectives and compliance with treasury practice are regularly reported to the Board.

Credit risk

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

Management has established a centralised receivables department and a credit policy. Under the credit policy, each new customer is analysed individually for creditworthiness before the Group and Company's standard payment and delivery terms and conditions are offered. The Group and Company's review includes external ratings, when available, and in some cases bank references. 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. Customers that fail to meet the Group's benchmark on creditworthiness may transact with the Group only on a pre-payment basis. The Group does not require collateral in respect of trade and other receivables.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

42. Financial instruments and risk management (continued)

Credit guarantee insurance is purchased from Credit Guarantee Insurance Corporation of Africa Ltd (CGIC). The total credit limit guaranteed by CGIC is R100 million, with a deductible annual aggregate of R0.5 million.

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

Group		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Other financial assets at amortised cost	10	114 785	-	114 785	97 583	-	97 583
Trade and other receivables	13	183 358	(7 186)	176 172	269 012	(10 057)	258 955
Cash and cash equivalents	15	16 364	-	16 364	108 030	-	108 030
		314 507	**(7 186)**	**307 321**	**474 625**	**(10 057)**	**464 568**

Company		2022			2021		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Loans to group companies	9	1 240 449	-	1 240 449	1 256 070	-	1 256 070
Trade and other receivables	13	178	(178)	-	198	(178)	20
Cash and cash equivalents	15	-	-	-	1	-	1
		1 240 627	**(178)**	**1 240 449**	**1 256 269**	**(178)**	**1 256 091**

Trade receivables comprise a widespread customer base. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 27% (2021: 30%) of the Group's revenue is attributable to sales transactions with three (2021: three) multi-national customers. The outstanding balance on these customers were approximately 30% (2021: 26%) of the trade receivables balance. These are customers of the processing plants and wholesale division.

Customer				
A	11 %	13 %	-	-
B	7 %	9 %	-	-
C	9 %	8 %	-	-
	27 %	**30 %**	**-**	**-**

The risk rating grade of cash and cash equivalents and self insurance fund is set out below. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

42. Financial instruments and risk management (continued)

	Credit ratings of financial institution	Net cash and cash equivalents and other financial assets at amortised cost R '000	Net cash and cash equivalents and other financial assets at amortised cost R '000
FirstRand Bank Limited	BBB-	9 717	38 883
Standard Bank	AA+	60	69
Absa Bank	AA+	(32 155)	32 085
The Hollard Insurance Company Limited	AA	114 785	97 583
		92 407	**168 620**

Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate level of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Refer to note 15.

The Group and Company's liquidity risk is a function of the funds available to cover future commitments. The Group and Company manages liquidity risk through an on-going review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are maintained and monitored.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below analyses the Group and Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group - 2022

		Less than 1 year	1 to 2 years	2 to 5 years	Total
Non-current liabilities					
Borrowings	20	-	97 052	244 969	342 021
Lease liabilities	21	-	8 617	20 834	29 451
Current liabilities					
Trade and other payables	24	270 459	-	-	270 459
Borrowings	20	109 542	-	-	109 542
Lease liabilities	21	8 425	-	-	8 425
Bank overdraft	15	38 604	-	-	38 604
		427 030	**105 669**	**265 803**	**798 502**

Figures in Rand R'000

42. Financial instruments and risk management (continued)

Group - 2021

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Non-current liabilities						
Borrowings	20	-	98 489	304 578	438	403 505
Lease liabilities	21	-	215	134	-	349
Current liabilities						
Trade and other payables	24	329 647	-	-	-	329 647
Borrowings	20	196 218	-	-	-	196 218
Lease liabilities	21	4 897	-	-	-	4 897
Bank overdraft	15	36 850	-	-	-	36 850
		567 612	**98 704**	**304 712**	**438**	**971 466**

Company - 2022

		Less than 1 year	Total
Current liabilities			
Trade and other payables	24	2 394	2 394

Company - 2021

		Less than 1 year	Total
Current liabilities			
Trade and other payables	24	1 812	1 812

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Foreign currency risk

The Group operates in three geographical segments, namely South Africa, countries within the SADC and non-SADC regions. All transactions with customers in the SADC countries are denominated in SA Rand and do not expose the Company to currency risks. Transactions with non-SADC countries are denominated in United States Dollar (USD).

The Group sells to foreign customers in USD and collects the money in the USD denominated bank account. Future commitments as well as recognised assets and liabilities that are denominated in a currency that is not the functional currency, expose the Group to currency risks. Most of the Group's purchases are denominated in SA Rand. However, certain engineering machinery and equipment was purchased and plywood products imported denominated in USD was purchased during the year. This exposed the Group to changes in the foreign exchange rates. Sales denominated in foreign currency provides a natural hedge to purchases denominated in foreign currency. In the current year the Group had realised foreign exchange gains of R5.7 million (2021: loss of R8.8 million).

		Group		Company	
Figures in Rand R'000		2022	2021	2022	2021

42. Financial instruments and risk management (continued)

The Company's cash deposits are all denominated in SA Rand and USD.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:
US Dollar exposure:

Current assets:					
Cash and cash equivalents	15	539	4 326	-	-
Trade receivables	13	177	-	-	-
Current liabilities:					
Trade and other payables	24	(1 917)	-	-	-
Net US Dollar exposure		**(1 201)**	**4 326**	**-**	**-**

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period. The sensitivity analysis was calculated based on 1% higher and lower than the actual rate.

Group	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease
Impact on profit or loss:				
South African Rand exposure in USD balances	(158)	158	619	(619)

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk, while borrowings at fixed rates expose the Group to fair value interest rate risk. The Group does not have a policy to hedge long term interest rate risk and will only make use of hedging instruments to reduce the short-term sensitivity of the Group to interest rate changes.

Sensitivity analysis of interest is disclosed in note 20.

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

42. Financial instruments and risk management (continued)

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
Group		2022	2021	2022	2021
Variable rate instruments:					
Liabilities					
Borrowings	20	7.25% - 8.75%	6% - 7.75%	382 467	516 202

Variable rate financial liabilities as a percentage of total interest bearing financial liabilities	100.00 %	100.00 %

43. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 3

Recurring fair value measurements

Assets	Notes				
Investment property	4				
Investment property		36 093	34 180	-	-
Total		**36 093**	**34 180**	**-**	**-**

Level 3

Recurring fair value measurements

Assets	Notes				
Biological assets	5				
Pine and eucalyptus trees		2 803 238	2 875 903	-	-
Unharvested fruit		5 383	2 248	-	-
Total biological assets		**2 808 621**	**2 878 151**	**-**	**-**

Notes to the consolidated and separate annual financial statements

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

44. Going concern

The consolidated and separate annual 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 believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

45. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

46. Earnings per share

Basic earnings / (loss) per share		**Restated**		
Basic earnings / (loss) per share (cents)	9	43	(5)	1
Diluted basic earnings / (loss) per share (cents)	9	43	(5)	1

The bonus element of the share-based payment did not have a diluted effect, due to rounding, on the shares (2021: did not have a dilutive effect).

Reconciliation of profit / (loss) for the year to basic earnings				
Profit / (loss) for the year attributable to equity holders of the parent	29 128	137 069	(16 206)	3 454

Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share				
Weighted average number of ordinary shares used for basic earnings per share	320 383	316 416	331 241	331 241
Adjusted for:				
Bonus element of share-based payment	565	664	565	664
	320 948	**317 080**	**331 806**	**331 905**

	Group		Company	
Figures in Rand R'000	2022	2021	2022	2021

46. Earnings per share (continued)

Headline earnings / (loss) and diluted headline earnings / (loss) per share

		Restated		
Headline earnings / (loss) per share (cents)	9	42	(5)	1
Diluted headline earnings / (loss) per share (cents)	9	42	(5)	1

The bonus element of the share-based payment did not have a diluted effect, due to rounding, on the shares (2021: did not have a dilutive effect).

Reconciliation between basic earnings / (loss) and headline earnings / (loss)				
Basic earnings / (loss)	29 128	137 069	(16 206)	3 454
Adjusted for:				
Loss on sale of assets	2 021	1 549	-	-
Tax on profit on sale of assets	(566)	(433)	-	-
Impairment of property, plant and equipment	-	114	-	-
Tax on impairment of property, plant and equipment	-	(32)	-	-
Fair value adjustment on investment property	-	(3 040)	-	-
Tax on fair value adjustment on investment property	-	851	-	-
Bargain purchase	-	(4 413)	-	-
Impairment of goodwill	-	1 184	-	-
Insurance payouts from loss of assets	(1 235)	-	-	-
Tax on insurance payouts from loss of assets	346	-	-	-
	29 694	**132 849**	**(16 206)**	**3 454**

Core earnings / (loss) per share*

Core earnings / (loss) per share (cents)	25	40	(5)	1
Diluted core earnings / (loss) per share (cents)	24	40	(5)	1

The bonus element of the share-based payment had a dilutive effect on the shares (2021: did not have a dilutive effect).

* The core earnings is defined as basic earnings adjusted for fair value adjustments on biological assets after taxation.

Reconciliation between basic earnings / (loss) and core earnings / (loss)				
Basic earnings / (loss)	29 128	137 069	(16 206)	3 454
Adjusted for:				
Fair value adjustment on biological assets	68 596	(14 173)	-	-
Tax on fair value adjustment on biological assets	(19 207)	3 968	-	-
	78 517	**126 864**	**(16 206)**	**3 454**