ANNUAL REPORT

30 06 2020 YRK

TABLE OF CONTENTS

01 ABOUT YORK TIMBERS

02 GOVERNANCE

03 CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

04 SHAREHOLDERS' INFORMATION

ABOUT THIS REPORT

This annual report is compiled and presented in accordance with:

- International Financial Reporting Standards (IFRS);
- Companies Act of South Africa, 71 of 2008 (Companies Act);
- Companies Regulations, 2011 (Companies Regulations);
- JSE Limited Listings Requirements (JSE Listings Requirements); and
- King IV Report on Corporate Governance for South Africa, 2016 (King IV).

In the section *About York*, we introduce York, how we create value, what we offer, its 8-year financial overview and the risks and opportunities arising from its operating environment.

The Chairman's report and Chief Executive Officer's review outlines York's performance for the reporting period and also provide further information on York's future outlook and approach.

The *Corporate governance* section is presented in line with King IV.

MATERIALITY

We determined which issues could influence the decisions, actions and performance of the Company. All material issues have been included in this annual report and management is not aware of any information that was unavailable or any legal prohibitions to the publication of any information.

FORWARD-LOOKING STATEMENTS

Any forward-looking statements contained in this annual report about York's operations and financial position were prepared based on information available to us at the time of writing. No warranty is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed herein.

This annual report is not intended to be relied upon as advice to investors, whose needs should be considered in consultation with a professional advisor. We do not undertake to update or revise these forward-looking statements after the date of the annual report. Some assumptions will not materialise. Unanticipated events and circumstances may affect the ultimate financial results. Projections are inherently subject to substantial and numerous uncertainties and therefore, the actual results achieved may vary significantly from the forecasts and the variations may be material.

YOUR GUIDE

These icons serve as a guide for further information:

This icon denotes information that can be found on our website: **www.york.co.za**

This icon accompanies page number references to elsewhere in this annual report

ASSURANCE

PricewaterhouseCoopers Inc., our external auditor, audited the consolidated and separate annual financial statements, who issued an unmodified unqualified audit opinion thereon.

The external auditor also read the annual report and considered whether any information is materially inconsistent with the consolidated and separate annual financial statements or their knowledge obtained during their audit or otherwise appears to be materially misstated. No such misstatement was reported.

The Group's broad-based black economic empowerment rating and scorecard have been verified by an accredited rating agency, Premier Verification Proprietary Limited.

The Audit Committee had oversight of the preparation of the annual report, including the consolidated and separate annual financial statements, and recommended it for approval by York's Board of Directors (Board).

RESPONSIBILITY FOR THIS ANNUAL REPORT

This annual report was prepared under the supervision of the Company Secretary, Sue Hsieh LLB, and Chief Financial Officer, Gerald Stoltz CA(SA).

The Board is ultimately responsible for ensuring the integrity of the annual report, assisted by the Audit Committee and further supported by management, which convened and contracted the relevant skills and experience to undertake the reporting process and provided management oversight.

The Board, after applying its collective mind to the preparation and presentation of the annual report, approved it for publication.

This annual report is signed on behalf of the Board by:

Dr Jim Myers
Chairman

Pieter van Zyl
Chief Executive Officer

28 September 2020

YORK TIMBERS

York Timber Holdings Limited (York, York Timbers, the Company or the Group) is a JSE-listed forestry company intent on creating value for all its stakeholders. Since its incorporation in 1916, York has grown into a modern, integrated forestry group.

York:
- Owns **sustainable forests**;
- Employs **technologically advanced forestry** operations;
- Operates **efficient processing** plants;
- Values its **customers' needs**; and
- Delivers **quality products** through a comprehensive distribution network.

HOW WE CREATE VALUE

York's vision is to create value for all stakeholders.

York has extensive, sustainable forests providing raw material to its processing facilities. This is supplemented from external sources.

It employs people with growth mindsets and applies efficient technology and methods to deliver its value-added products and services to its customers.

York is a responsible corporate citizen in the communities where it operates.

WHAT WE OFFER

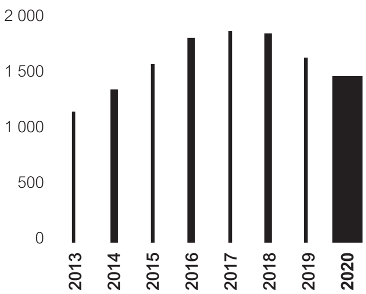
Timber has vast benefits as it is a sustainable resource, carbon positive, sustains rural development and is structurally and architecturally attractive. Consumers are committing to greater use of timber for housing, furniture, doors, frames, decking and other innovative purposes.

Mass timber construction, using advanced engineered wood products, is emerging as a sustainable and preferred alternative building material. York is focusing on structural engineering of advanced wood products within a sustainable and timber-based built environment in South Africa. We are committed to stimulating the development of a sustainable, mass timber construction industry in South Africa based on advanced engineered wood products from locally grown forest plantations.

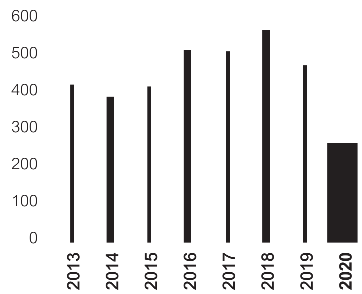
FINANCIAL OVERVIEW

Long-term value creation requires consistent performance and positive cash generation.

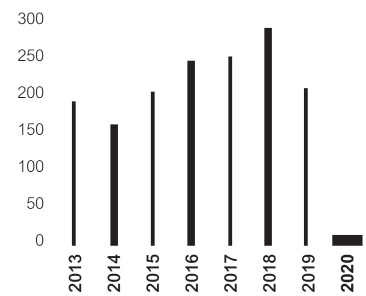
GROUP REVENUE R'MILLION



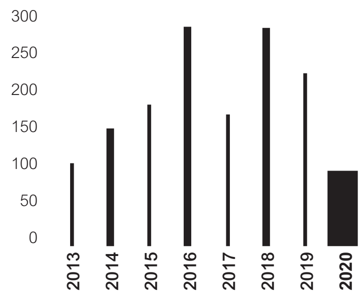
GROSS PROFIT R'MILLION



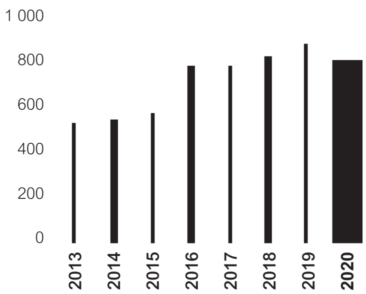
EBITDA R'MILLION



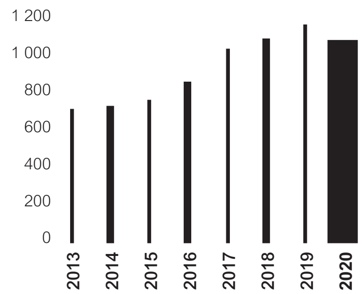
CASH GENERATED FROM OPERATIONS R'MILLION



TANGIBLE NET ASSET VALUE (TNAV) CENTS



UNDERLYING TNAV CENTS



R1 439 million
Revenue
(2019: R1 601 million ↓ 10%)

R1 181 million
Cost of sales
(2019: R1 140 million ↑ 4%)

R340 million
Other operating expenses
(2019: R359 million ↓ 5%)

R(159) million
Fair value adjustment
(2019: R208 million ↓ 177%)

R58 million
Net finance cost
(2019: R72 million ↓ 20%)

R82 million
Taxation
(2019: R(66) million ↓ 225%)

Rnil million
Impairment of goodwill
(2019: R208 million ↓ 100%)

EIGHT-YEAR FINANCIAL REVIEW

		Audited 2020	Audited 2019	Restated Audited 2018	Audited 2017	Audited 2016	Audited 2015	Audited 2014	Audited 2013
Group revenue	R'000	**1 438 825**	1 600 522	1 812 350	1 832 805	1 771 049	1 543 149	1 323 976	1 131 994
Gross profit	R'000	**258 067**	460 355	552 631	497 502	500 566	404 415	377 945	410 298
Gross profit margin	*%*	***17,9***	*28,8*	*30,5*	*27,1*	*28,3*	*26,2*	*28,5*	*36,0*
Operating (loss)/profit	R'000	**(82 108)**	(106 314)	196 045	151 369	182 933	144 021	116 811	161 365
Operating margin	%	**(5,7)**	(6,6)	10,8	8,3	10,3	9,3	8,8	14,0
EBITDA	R'000	**11 646**	204 668	283 666	246 101	240 048	199 390	156 262	187 153
EBITDA to revenue	*%*	***0,8***	*12,8*	*15,7*	*13,4*	*13,6*	*12,9*	*11,8*	*16,5*
Net profit before finance costs	R'000	**(238 392)**	106 856	272 271	599 038	390 032	196 272	123 531	192 834
Finance costs	R'000	**61 049**	77 537	84 325	88 595	56 632	58 385	56 440	54 672
Cash flow from operations	R'000	**96 191**	223 822	283 173	169 979	284 963	182 574	151 461	106 486
Biological assets	R'000	**2 906 890**	3 154 557	2 918 550	2 828 518	2 334 327	2 140 067	2 103 092	2 100 870
Interest-bearing borrowings	R'000	**583 898**	683 436	804 595	912 302	894 145	743 360	562 616	597 173
Investment in property, plant and equipment	R'000	**42 085**	81 170	64 680	154 258	283 241	203 288	66 169	51 958
Net working capital	R'000	**159 218**	161 517	230 155	245 991	162 685	219 485	213 182	180 446
Basic (loss)/earnings	R'000	**(217 637)**	(36 268)	138 280	367 286	238 212	101 468	50 994	106 864
Weighted average number of shares	Number	**318 873**	317 439	316 874	317 209	325 286	331 032	331 241	331 241
(Loss)/earnings per share	cents	**(69)**	(11)	44	116	73	31	15	32
Core (loss)/earnings per share	cents	**(33)**	8	26	17	31	21	16	26
Headline (loss)/earnings per share	cents	**(70)**	50	45	116	73	29	14	33
EBITDA per share	cents	**4**	64	90	78	74	60	47	57
Net asset value per share	cents	**912**	980	990	943	809	731	703	688
Tangible net asset value per share	cents	**789**	862	809	765	635	559	531	516
Underlying TNAV	cents	**1 052**	1 134	1 061	1 007	834	739	708	692
Return on equity	*%*	***(7,6)***	*(1,2)*	*4,4*	*12,3*	*9,0*	*4,2*	*2,2*	*4,7*
Total cost	R'000	**1 520 933**	1 499 024	1 616 305	1 681 436	1 588 116	1 399 128	1 207 165	970 629
External log purchases	R'000	**230 986**	261 728	201 723	269 982	140 887	210 886	182 086	146 305
Cost excluding log purchases	R'000	**1 289 947**	1 237 296	1 414 582	1 411 454	1 447 229	1 188 242	1 025 079	824 324
Cost as % of revenue	*%*	***89,7***	*77,3*	*78,1*	*77,0*	*81,7*	*77,0*	*77,4*	*72,8*

BIOLOGICAL ASSET VALUATION >>>

DETERMINING THE VALUE OF THE BIOLOGICAL ASSET USING MARKET PARTICIPANT DATA

	%
York specific discount rate is	10,97
Market participant discount rate is	13,17

THE IMPACT ON THE BIOLOGICAL ASSET VALUE

	R'billion
Using the York specific discount rate, the biological asset value is	3 543
Using the market participant discount rate, the biological asset value is	2 907

IFRS REQUIREMENT

The annual financial statements are reported in accordance with the requirements of International Financial Reporting Standards (IFRS). These standards dictated the methodology used in determining the biological asset value.

The biological asset value reported in the annual financial statements, have been determined using the prescribed methodologies contained in IFRS. These methodologies are aimed at deriving value referencing the industry in which a company operates, and is thus not company specific. Changes in the underlying data of the referenced market participants change the biological asset valuation and are influenced by market forces and not under the control of management.

MARKET PARTICIPANTS

One of the fundamental principles used in determining fair value is that of the market participant, thus the calculation is not based on York's discount rate. Market participants constitute a basket of 11 listed companies across the world that operate in a similar industry or country. Local companies included in the basket are Sappi Limited and Mondi Plc, which are predominantly pulp producers but are the only South African listed companies within the same industry.

COMPONENTS OF THE WEIGHTED AVERAGE COST OF CAPITAL

WACC = $(E/V\times Re)+(D/V\times Rd\times(1-Tc))$

Where:
E = Market value of equity
D = Market value of debt
V = E+D
Re = Cost of equity
Rd = Cost of debt
Tc = Corporate tax rate

Cost of equity
Re = $Rf + \beta * Rco$

Where:
Re = Cost of equity
Rf = Risk-free rate of return
β = Beta
Rco = Company risk premium

Beta (β) and Debt/Equity (*D*/*E*) ratio

The Beta of each company is tested and correlated to the participant companies. When the standard error of Beta, multiplied by two, is greater than the adjusted Beta obtained from Bloomberg, the company is excluded from the comparison.

The adjusted Beta of each company is then un-levered by its own debt/equity ratio. The average of the un-levered Betas is then used to re-lever with the average debt/equity ratio of the market participants. The debt/equity ratio for market participants was 29/71.

The re-levered market participant Beta used in the discount rate is 1,13. York was excluded from the basket used to determine the value of its biological asset, as its standard error of Beta multiplied by two, exceeded its adjusted Beta of 0,56.

Applying the targeted debt/equity ratio of 35/65 used in prior years, the levered Beta for York is 0,75. The high targeted debt/equity ratio is due to the significant discount of York's share price to its tangible net asset value per share. This discount makes it difficult to raise equity and York must rely extensively on debt financing to grow the business. York's strong balance sheet provides the basis to raise debt as a source of capital.

Risk-free rate (*Rf*)

The long-term risk-free rates have been influenced by the COVID-19 pandemic and displayed significant volatility, even in the bootstrapped zero coupon perfect fit 10-year bond curve used in the prior year. York reviewed the risk-free rates referenced, and identified the GSAB10YR yield curve as being most representative of a risk-free rate in the current scenario. Despite this, the risk-free rate increased from 8,84% in the prior year to 9,26% in the current year.

Risk premium (*Rco*)

A Company-specific risk premium of 6,4% is applied. Previously, this premium was set at 6,5%. The market risk premium was decreased by 0,1% because equity holders expect a lower risk premium in a low growth, low interest rate environment.

SENSITIVITY OF DISCOUNT RATE

The biological asset valuation is sensitive to changes in discount rate. The sensitivity analysis contained in note 5 to the annual financial statements indicates that a 0,25% change in discount rate results in a R61,8 million change in value.

The discount rate used in the biological asset valuation is that of a market participant and is calculated at 13,17%.

With York's levered Beta and specific targeted debt/equity ratio, the discount rate is 10,97%. If this discount rate is applied in the biological asset valuation, the biological asset value increases by R636 million compared to the value based on the market participant data as required by IFRS.

YORK'S BIOLOGICAL ASSET VALUE OVER TOTAL PLANTABLE HECTARES SINCE 2015

	2015	2016	2017	2018	2019	2020
R'000/ha	35 270	38 472	46 617	48 101	53 683	**49 468**

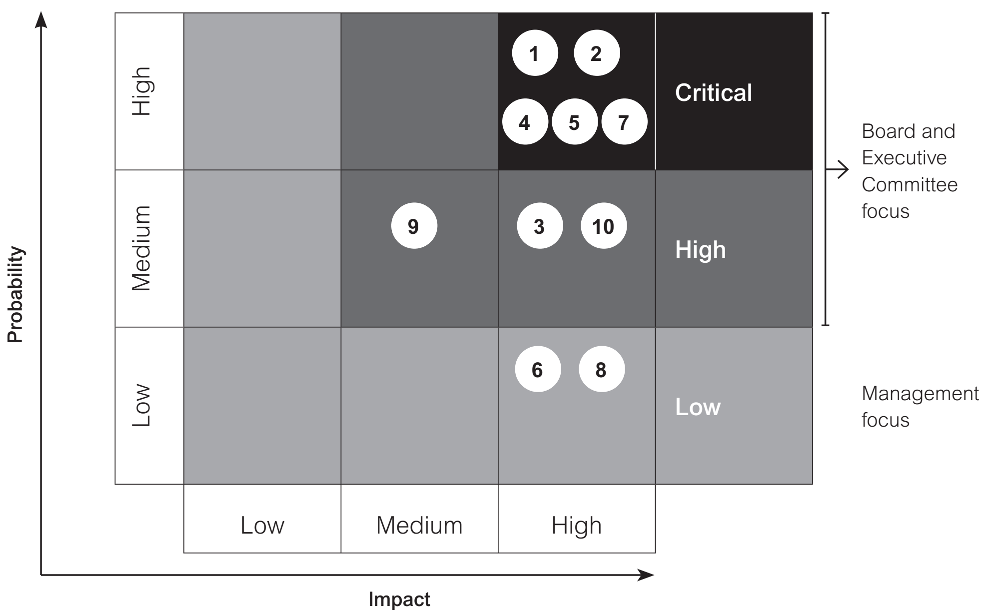
The derived values per hectare from the biological asset valuation are lower than recent market prices for forestry land sold.

TOP TEN RISKS TO VALUE CREATION

The top risks York faces, together with the probability of these events occurring and the impact thereof (high, medium and low), are listed here. The mitigating strategies, together with opportunities arising and measurement of the impact, are listed below.

The Board and management team continuously review the top corporate risks to ensure an appropriate understanding of our operating environment.

THE RESIDUAL RISKS FACING YORK ARE REFLECTED ON THIS HEAT MAP:



The numbers on the heat map correspond to risks discussed on pages 7 to 8.

York continually assesses its major risks and responses thereto.

High Medium Low

1 MARKET CONDITIONS

Probability Impact

- Building industry contraction.
- Weak economic outlook.
- Escalating Government debt impacting infrastructure and housing programmes.
- Impact of importation of non-certified competing products on sales volumes.

Mitigating strategies and opportunities arising

- Monitoring of key drivers of demand.
- Request for higher import tariffs on imports.
- Engaging National Home Builders Registration Council for implementation of SANS 929 standards on imported products.
- Further develop export markets.
- Development of engineered wood products.
- Pursue certification requirements on imported products for local application.

2 COVID-19 IMPACTS

Probability Impact

- Outbreak, shortage of staff, stoppages and temporary plant closures.

Mitigating strategies and opportunities arising

- Information and data collection to inform staff of status.
- Engage occupational health specialist as part of management committee to oversee all actions together with safety committees at each site.
- Review compliance with policy to limit risk of spread.
- Update and revise COVID-19 policy as regulations are published.
- Isolation facility established at one of the Company's processing sites.

3 DEBTORS INSURANCE/ DEFAULTS

Probability Impact

- Credit Guarantee Insurance Corporation of Africa Limited (CGIC) reduced customer credit limits, thereby directly impacting revenue.

Mitigating strategies and opportunities arising

- Put alternative additional debtor insurance in place and have a comprehensive risk analysis other than CGIC.
- Compliance with credit control policy.
- Work with the respective customers and CGIC to ensure that any credit limit reduction is kept to an absolute minimum. York customers are also encouraged to free up unused credit cover with other suppliers to maintain the current credit limit allocated to York or minimise any possible reduction.

4 PLANT AVAILABILITY

Probability Impact

- After restart of the processing plants, some breakages were experienced.
- Supply chain under constraint with lack of buffer stock.
- Ageing equipment.

Mitigating strategies and opportunities arising

- Improve maintenance and monitoring of equipment.
- Reviewed supply chain and identified weaknesses to ensure constant delivery of products.
- Upgrading of equipment within available funds.
- Closure of Nicholson & Mullin sawmill.

5 YORK MARKET CAPITALISATION

Probability Impact

- York's share price is disconnected from the long-term value of the Company.
- Trading at substantial discount to net asset value.
- Lack of liquidity with low volume of shares traded determining the perceived value of the business.
- Creates a negative perception of the Company among investor community.
- Unwillingness of the market to wait for the plantations to return to normality after the 2007/2008 fires (20-year growth cycle).
- Limited ability to raise capital to fund technology enhancements, improve manufacturing cost efficiency, competitive product introductions and growth plans.
- Legacy acquisition debt impeding new capital projects.
- Company could be forced to sell scarce forestry assets to unlock shareholder value.

Mitigating strategies and opportunities arising

- Review of York being suited as a listed entity.
- Investment in high-value crop to diversify earnings base.
- Introduce new investors to enhance liquidity.

6 FIRE

Probability Impact

- Preparation and associated costs.
- Effectiveness of response.
- The risk of unpreparedness for regional fire event.
- Contractor preparedness and suitable equipment.
- Escalating cost of aerial support and detection fees from third-party suppliers.

Mitigating strategies and opportunities arising

- Timeous preparation of all firebreaks.
- Interrogating costs of firefighting associations and cost benefit analysis.
- Review fire management plans and processes.
- Response time to fire incidents.
- Further invest in self-insurance fund.
- Ensure detection technology is accurate and up to date.
- Combined response between neighbours in fighting fires.

High Medium Low

7 EXTERNAL LOG PROCUREMENT

Probability Impact

- South African Forestry Companies Limited's (SAFCOL) marketing policy not amended sufficiently to safeguard big volume offtake.
- Lack of a transparent pricing policy and absence of long-term supply agreements.
- Log prices have been reduced but are still substantially higher than the rest of the provinces in South Africa.

Mitigating strategies and opportunities arising

- Ongoing engagement with SAFCOL on the revision of its marketing policy – specifically relating to a transparent pricing mechanism as well as the implementation of three- to five-year renewable log supply agreements.
- Engagement with SAFCOL on proposed co-operation models.
- Alternative log supply solutions are being actively pursued and procured.
- Consolidation of operations by implementing new technology.
- Sappi supply and offtake agreements.
- Exploration of opportunities for expansion of forestry landholdings in South Africa.
- Enhance the effectiveness of processing facilities.

8 QUALITY OF RAW MATERIAL

Probability Impact

- The change in growth conditions due to climate change.
- The absence of site-specie matching associated with suitable associated wood properties.
- The time to market for introduction of new hybrid species more suitable to climate change.
- Nursery not capable of producing required plant species to be planted.
- Identifying, reacting and responding to the impact of pests and diseases on raw material.

Mitigating strategies and opportunities arising

- Mapping in terms of climatical conditions over York landholdings.
- Align wood properties driven by a plant breeding strategy to market demand.
- Upgrading of York nursery.
- Identify suitable genetic material through the participation of an international SNP chip evaluation of pine and genome profiling of pine at Forestry and Agricultural Biotechnology Institute.
- Effective participation with Camcore (an international organisation that provides its members with improved germplasm and advice as well as keeping them abreast of the development of modern tree breeding techniques) to ensure the cultivation of suitable and pest tolerant species.

9 COST CREEP MANAGEMENT

Probability Impact

- Management does not apply zero-based costing approach to contractor work.
- Inflation-on-inflation increase with no offset in productivity or efficiency gain.

Mitigating strategies and opportunities arising

- Refrain from using costing models without understanding the key drivers and inputs.
- Understanding of tasks to be completed in forestry and unit rating system applied correctly.
- Explore alternative solutions either through technology or other quotes.
- Compliance with task specifications and related contractor rates.

10 MANAGEMENT OF AND QUALITY OF DECISIONS

Probability Impact

- Ownership of decision and cost implication to the business.
- Decision-making should be self-regulating with the full impact quantified at time of decision-making.

Mitigating strategies and opportunities arising

- Reinforce decision matrix.
- Implement enterprise resource management system – Microsoft Dynamics 365.
- Integration of business processes for faster and more accurate decision-making.
- Enhancement of short-term interval controls.
- Refinement of procurement policy and contractor management.
- Accountability of managers for their responsibilities.

CHAIRMAN'S REPORT

The Board has a strong belief in the fundamentals and full confidence in the abilities and dedication of the management team to deliver on the Group's strategy.

AN EXTRAORDINARY YEAR

The past year was unique in many respects. The COVID-19 pandemic wreaked havoc on health systems and economies all over the globe. South Africa was not spared.

The pandemic came as yet another shock to the South African economy, which was already suffering from persistently weak business sentiment with periods of electricity supply disruptions, resulting in low GDP growth and negative investor sentiment. At the same time, there is currency devaluation and input costs are rising, particularly salaries and wages, capital expenditure and the cost of electricity. Record unemployment poses serious risks to economic recovery and social cohesion. The weak financial health of state-owned enterprises, especially Eskom, is likely to put additional pressure on public finances. The outlook for South Africa is challenging and we expect this trend to continue in the year ahead.

The socio-economic challenges brought about by the ailing economy resulting in service delivery protests added to the list of disruptions to our operations. We continue our quest to resist this trend and to convince the authorities of these threats to social cohesion, which are to the detriment of all our stakeholders.

YORK SOLIDARITY FUND

York acted swiftly to ensure that the lives and livelihoods of its employees were protected in the pandemic.

In response to the Government's lockdown and related regulations, the York Solidarity Fund was set up to support our people. With the generous contributions from directors and staff, we managed to pay most salaried staff their normal salaries, albeit in several payments.

Despite the unique challenges faced by everyone during the lockdown period, the Company came together to help one another. This is demonstrative of the compassion and resilience that is characteristic of the York employees that the Board has come to know over the years. It is also reflective of York employees' commitment to the long-term success of the Company and portrays the unified voice of the organisation and its determination to not be defeated by the challenges before it.

YORK'S PERFORMANCE IN 2020

York's performance for the year reflects the difficult circumstances it faced as a direct result of the COVID-19 pandemic:

- Revenue was down 10% compared to the previous year;
- Gross profit decreased by 44% and operating loss decreased by 23%;
- Biological assets depreciated by 8% to R2 907 million; and
- Underlying tangible net asset value of 1 052 cents per share represents a decrease of 7%.

More detail on the year's performance can be found on page 4.

The Board is, however, buoyed by the knowledge that management was able to guide the Company through this crisis, meet all obligations and reopen the business in a gradual but safe way.

OUTLOOK

The Board remains committed to its strategy of delivering value for all stakeholders. The impact of the pandemic on global economies, as well as South Africa, has delayed our initiatives. However, as we recover, shareholder return remains our key focus in the coming year.

We believe that the fundamentals in the business remain intact, with healthy forests, a talented and experienced management team and workforce to support the strategy. York's product quality remains well regarded in the market and the return to a growing global economy will see the demand for York's plywood returning.

We are also mindful of the significant role of climate change on the planet and continue to adapt and conduct our operations in a way that causes the least possible harm to the environment.

IMMENSE APPRECIATION

I thank all my fellow Board members for their solidarity in this very difficult year.

On behalf of the Board and all our stakeholders, I extend our immense appreciation to the senior management team, in particular our Chief Executive Officer, Pieter van Zyl. The skills and abilities of the team have safeguarded the Company for the benefit of all shareholders, employees and the community that York forms such an integral part of.

Thank you.

Dr Jim Myers
Chairman

28 September 2020

CHIEF EXECUTIVE OFFICER'S REVIEW

York focused its resources in the current year on combating the risks brought on by the COVID-19 pandemic.

THE PAST YEAR

The pandemic

The COVID-19 pandemic took centre stage in York, as it did in most businesses and most economies around the world. York's primary focus was on protecting the lives and livelihoods of its people and the community that we form such an integral part of.

York heeded all Government regulations for a lockdown and adopted a phased-in approach for start-up. We put in place extensive protocols to ensure the ongoing safety of our staff.

The pandemic did, however, have a substantial effect on our results:

Turnover is down 10% to
R1,439 billion

Gross profit is down 44% to
R258 million

EBITDA is down 94% to
R12 million

Cash generated by operations is down 57% to
R96 million

Apart from the poor performance, the adjusted discount rate impacted the underlying tangible net asset valuation. Please refer to note 5 under biological asset in the annual financial statements on page 52.

Liquidity

While liquidity was under pressure, York managed to meet all its commitments on a timeous basis and remains able to meet its short-term obligations. York has good relationships with its financiers who have supported York during the lockdown period. We were able to manage our working capital and were provided moratoriums on payments by our financiers. We appreciate their assistance in this regard.

The relationship with the Land Bank is strained due to its own financial challenges, which is unfortunate. We trust that a workable solution can be found.

York has a strong balance sheet:

The biological assets are now valued at
R2,907 billion

Tangible net assets are carried at
R2,517 billion

Cash reserves at year-end amount to
R3 million

It gives York the capability to unlock value from raw material and service its market effectively through its established distribution network.

Operational efficiency

Prior to the lockdown, York commenced negotiations to close certain loss-making operations. The combined effort with organised labour and Government enabled a viable solution that safeguarded many jobs. All other operations are working and York is experiencing favourable demand for its products.

Competition

Plywood imported from Brazil that does not comply with SANS 929 standards continues to be dumped in the South African market. Local certification is not required for plywood, unlike lumber where certification of imports is needed. As a result of these imports, traders are offering sub-standard plywood not accepted in developed countries at below York's cost of production and competing with York's certified product. We are exploring our options but know that getting the compulsory certification of imported plywood enforced in South Africa will be a tedious and time-consuming process.

Engineered wood

Engineered wood is the construction material of the future. York is collaborating with the University of Pretoria for the establishment of a multidisciplinary Chair in data-driven, wood structural engineering for a sustainable built environment and African bio-economy.

York's vision is to become the leading integrated timber processor in Southern Africa and to pioneer the application of engineered wood products as sustainable building materials in Africa. Timber has vast benefits as it is a sustainable resource, carbon positive, sustains rural development and is structurally and architecturally attractive.

Wood properties are unique and almost impossible to replicate in any other building materials. With the development of engineered timber, wood is an eco-friendly alternative.

South Africa has to develop the appropriate engineering, safety and building codes for its own engineered wood products to stimulate a new construction industry based on this technology. The collaboration with the University of Pretoria is of critical importance to ensure that York's integrated vision for mass timber construction "from genetics to product" is realised.

York is investing in the research into engineered wood and is excited about the partnership with the University of Pretoria. This will stimulate the development of a sustainable, mass timber construction industry in South Africa based on advanced engineered wood products from locally grown forest plantations and give confidence for the use of timber in mainline construction.

GRATITUDE TO THE BOARD

I extend my deepest gratitude to York's dynamic Board of Directors. In addressing the challenges brought on by the COVID-19 pandemic, they showed genuine passion and commitment for the Company and its people by making their valuable time available at very short notice. Their personal contributions to the York Solidarity Fund were particularly appreciated as a clear sign of their caring attitude towards York's people.

I also thank Dr Jim Myers, our Chairman, for the calmness and wisdom that he contributes to the Group.

THANK YOU TO OUR STAFF

Thank you for the sacrifices you made during this year. York has a strong management team that demonstrated its ability to respond to the unforeseen challenges we faced. The decisions made in an ever-changing environment enabled the Company to weather the storm and position it to launch a recovery.

Everyone's effort will contribute to York meeting its goals in the future and to our micro- and macro-communities.

Pieter van Zyl
Chief Executive Officer

28 September 2020

BOARD OF DIRECTORS WHO GOVERN US

DR JIM MYERS (BORN 1940) US CITIZEN CHAIRMAN

Appointed: 26 February 2007

Qualifications: *BA Mathematics (Texas A&M); MA Mathematical Physics (Arizona); PhD Industrial Engineering/Operations Research (Texas Tech)*

Skills and experience: Jim has over 30 years' international business experience, specialising in the telecommunications industry. Jim's wide-ranging experience includes the definition, development and implementation of management systems for the finance, engineering and production disciplines. He first came to prominence in Africa when he led the team that acquired MTN South Africa in the early 1990s on behalf of the giant American company before it was later sold. He was the principal driver behind the establishment and promotion of the consortium that acquired the SBC/Telekom Malaysia equity stake in Telkom SA.

Jim's vast international deal-making experience is both inspiring and valuable in the next phase of York's growth.

PIETER VAN ZYL (BORN 1963) CHIEF EXECUTIVE OFFICER (CEO)

Appointed: 8 April 2009

Qualifications: *BSc Agric (Pretoria); BSc Agric Economics Hons (Pretoria); MBL (Unisa)*

Skills and experience: Pieter has considerable experience in manufacturing and the solid wood processing industry. He has a successful track record in delivering complex change and returning companies to profitability. His leadership in cost optimisation and knowledge of market dynamics distinguishes him in the industry. His vision and ability to inspire teams are significant in executing growth strategies. This, coupled with his skill in identifying strategic investment opportunities, provides a solid platform for York's success. Pieter brings a wealth of timber and sawmilling industry knowledge and expertise to York. His diverse skills cover manufacturing, marketing, change management, investment banking, people and strategy development. Pieter's executive management style is completely hands-on, ensuring an accurately executed strategy.

DINGA MNCUBE (BORN 1959) INDEPENDENT NON-EXECUTIVE

Appointed: 6 March 2013

Qualifications: *BSc Forestry (Washington State); MSc Forestry Business (Idaho); MCom Business Management (Johannesburg)*

Skills and experience: Dinga has over 20 years' executive experience in forestry, timber processing, paper and pulp businesses. He is a leading figure in the forestry transformation process. Among other achievements, Dinga played a prominent part in the revival of Project Grow, an award-winning enterprise development programme at Sappi. He played a key role in driving Sappi's R814 million black economic empowerment transaction in 2010. Dinga is a vital figure in York's transformation efforts, backed up by his solid industry experience.

SHAKEEL MEER (BORN 1962) NON-EXECUTIVE

Appointed: 4 September 2007

Qualifications: *BSc Engineering (KwaZulu-Natal); Advanced Management Programme (Insead); Developing Strategy for Value Creation (London Business School); Senior Management Development Programme (Euromoney); MBL (Unisa)*

Skills and experience: Shakeel is an executive at the Industrial Development Corporation with overall responsibility for corporate strategy, management of listed equities, marketing and communications, assets and liabilities management, procurement, information technology and research as well as overall responsibility for managing off-balance sheet and ring-fenced funds. He has previous experience in investments in various sectors of the economy, including mechanical engineering – design and maintenance of systems. Shakeel's experience and familiarity with the workings and people in the South African financial markets arena are important to York.

DR AZAR JAMMINE (BORN 1949) INDEPENDENT NON-EXECUTIVE

Appointed: 5 October 2010

Qualifications: *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)*

Skills and experience: Azar started his career as an investment analyst and has more than 30 years' experience in economics. He specialises in macro-economics and financial markets and is co-author of the books McGregor's Economic Alternatives, Trends Transforming South Africa and Mindset for the new generation in South Africa. York is fortunate to have Azar with his distinguished reputation guiding its approach to its economic challenges.

GERALD STOLTZ (BORN 1978) CHIEF FINANCIAL OFFICER (CFO)

Appointed: 1 December 2017

Qualifications: *BCom Accounting (Hons) (CTA) (Pretoria); CA(SA)*

Skills and experience: Gerald has close to 20 years of experience in the timber industry. He functioned successfully as the Corporate and Processing Financial Manager and participated on the senior management committee for five years at the Company before being appointed as the CFO. He has valuable knowledge and experience of the Company and the timber industry. He has extensive expertise in financial modelling and demonstrates sound financial technical expertise. His strategic financial decision-making skills, leadership experience shown in a listed environment as well as proficiency in solid wood processing and forestry financial management are extremely valuable to York.

MAX NYANTEH (BORN 1978) INDEPENDENT NON-EXECUTIVE

Appointed: 14 February 2019

Qualifications: *BCom Accounting (Hons) (CTA) UCT; CA(SA)*

Skills and experience: Max has over 15 years of experience in financial services, which includes, *inter alia*, current employment at Identity Capital Partners as part of a team of professionals whose activities include carrying out strategic investments and advisory work. His previous employment was at Standard Bank, in the capacity of Dealmaker – Leveraged Finance where he was responsible for deal sourcing, financial structuring, negotiation and execution of leveraged financed-type transactions in the business banking area.

HETISANI MBANYELE-NTSHINGA (BORN 1980) INDEPENDENT NON-EXECUTIVE

Appointed: 14 February 2019

Qualifications: *National Diploma Animal Production Agri Seta; BTech Human Resources Management (Technicon Witwatersrand) PDBA and Candidate MBA (University of Witwatersrand)*

Skills and experience: Hetisani has extensive experience in the forestry and agricultural sectors and was responsible for growing Yarona Farms from a subsistence farming company to an award-winning maize producer in the Free State. Her valuable knowledge of human resource practices and outsourced management was attained in various capacities to senior management at Eskom, National Treasury, the National Empowerment Fund and Afgri.

ANDRIES BRINK (BORN 1958) INDEPENDENT NON-EXECUTIVE

Appointed: 14 February 2019

Qualifications: *BCom Accounting (Pretoria), (Hons) (CTA) Unisa; CA(SA)*

Skills and experience: Andries is a qualified chartered accountant with over 30 years of experience in auditing domestic and multinational companies until his retirement in 2018. He currently serves as non-executive director at a number of international companies in South Africa. He served on the Africa Governance Board of PricewaterhouseCoopers (PwC) for four years and, until recently, he acted as a leader of the Africa Private Company Services (PCS) and the PwC Global PCS leadership team.

- Executive Committee
- Audit Committee
- Social and Ethics Committee
- Remuneration and Nomination Committee
- Risk and Opportunity Committee

CORPORATE GOVERNANCE

THE KING IV APPLICATION REGISTER
is available on
www.york.co.za

COMMITMENT TO ETHICAL AND EFFECTIVE LEADERSHIP

York's governing body is its Board of Directors (Board) and it supports integrated thinking, which takes account of the connectivity and interdependencies between a range of factors that affect York's value creation ability in a sustainable manner. The Board considers good corporate governance as integral to the organisation and essential to creating value for all stakeholders and enhancing the performance of York and its subsidiaries (Group).

The Board understands that the foundation of good corporate governance is ethical and effective leadership, which will yield beneficial governance outcomes such as sustainable performance and value creation for the Group and its stakeholders. The Board is committed to such leadership by providing strategic direction and informed oversight of implementation and performance to management.

STATEMENT OF COMPLIANCE

York subscribes to full compliance with the Companies Act of South Africa, 71 of 2008, as amended (Companies Act), and the relevant laws governing its establishment, specifically relating to its incorporation. Furthermore, York is operating in conformity with its memorandum of incorporation (MOI), the JSE Limited Listings Requirements (JSE Listings Requirements) and the King IV Report on Corporate Governance for South Africa, 2016 (King IV), as well as all other applicable laws and regulations.

APPLICATION OF KING IV

This report has been prepared in terms of the JSE Listings Requirements, where certain practices of King IV are mandatory.

GOVERNANCE STRUCTURE

The Board has a charter that sets out a clear division of responsibilities at Board level. The charter also ensures that there is a balance of power and authority at Board level to ensure that no one director has unfettered powers of decision-making.

The Board delegates authority to relevant Board committees to ensure that all issues of strategy, performance, resources, standards of conduct and responsible governance are applied.

The roles of the independent non-executive Chairman and the CEO are separate and distinctly defined.

The CEO is responsible for leading the implementation and execution of approved strategy, policy and operational planning and also serves as the chief link between management and the Board.

The Company Secretary supports and co-ordinates the functioning of the Board and its committees.

A brief CV of each director is on page 12, reflecting diversity in terms of field of knowledge, skills, experience, race, culture and age.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board considers the indicators set out in King IV holistically and on a substance-over-form basis when assessing the independence of each director for purposes of categorisation. The majority of directors serving on the Board are classified as independent as they have an absence of an interest, position, association or relationship which is likely to influence unduly or cause bias in decision-making. The Board is satisfied that these directors act with independence of mind and in the best interest of the Company.

Two non-executive directors, who have served for longer than nine years on the Board, will continue to serve in an independent capacity. A review of a director's independence is conducted annually after serving for nine years and it was concluded that the two non-executive directors still exercise objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

BOARD APPOINTMENTS

Directors are appointed in a formal and transparent manner. Each director has been separately identified by the Nomination Committee as a person with the required skills, business experience and qualifications as well as ethical integrity to contribute to the strategy and performance of the Company.

The Board considers the nomination and values of those candidates that will ensure diversity among the Board members, taking into account the recommendations put forward by the Nomination Committee.

Appointments of directors are ratified at the annual general meeting of shareholders.

One-third of the directors are required to retire by rotation at the annual general meeting as required in terms of the Companies Act and York's MOI. Details of the directors that will be considered for re-election are given in the notice of annual general meeting to shareholders. The Board supports the re-election of these directors.

DIRECTOR INDUCTION

Newly appointed directors participate in an induction programme managed by the CEO and Company Secretary. The induction programme familiarises new directors with their rights, duties and functions to ensure that they attain a level of understanding of the business, operations and industry as well as to maximise the level and degree of their contribution to the Board.

New directors are provided with the essential knowledge of the Company's strategy, risks, operations and knowledge in industry perspectives. New directors attend a site visit as part of their induction to familiarise themselves with the forestry and sawmilling operations. They are also given an opportunity to meet the management team. The site visit and interaction with the management team allows new directors to gain a comprehensive understanding of York, its business environment and the markets in which it operates.

DIRECTOR DEVELOPMENT

As part of the directors' development at York, a series of meetings, presentations, site visits and events are held throughout the year. These visits provide valuable insight for the directors to track value creation to all stakeholders of the organisation.

Due to the COVID-19 pandemic and the restrictions on travel that were imposed during the latter half of the financial year, no site visits were held this year. Despite this, directors were still informed and kept abreast of developments within the Company through virtual meetings.

BOARD COMMITTEE COMPOSITION

The allocation of roles and responsibilities and the composition of Board committees have been considered holistically by the Board with the aim to promote effective collaboration among committees with minimal overlap and fragmentation of duties, as well as a balanced distribution of power. These delegation arrangements are to promote independent judgement, to assist with balance of power and to assist with the effective discharge of its duties by the Board. Members of the executive and senior management are invited to attend Board committee meetings, either by standing invitation or on an ad hoc basis to provide pertinent information and insights in their areas of responsibility.

GENDER AND RACE DIVERSITY DISCLOSURE

York has adopted a formalised and combined policy on the promotion of gender and race diversity at Board level, which is reflective of the process followed in appointing its Board. The voluntary target set for female representation on the Board has been set at 10% and a voluntary target for race diversity was set at 40%. Gender and race diversity targets were effectively maintained during the financial year.

Diversity targets relating to the composition of the Board are considered and, in the event of replacement opportunities for directors, the balance of skills required to enable the Board to properly perform its duties and meet its responsibilities are also taken into account.

The Board diversity policy is available on www.york.co.za.

EVALUATION OF THE PERFORMANCE OF THE BOARD

Performance evaluations of the Board, its committees, the Chairman and individual members were undertaken during the reporting period. The evaluations were conducted formally and in accordance with the methodology approved by the Board and were not externally facilitated. The contribution, value and participation were considered satisfactory and positive. The skills on the Board were also assessed to be well balanced.

The Board is satisfied that the evaluations process is improving its performance and effectiveness. It is also satisfied that all committee members collectively have the skills and capacity to fulfil the mandate and that all the committees have performed their responsibilities in compliance with their terms of reference for the period under review.

DIRECTORS' DISCLOSURES OF CONTRACTUAL INTERESTS

Directors of the Company provide disclosures of contractual interests to the Company Secretary as soon as such contractual interests arise. Directors are also given the opportunity to disclose any material interest in contracts with the Company or its subsidiaries at every Board meeting in terms of section 75 of the Companies Act. These updated disclosures are noted by the Company Secretary and kept in a separate register of directors' disclosures.

RESPONSIBILITY STATEMENT BY THE CEO AND CFO

The directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements set out on pages 36 to 94, fairly present in all material respects the financial position, financial performance and cash flows of York in terms of International Financial Reporting Standards;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) 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; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of King IV. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Pieter van Zyl
Chief Executive Officer

Gerald Stoltz
Chief Financial Officer

28 September 2020

BOARD AND COMMITTEE MEETING FREQUENCY

Board committee membership, attendance and compliance with King IV

Board and committee meeting attendance for the year under review:

	Director	Board	Audit Committee	Remuneration and Nomination Committee	Social and Ethics Committee	Risk and Opportunity Committee
Independent	Dr Azar Jammine	5/5	4/4	2/2 Remuneration#		
	Dr Jim Myers	5/5		2/2 Nomination#		2/2
	Dinga Mncube	5/5			2/2#	2/2#
	Max Nyanteh	5/5	4/4		2/2	
	Hetisani Mbanyele-Ntshinga*	5/5		2/2	2/2	
	Andries Brink	5/5	4/4#			2/2
Non-executive	Shakeel Meer	4/5				2/2
Executive	Pieter van Zyl	5/5	4/4##	2/2##	2/2	2/2
	Gerald Stoltz	5/5	4/4##			2/2##
Membership compliance with King IV		Majority independent non-executive directors	All independent non-executive directors	**Remuneration** All non-executive directors with majority and Chairman being independent **Nomination** All non-executive directors with majority being independent	Executive and non-executive directors with majority being non-executive	Executive and non-executive directors with majority being non-executive
			Each committee comprises at least three members			

\# *Chairman during the period.*
\## *By invitation.*

COMPANY SECRETARY

The Company Secretary is appointed on a full-time basis and provides professional and independent guidance on corporate governance and legal duties, and co-ordinates the functioning of the Board and its committees. The Company Secretary also ensures that the appropriate statutory and other records are maintained. The Board is assured that the Company Secretary has the necessary competence and objectivity to provide independent guidance and support at the highest level of decision-making in the Company. The Board has ensured that the Company Secretary is empowered and that the position carries the necessary authority.

The Board confirms that the Company Secretary maintains an arm's-length relationship with the Board and the directors and is not a director of the Company. Based on the outcome of a formal assessment conducted by the Chairman and CEO on the Company Secretary's performance and independence, the Board is of the opinion that the Company Secretary has the requisite competence, qualifications, knowledge and experience to carry out the duties of a secretary of a public company, and is suitably independent of the Board to be an effective steward of the Company's corporate governance framework.

DEALINGS IN SECURITIES

During the period under review, York's share trading policy and rules were adhered to and, when required, the necessary consent was obtained by directors and/or staff to trade in York securities.

The policy and rules mirror the provisions of the Financial Markets Act, 19 of 2012, and the JSE Listings Requirements and were drawn up in the spirit of good corporate governance. In summary, the directors and the Company Secretary are prohibited from trading in York securities during any prohibited periods which includes any time when any of the directors are aware of unpublished price-sensitive information and/or if clearance to deal in securities has been refused.

Directors, prescribed officers and the Company Secretary, as well as directors and the Company Secretary of a major subsidiary of York, must obtain clearance to deal in York securities from the Chairman of the Board and, in the case of the Chairman, from the Chairman of the Audit Committee or the majority of the other directors serving on the Board.

The closed periods are from 1 January to the date of publication of the interim results and from 1 July to the date of publication of the preliminary, abridged or provisional annual financial statements, as well as during any cautionary period.

The policy is freely available to directors and employees from either the Company Secretary or York's Human Resources division.

Clearance for director dealings was given in terms of paragraph 3.66 of the JSE Listings Requirements.

There were no dealings in shares by an associate of a director during the year under review.

Directors' shareholdings are detailed on page 27.

ORGANISATIONAL INTEGRITY AND CODE OF ETHICS

Directors and employees are required to maintain the highest ethical standards to ensure that York's stakeholders are assured of its integrity and good faith in their interactions with the Company. York has a documented Code of Ethics and Business Conduct (the Code), which commits each director and employee to the vision of growing value for the stakeholders of York. The Code addresses a broad range of accepted statutory obligations and best practice requirements. The Code is available online and in the employee handbook.

FAIR BUSINESS PRACTICES

York subscribes to the principles regulating fair business practices set out in the Competition Act, 89 of 1998, and administered by the Competition Commission of South Africa. As such, its employees and officers are prohibited from engaging in any form of anti-competitive practice that amounts to collusive conduct among parties or with other persons.

GOING CONCERN

The directors believe that the Group will continue as a going concern in the financial year ahead.

More detail is available in the Audit Committee report on page 25.

BOARD FOCUS AREAS IN THE PAST YEAR

Focus area	Strategic response
Unlocking shareholder value	Given the realignment and cost reduction measures implemented, the financial performance of the Company has substantially improved, with a strong order book in export markets and the local market for both plywood and lumber. The Brazilian dumping of plywood has ceased and there was a substantial improvement in US Dollar pricing of plywood. This bodes well for prices locally and internationally. The perceived market value of York is determined by the trade of shares at a certain price point. As a mere 4% of issued shares traded in York during 2020, the Board is concerned about the lack of liquidity. The key focus of the Board remains to unlock shareholder value. Progress has been made in enhancing liquidity and this will be an ongoing focus area.
Diversification of earnings	Underperforming forestry land has been assessed in terms of suitability to available plant material due to the impact of climate change. These assets were assessed and evaluated to determine conversion thereof into productive and cash-generating assets. York identified a low-performing farm and is planting its first trial of 40 hectares of high-value agricultural crops.
COVID-19 prevention and management	The onset of the COVID-19 pandemic has provided an opportunity for York to reassess and realign its business operations. A new processing strategy was devised to optimise own raw material and a cost reduction exercise was conducted throughout the Company. A significant portion of overhead costs has been removed from the Company and York is aligned to focus on its core business operations. York will continue to assist its employees during the COVID-19 pandemic to ensure that they remain safe and that our communities are supported and assisted where possible. York will not fulfill Government's responsibilities and duties for basic services, we implore Government to act responsibly and to assist rural communities in desperate need of help. The Board oversaw the development of a comprehensive COVID-19 policy and will continue to explore enhancements.

CERTIFICATE OF THE CHAIRMAN AND COMPANY SECRETARY IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The Chairman and Company Secretary hereby certify that, to the best of their knowledge, judgement and belief and after due and careful enquiry, the Company has complied, where applicable, with the JSE Listings Requirements.

Dr Jim Myers
Chairman

Sue Hsieh
Company Secretary

28 September 2020

RISK AND OPPORTUNITY COMMITTEE REPORT

COMPOSITION AS AT REPORTING DATE

Chairman: Dinga Mncube

Other committee members: Dr Jim Myers, Pieter van Zyl, Shakeel Meer, Andries Brink

Some members of the senior management team attend by invitation. Eric Droomer, an external corporate advisor, regularly attends the committee meetings.

The Company Secretary of York acts as the Committee Secretary.

The overall role and associated responsibilities and functions of the committee are to govern risk, technology and information and screen opportunities in a way that supports York in setting and achieving its strategic objectives.

FOCUS AREAS

Capital expenditure investment

The plywood plant utilises a conventional veneer peeler that was the most advanced technology solution at the time of installation. The spindleless peeler can achieve a smaller core diameter than the conventional peeler. This enables the spindleless peeler to peel smaller diameter logs and thereby peel logs that have a lower cost than the logs currently used to produce plywood. This will reduce the veneer cost of the plant and subsequently the production cost of the plant.

The Committee assessed the capital expenditure investment and concluded that it provided opportunities beyond the improvement of overall cost competitiveness of the plywood plant, as it also afforded the Company flexibility in terms of log options.

In addition, the spindleless peeler can also process eucalyptus logs, thereby offering an added future benefit of diversification of product offering and raw material supply.

Response to the impact of the COVID-19 pandemic

Although the Company was designated as a business that could operate as an essential service provider during lockdown, activity in the construction sector was halted. The Company was able to service the export market that required plywood for essential goods and services during lockdown. Therefore focus was to keep inventory levels well balanced to sales volumes and maximising cash availability.

The Company arranged a capital and interest moratorium for three months with its lenders. Phased start-up of production, while monitoring market activity and demand, assisted with reducing costs and working capital investment. Capital projects were reassessed to manage cash flows and existing stock was used to service market demand.

The collective responses of the above enabled the Company to overcome the unforeseen risk that was the COVID-19 pandemic and the Company was able to meet all of its debt obligations and payment to trade creditors throughout the lockdown period.

IN RELATION TO RISK

The oversight of risk governance is allocated to the committee. The committee is made up of executive and non-executive directors as members, with the majority being non-executive directors. As the Risk and Opportunity Committee and Audit Committee of the Company are separate, the Audit Committee Chairman is a member of both committees for more effective functioning.

The risks encountered and opportunities identified by the Company are standing items on the agenda and are reviewed on an ongoing basis, along with the mitigating control actions arising from those risks. The committee also reviews the actions taken to address the previous matters of concern.

Refer to pages 6 to 8 for key risks focused by the Company.

IN RELATION TO TECHNOLOGY AND INFORMATION

The accountability of technology and information governance within York lies with the Board, which is responsible for the direction, evaluation and monitoring of the use of technology and information to support and achieve the business strategy. The Board delegates to management the responsibility for the implementation of the structures, processes, controls and mechanisms for the technology and information governance framework. The Board has appointed the Audit Committee and Risk and Opportunity Committee as the governing bodies to assist if in carrying out its responsibilities and to obtain independent assurance regarding technology and information governance and controls.

In ensuring that information assets are managed efficiently, the committee reviewed the security of the Company's technology and information infrastructure that were implemented on different levels, being the physical security of the servers and firewalls, the digital security of the infrastructure, the backup/retention of information and the recovery from a disaster in such an event.

The risks that the business faces by virtue of its use of technology and information, as well as the associated controls used to mitigate those risks, will continuously be assessed and placed in the management framework for technology and information. This framework is periodically reviewed to ensure continuing relevance of the risks and controls in the Company's strategic and operational environment.

The Board is satisfied that the committee has performed its responsibilities in compliance with its terms of reference for the period under review.

Dinga Mncube

Chairman of the Risk and Opportunity Committee

28 September 2020

SOCIAL AND ETHICS COMMITTEE REPORT

COMPOSITION AS AT REPORTING DATE

Chairman: Dinga Mncube

Other committee members: Hetisani Mbanyele-Ntshinga, Max Nyanteh, Pieter van Zyl

The Company Secretary of York acts as the Committee Secretary.

The mandate of the committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice relating to social and economic development, organisational ethics, responsible corporate citizenship, stakeholder relationships and the Company's approach to labour and employment.

FOCUS AREAS

Measures taken as a result of the COVID-19 pandemic

The COVID-19 policy for the Company was drafted in line with the regulations published since lockdown and updated as new regulations were published. York has various divisions and the policy included appendices for each division so as to ensure practical application while adhering to the regulations. Staff underwent daily induction for education on COVID-19 and protection measures. This education was also extended to the local community and staff family members.

COVID-19 compliance officers as well as COVID-19 compliance employees were appointed per site. Site managers had a workplace readiness plan and a list of employees over 60 years of age working at the respective sites readily available in the event of inspection.

In accordance with the regulations published by the Department of Labour, the Company's risk assessment of each site and its COVID-19 policy were submitted to the Provincial Chief Inspector.

The Company developed a COVID-19 database where all employee COVID-19-related information is captured and tracked through the database. A dashboard report can be drawn daily to manage and track employees' status, monitor prevalence, contain spread and assist with contact tracing.

An electronic screening system was also developed where employees' symptoms and temperatures are captured daily so as to quickly identify trends and high-risk employees as well as for record keeping.

Due to the unavailability of Government isolation facilities and the inability of employees to self-isolate or self-quarantine adequately, a section of the staff village was converted into an isolation centre.

Unity through solidarity

The Company's operations were reduced to limited trading when the national lockdown commenced on 26 March 2020. Most of York's staff were not able to work remotely and had to either submit leave, or apply to UIF under the Temporary Employer/Employee Relief Scheme (TERS). Employees without sufficient annual leave, or those preferring to claim through TERS would receive only a percentage of their salaries. The maximum amount payable to a person per month under TERS was R6 730. The Company recognised that employees would be under significant financial strain as a result of this.

The York Solidarity Fund was established as an initiative driven by York employees for their colleagues. Employees could contribute their leave days, sacrifice a percentage of their salary or a combination of leave days and salary sacrifice towards the fund. The Company then calculated the salary shortfall per employee, being the difference between the unpaid leave amount, and the amount receivable under TERS. The funds contributed towards the York Solidarity Fund were then paid over to these employees based on a calculation that references the percentage net income lost as a result of the lockdown.

The Board was moved to see that, despite the unique challenges faced by all employees during the lockdown period and York's suspension of operations, the Company came together to help one another. The Board individually pledged to contribute to the fund and a collective contribution of R328 846 by the Board (excluding the executive directors) went towards the fund.

Before the lockdown, retrenchment notices in terms of section 189A of the Labour Relations Act, 66 of 1995 were issued to employees of the Driekop and Nicholson & Mullin sawmills. Through extensive consultations with the relevant stakeholders, it was concluded that Nicholson & Mullin sawmill would be closed and Driekop sawmill would continue operating, thereby preserving 361 jobs. A multi-year wage agreement with the majority recognised trade union emanated during the consultation process. The agreement is for a period of three years with one of the objectives being that labour peace is secured for the duration of the agreement. This is illustrative of the Company and organised labour being able to work together collectively in trying times.

COMPLIANCE DECLARATION

The committee has fulfilled its mandate as prescribed by the Companies Regulations and there were no instances of material non-compliance to disclose.

The Board is satisfied that the committee has performed its responsibilities in compliance with its terms of reference for the period under review.

Dinga Mncube
Chairman of the Social and Ethics Committee

28 September 2020

REMUNERATION AND NOMINATION COMMITTEE REPORT >

COMPOSITION AS AT REPORTING DATE

Chairmen: Dr Azar Jammine (Remuneration)
Dr Jim Myers (Nomination)

Other committee member: Hetisani Mbanyele-Ntshinga

Some members of the senior management team attend by invitation. The Company Secretary acts as the Committee Secretary of the Remuneration and Nomination Committee (Remco).

York has a combined Remuneration Committee and Nomination Committee and holds meetings for both together. When nomination matters are discussed at the Remco meetings, the Chairman of the Board of Directors (Board) chairs such discussions. The Chairman of the Remco chairs the meeting when remuneration matters are discussed.

The overall role and associated responsibilities and functions of the Remco are to have oversight of the process for nominating, electing and appointing members of the Board and to oversee the setting and administering of remuneration at all levels in the Company.

FOCUS AREAS

Nomination

There were no vacancies on the Board that needed to be filled during the reporting period. The Nomination Committee considered the diversity, gender, race, culture, age, field of knowledge, skills and experience of the Board. It was satisfied that the composition of the Board afforded the effective functioning of the Board to properly and collectively perform its duties and meet its responsibilities.

Remuneration

Although employees received payment under the Temporary Employer/Employee Relief Scheme, their salary shortfalls were supplemented by donations through the establishment of the York Solidarity Fund. A total of R1 321 747 (one million three hundred and twenty one thousand seven hundred and forty seven rand) was raised by the employees (including the executive directors) towards the York Solidarity Fund. The non-executive directors sacrificed a portion of their fees and contributed R328 846 (three hundred and twenty eight thousand eight hundred and forty six rand) towards the York Solidarity Fund. The cumulative knock-on effect brought on by the unforeseen COVID-19 pandemic brought hardship and uncertainty to many and this did not go unnoticed by the Company's employees. There will be no salary increases for all employees for the 2021 financial year. With this in mind, the Remuneration Committee decided there will be no increase to the non-executive directors' fees for the period commencing 1 January 2021 and ending 31 December 2021.

Wage controls were implemented during the reporting period. This included a central review of appointments and promotions for wage staff. Managers are required to submit motivations for the appointment/s or promotion/s so that positions are not filled due to a vacancy being open. An online independent grading system based on the Patterson system was acquired and this has proven to be efficient when grading positions in the Company. A central grading committee was established to grade any new positions. This allows different stakeholders to be involved where anomalies are identified, ring-fenced and addressed.

REMUNERATION POLICY AND IMPLEMENTATION REPORT

Background statement

The Remco is mandated by the Board to establish a remuneration policy that will promote the attainment of the strategic objectives of the Company and encourage individual performance. External factors that influenced the Company's remuneration decisions include labour unions, GDP, Government legislation and the impact of market and economic conditions. The Company, like many other organisations, was impacted by the unforeseen event of the COVID-19 pandemic. Ensuring the livelihood of employees and their job security under such circumstances was the predominant external factor influencing remuneration decisions.

The services of 21st Century and PE Corporate Services (external consultants) are used to determine remuneration that is fair and reasonable. The Remco is satisfied that the external consultants were independent and objective.

The Remco believes that the remuneration policy achieved its objectives during the year under review.

More than 25% of York shareholders voted against the Company's remuneration policy and implementation report at the Company's 2019 annual general meeting. In line with the JSE Limited Listings Requirements and the King IV Report on Corporate Governance for South Africa, 2016 principles, the Remco engaged with such dissenting shareholders. A conference call was scheduled, with only one dissenting shareholder participating. The Remco further received additional views on the Company's remuneration policy from some of its shareholders before the Company's 2019 annual general meeting. Accordingly, the changes to the remuneration policy were the consideration taken by the Remco based on the feedback received from these engagements.

Common feedback received from shareholders was that there were no performance criteria against measurable targets for strategic positions (such as key performance indicators for executive directors). Changes have been made in this regard and illustrated in more detail in the remuneration report.

Overview of the remuneration policy

The Remco is mandated by the Board to establish a remuneration policy that will promote the attainment of the strategic objectives of the Company and encourage individual performance. The Company's remuneration policy takes into account the level of complexity, the role and the responsibility, as well as the skillset required and the number of employees reporting into the said position. The Patterson grading system is used to define the person's job grade, title and remuneration. Based on this, the remuneration policy is then benchmarked against industry norms and trends. York targets to remunerate at the median to top quartile of the industry to ensure the attraction and retention of talented staff. The ultimate objective of the remuneration policy is to align staff's remuneration with shareholder interests, based on professional practices. The objective of the policy is to reward York employees for their contributions to the strategic, financial and operating performance of the Company. It is important for the Company to attract, develop and retain high performers and intellectual capital as well as technical skills. There are no obligations in the executive employment contracts that could give rise to payments on termination of employment or office.

Implementation report

Guaranteed remuneration

York's overall reward policy ensures that all employees are fairly and responsibly rewarded for their individual and business unit contribution to the Company's operating and financial performance. Total guaranteed remuneration packages are benchmarked and assessed annually.

Guaranteed remuneration is considered an employee's remuneration and excludes other benefits included in the employee's cost-to-company calculation.

Benefits

The benefits an employee receives come in different forms and formats, which do not necessarily form part of the guaranteed remuneration, such as:

- Short-term incentive;
- Long-term incentive;
- York Adventure Club, to promote a work-life balance
- Challenging and dynamic working environment, conducive to professional conduct;
- Participative management structure; and
- Performance-driven culture, underpinned by a growth mindset.

These benefits form an integral part of the focus on the retention of staff and the development of the business through incentivising performance and providing continued support to existing employees.

Short-term incentives

The key objective with short-term incentives is to create a performance-driven culture by rewarding individuals for achieving strong annual results in terms of pre-determined targets. The measurement period for assessing performance against the set targets is bi-annual, coinciding with the Group's financial half-year and year-end. Short-term incentive payments are made at the Remco's discretion and are not guaranteed. Refer to page 22 for 2021 targets for executive directors.

Long-term incentives

The broad purpose of the long-term incentives is to attract, motivate, retain and reward individuals who are able to influence the performance and strategic direction of the Company. Long-term incentives are aligned to multi-year targets for growth and long-term value creation. In general, executive directors and key individuals who are high performers, whose deliverables are essential to the success of York and who are critical from a retention perspective, are eligible for participation in the York 2015 Share Plan (Share Plan). Eligible individuals are selected by the Remco and allocation of the awards are at the Remco's discretion and are not guaranteed.

The only awards made to date were concerning the retention part of the Share Plan.

The CEO was awarded a once-off award in 2016 payable over three years, whereby the CEO had to use the after-tax proceeds of the retention payments to purchase York shares in the open market. The average purchase price was R2,41 per York share. The award and acquisitions of the York shares aligned the CEO with shareholders, as he is sharing in the current downturn in the share price. The last portion of the award will vest in 2021.

The CFO received an award of restricted shares, which are shares granted when an individual has met specified performance criteria (Restricted Shares), at a grant date value of R2,60 as part of the first Restricted Share award made in 2018 under the Share Plan. The second award of Restricted Shares was granted in 2019 under the Share Plan to strategic and high-performing staff members at a grant date value of R1,90.

Accounting treatment

In line with the Company's accounting policies, the fair value of the Restricted Shares awarded to employees is recognised as an expense, with a corresponding increase in equity, over the period that the employees become entitled to the options.

Measuring executive performance

The financial performance targets for 2020 were not met. The Remco assessed the criteria relating to the performance of the CEO in relation to the strategic position of the Company. The Remco took into account the following when assessing strategic position: responsible corporate citizen, cost optimisation, raw material supply and enhancement of the quality of the biological assets. These elements were set before feedback was received from dissenting shareholders, thus measurable targets were not considered. The Remco considered and assessed each element against performance and also took into consideration that there must be recognition for managing and keeping the business afloat during the COVID-19 pandemic that took over the latter half of the financial year. The Remco therefore concluded that the CEO achieved a 75% target under the strategic position criterion. The performance payment calculated against the strategic position amounts to R948 857. The CEO turned down the award as he considered it inappropriate to receive incentive awards given the hardship that was experienced by others and those who were severely impacted during the COVID-19 pandemic. The Remco respected this decision and no incentive awards were made to the executive directors.

The CEO did not accept a salary increase for the 2020 financial year and with no salary increase applicable for the 2021 financial year, the CEO's salary was maintained at the rate it was since the 2019 financial year.

Performance targets for 2021

The Remco reviewed the executive directors' performance targets for the 2021 financial year. The performance targets of the executive directors are set out in the categories of earnings before interest, tax, interest, taxes, depreciation, and amortisation (EBITDA); total shareholder return (TSR); underlying tangible net asset value per share (UTNAV) and strategic position. Weightings are attributed to the various categories and the categories are elaborated further below. The weighting of the performance target categories was revised slightly for the CEO and CFO.

The new weightings for the 2021 financial are adjusted as follows:

Performance categories	Weighting 2020 %	CEO 2021 %	CFO 2021 %
EBITDA	**55**	45	50
TSR	**10**	10	10
UTNAV	**15**	15	15
Strategic position	**20**	30	25

The agreed performance criteria, weightings and targets for the 2021 financial year are as set out in the table on page 22 and will be measured against the results for the year ending 30 June 2021. Subject to meeting the performance targets, a cash payment of up to 100% of cost-to-company will be made to the executive directors.

York is reliant on raw material resource that is not in full rotation and therefore has to acquire raw material to maintain its processing capacities. The lack of raw material supply is due to external factors, specifically the fires that took place in 2007 and 2008. Against this background, the performance criteria for remuneration are driven by these principles.

A range of variables underpins the performance of York.

EBITDA

The Group earnings reflect Company-specific EBITDA. Product pricing, product mix and efficient conversion of raw materials with optimisation of costs to produce the saleable products are key drivers of EBITDA. The purchase of external logs is a major factor that determines the profitability of York. The efficient integration of the various divisions through the York supply chain is underlined in EBITDA.

UTNAV

The biological asset value is a strategic asset that must be protected and managed on a sustainable basis. The growth cycle of trees is on average 20 years, and if management does not take care and maintain the asset, the future supply of raw material will be negatively impacted. The fires of 2007 and 2008 have affected the sustainable volume primarily from the Escarpment plantations. A key performance area of management is to ensure that plantations are brought back into sustainable rotation. Under this performance criterion, factors that are within management's control are temporary unplanted areas, site-specie matching, mitigation of fires and damage caused by pests and diseases. External factors that affect the measure of this performance criterion arise from the discount rate.

The discount rate consists of externally referenced inputs, such as risk-free rate, cost of debt, a basket of comparable companies' Beta and their debt/equity ratios.

TSR

York has illustrated to the market that the underlying value of its biological assets is fair when compared to land sold and prevailing market prices. The measure of UTNAV underpins this principle. The cash generated from EBITDA measures the performance of these assets. The share price of York does not track the UTNAV value per share.

The cash flow from the available raw material from own plantations given the fires in 2007 and 2008 is not reflected in the current cash generated. These cash flows include a high proportion of externally sourced raw material for which York is reliant on to supply to its processing plants until its plantations return to sustainable rotation. York share trades are done at a substantial discount to its UTNAV. The current share price does not reflect the future value of the business and its recent financial performance. Management is measured on the improvement of the share price to ensure the alignment of shareholder returns.

The strategic position of York

The executive team is responsible for ensuring that York remains competitive and is well-positioned to ensure that it has access to the necessary funds, maintains satisfactory labour relations and engages new investors for the Company. There are seven objectives identified for the category of strategic position, with 14 measurable elements as deliverables in the combined objectives. The executives will be measured against the seven significant categories identified by the Board under this strategic position category. Revenue diversification is a further objective to assist cash generation during the period that the plantation returns to sustainable rotation. As part of the feedback received from shareholders, the seven objectives are weighted and can be evaluated against measurable targets by the Remco against each of the strategic objectives.

The executive directors' performance targets are as follows:

Category	Weighting CEO	Weighting CFO	Targets				
EBITDA	45%	50%	Percentage of budget achieved				
			80%	90%	100%	105%	110%
			Percentage of weighting achieved				
			20%	75%	95%	100%	110%
TSR	10%	10%	Percentage increase in share price				
			–	20%	50%	75%	100%
			Percentage of weighting achieved				
			0%	50%	75%	90%	100%
UTNAV	15%	15%	Increase in UTNAV				
			0%	5%	10%	15%	20%
			Percentage of weighting achieved				
			20%	75%	95%	100%	110%
Strategic position	30%	25%	Percentage achieved				

Payments to executive directors

	Basic salary R'000	Other cash benefits R'000	Retention payment R'000	Total R'000
Financial year 2020				
PP van Zyl *(Chief Executive Officer)*	**5 145##**	**1 050**	**–**	**6 195**
GCD Stoltz *(Chief Financial Officer)*	**2 322##**	**210**	**–**	**2 532**
Total	**7 467**	**1 260**	**–**	**8 727**
Financial year 2019				
PP van Zyl *(Chief Executive Officer)*	5 253	1 046*	10 000#	16 299
GCD Stoltz *(Chief Financial Officer)*	2 186	220	–	2 406
Total	7 439	1 266	10 000	18 705

Amount reflected is after contribution to the York Solidarity Fund.

* *Payment for performance targets achieved in the 2018 financial year.*

\# *Final retention payment made to the CEO. Refer to information on page 20.*

Restricted Shares granted to an executive director in terms of the York 2015 Share Plan

	Awards held at the beginning of the year '000	Awards held at the end of the year '000	Fair value of shares at grant date R	Total value provided at the end of the year R'000
Financial year 2020				
GCD Stoltz	**752**	**752**	**2,60**	**889**
Total	**752**	**752**	**2,60**	**889**
Financial year 2019				
GCD Stoltz	752	752	2,60	644
Total	752	752	2,60	644

Non-executive directors

Non-executive directors are paid an annual fee and a meeting fee per attendance. They do not receive performance incentive payments (short-term or long-term), shares, pension fund benefits or any other form of financial assistance. The Chairpersons of the Board and its sub-committees are paid at higher levels than the other members to reflect the complexity and amount of preparation required by them. Shareholders approved the non-executive directors' fees at the 2018 annual general meeting as follows:

a) The non-executive directors' fees approved for the period from 1 January 2019 to 31 December 2019

Chairman of the Board	R782 000
Non-executive directors	R200 000
Committee chairman	R120 000
Committee members	R65 000

b) The fees payable to non-executive directors for the period from 1 January 2020 to 31 December 2020 were increased by applying the average consumer price index of 2019 (calculated using information obtained from the consumer price index (CPI) reports issued by Statistics South Africa) to the fees payable.

The CPI report dated April 2020 published by Statistics South Africa confirms that the average consumer price index of 2019 was 4,1%.

This means that the fees payable to non-executive directors for the period from 1 January 2020 to 1 December 2020 are as follows:

Chairman of the Board	R814 000
Non-executive directors	R208 000
Committee chairman	R124 000
Committee members	R67 000

As mentioned above, there will be no increase to the non-executive directors' fees for 1 January 2021 to 31 December 2021 and therefore the non-executive fees tabled for approval by shareholders under special resolutions 2.1 to 2.6 as contained in the notice of annual general meeting is at the same rate as indicated in the table above.

Directors	Financial year 2020# R'000	Financial year 2019 R'000
Dr JP Myers *(Chairman)*	**740**	1 093
PC Botha^	**–**	188
AW Brink	**389**	168
Dr AP Jammine	**392**	442
HM Mbanyele-Ntshinga	**319**	114
SAU Meer*	**203**	276
DM Mncube	**412**	439
TV Mokgatlha^	**–**	146
MR Mouyeme^	**–**	146
KM Nyanteh	**324**	136
GR Tipper^	**–**	188
Total	**2 779**	3 336

** Directors' fees paid to these non-executive directors were paid to the companies represented by them.*

^ Resigned during the 2019 financial year.

 # Amount reflected is after contribution to the York Solidarity Fund.

York is committed to fair and responsible remuneration across the Company. If any remuneration disparity arises, it is investigated and resolved appropriately. The Remco is satisfied that it has fulfilled its responsibilities per its terms of reference for the reporting period. The Remco is also satisfied that there was compliance with and no deviations from the remuneration policy.

If either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the upcoming annual general meeting, York commits to engage with its shareholders as to the reasons therefor, and undertakes to make recommendations based on the feedback received.

Dr Azar Jammine
Chairman of the Remuneration Committee

Dr Jim Myers
Chairman of the Nomination Committee

28 September 2020

LEVEL OF ASSURANCE

These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008 (Companies Act).

PREPARER

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

Gerald Stoltz CA(SA)
Chief Financial Officer

28 September 2020

COMPANY SECRETARY'S CERTIFICATE

In terms of section 88(2)(e) of the Companies Act, I certify that the Group 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.

Sue Hsieh
Company Secretary

28 September 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the 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 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 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 Company and all employees are required to maintain the highest ethical standards in ensuring that the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

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 2021 and, in light of this review and the current financial position, they are satisfied that the 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 30 to 35.

The consolidated and separate annual financial statements set out on pages 36 to 94, which have been prepared on the going concern basis, were authorised in accordance with a round robin resolution by the Board on 28 September 2020 and were signed on their behalf by:

Approval of consolidated and separate annual financial statements

Dr Jim Myers
Chairman

Pieter van Zyl
Chief Executive Officer

28 September 2020

AUDIT COMMITTEE REPORT

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 of South Africa, 71 of 2008 (Companies Act), the King IV Report on Corporate 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 2019 and the consolidated and separate annual financial statements for the year ended 30 June 2020;
- Ensured that the appointment of the auditor (including the audit partner) is presented and included as a resolution at the annual general meeting pursuant to section 61(8) of the Companies Act;
- Satisfied itself that the external auditor, PricewaterhouseCoopers Inc. and its audit partner, complied with the suitability criteria for re-appointment as required by paragraph 3.84(g)(iii) as read with 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 2020 financial year;
- Determined the nature and extent of the non-audit services that may be provided by the external auditor and pre-approved any proposed agreements with them for the provision of such services;
- 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 2020 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;
- 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;
- 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;
- Satisfied itself that the adoption of the going concern basis by York Timber Holdings Limited in preparing the consolidated annual financial statements was appropriate;
- Satisfied itself that the combined assurance provided is effective and monitors the relationship between external assurance providers and the Company; 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, the valuation of biological assets and the accounting treatment of the Land Bank debt have been presented fairly in the consolidated and separate annual financial statements.

MEMBERSHIP

In terms of section 94(2) of the Companies Act, the Audit Committee is a statutory committee and in terms of the JSE Listings 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 2020 financial year were:

- AW Brink CA(SA) (Independent non-executive 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).

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	4 September 2019	12 November 2019	9 March 2020	10 June 2020
AW Brink *(Chairman)*	Yes	Yes	**Yes**	**Yes**
KM Nyanteh	Yes	Yes	**Yes**	**Yes**
Dr AP Jammine	Yes	Yes	**Yes**	**Yes**

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.

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, 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 Audit Committee recommended the consolidated and separate annual financial statements to the Board for adoption by round robin resolution on 28 September 2020. These consolidated and separate annual financial statements will be open for discussion at the forthcoming annual general meeting.

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.

Andries Brink
Chairman of the Audit Committee

28 September 2020

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 2020.

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, sawmills, plywood, wholesale and the hospitality industry. The Group operates in South Africa, the Southern Africa Development Community and international market.

There have been no material changes to the nature of the Group's business from the prior year.

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. The accounting policies to the consolidated and separate annual financial statements have been applied consistently compared to the prior year.

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.

SHARE CAPITAL

	2020 R'000	2019 R'000	2020 Number of shares	2019 Number of shares
Issued				
Ordinary shares	**15 802**	15 802	**316 048 013**	316 048 013

There have been no changes to the authorised or issued share capital during the year under review.

DIVIDENDS

The Board has resolved not to declare a dividend for the year ended 30 June 2020.

DIRECTORATE

The directors in office during the financial period:

Director	Office	Designation
AW Brink		Independent non-executive
Dr AP Jammine		Independent non-executive
HM Mbanyele-Ntshinga		Independent non-executive
SAU Meer		Non-executive
DM Mncube		Independent non-executive
Dr JP Myers	*Chairman*	Independent non-executive
KM Nyanteh		Independent non-executive
GCD Stoltz	*Chief Financial Officer*	Executive
PP van Zyl	*Chief Executive Officer*	Executive

DIRECTORS' SHAREHOLDING

As at 30 June 2020, the directors of the Company held direct beneficial interests in 1,36% (2019: 1,36%) of its issued ordinary shares, as set out below. No non-executive director holds any of the ordinary shares of the Group.

Interests in shares

Director	2020 Direct	2019 Direct	2020 Direct %	2019 Direct %
PP van Zyl	**4 507 410**	4 507 410	**1,36**	1,36
GCD Stoltz	**12 000**	12 000	**–**	–
	4 519 410	4 519 410	**1,36**	1,36

Interests in share incentive scheme (units)

Director	2020 Direct	2019 Direct
GCD Stoltz (equity-settled share-based payment)	**751 880**	751 880

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

The directors held no indirect beneficial interest in the Company's shares.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

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 (refer to note 19).

At 30 June 2020, the interest cover ratio was breached. The Lender had not notified the Company that it had to remedy the breach within the remedy period. Notwithstanding this, the Company's rights under the Facility Agreement entitled it to remedy the breach with some of the available remedies being under the control of the Company. At the reporting date, no Event of Default had thus occurred and as a result the Lender had no right to demand repayment of the debt. As such, the Company continued to have an unconditional right in terms of the contract to defer settlement of the liability for at least 12 months after the reporting date.

Based on the conclusion noted above, it therefore follows that the portion of debt which under the terms of the Facility Agreement is repayable after 12 months from the reporting date, has been classified as non-current whereas the portion that is payable within 12 months after the reporting date, has been classified as current.

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 sections 44 and 45 of the Companies Act.

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.

GOING CONCERN

The South African economy was affected by the news of the first confirmed cases of the Corona virus (COVID-19) in the country and this led to the President declaring a national state of disaster on 15 March 2020. The President made a further announcement on 23 March 2020 that the country will effectively be placed in lockdown from midnight on 26 March 2020 (National Lockdown) and measures were put in place since then to contain the virus.

The Group was affected by the National Lockdown implemented by the South African Government as the sawmilling and plywood operations were not in full production due to a decrease in market demand as a result of the lockdown regulations. The Group developed health and safety protocols with a prevention and mitigation plan in place for COVID-19 and focus was placed on selling from available stock. As the reopening of sectors came into effect with the changes in lockdown regulations, a staggered reopening was introduced where all operations were back to capacity levels from 1 July 2020 to meet the change in market demand.

The Group reported a loss for the period of R217 million compared to a loss of R36 million in the preceding year. The loss is mainly attributable to the fair value adjustment on the biological asset as well as a decrease in sales volumes due to the National Lockdown, and dumping of Brazilian plywood in the South African market.

In response to the decrease in economic activity as a result of the lockdown regulations the Group has taken the following actions:

- The Group's total amount of facilities available for operating activities and commitments increased by R20 million.
- The Group received a three month repayment holiday from Absa Bank and Land Bank.
- The Group received a waiver of the interest cover ratio covenant from Land Bank that arose due to the impact of COVID-19. Based on the 12-month forecast, the Group does not expect to breach the loan covenants. Refer to Financial instruments and risk management, note 38, for detail on loan covenants.
- The Group reduced cost, and reassessed capital projects to manage cash flow.
- The Group received rent relief and deferral of rent payments on warehouse facilities.
- A staggered reopening of operations was brought into effect to manage working capital levels.
- A section 189A, in terms of the Labour Relations Act, restructuring is in progress at one of the sawmills and a property that operated as a lodge will be converted to office space.
- In anticipation of the slow down in market demand, post COVID-19, the Group has reduced production capacity.
- In order to generate cash, sales from stock resulted in a reduction in stock levels of R112,4 million from March 2020 to June 2020.

Management assessed the impact of the outbreak and the appropriateness of the use of the going concern assumption in the preparation of these annual financial statements through a review of the 2021 forecasted budget, cash flow forecast and arrangements made with financial institutions and key suppliers. Given the headroom between the fair value of total assets over total liabilities, the Group is solvent. To address the liquidity constraints during the lockdown period a temporary overdraft facility of R80 million (R20 million above original facility) was secured with Absa Bank and a repayment holiday of three months with Absa Bank and Land Bank. The working capital levels are monitored on a monthly basis to address the risk of cash pressure faced by the Group over the short term. As at 30 June 2020, the Group had cash and cash equivalents of R3 million and available facilities of R80 million.

Based on the assessment performed, management is of the view that the doubt associated with the current uncertainties related to the COVID-19 virus currently does not result in a material uncertainty related to such events or conditions that may cast doubt on the Group's ability to continue as a going concern.

AUDITOR

PricewaterhouseCoopers Inc. was appointed as auditor for the Group for 2020. The engagement partner appointed is Schalk Barnard.

SECRETARY

The Company Secretary is Sue Hsieh.

Business address: York Corporate Office
3 Main Road
Sabie
1260

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.

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 2020, 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 (IFRS) 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 36 to 94 comprise:

- the statements of financial position as at 30 June 2020;
- the statements of profit or loss and other comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended;
- the accounting policies; and
- the notes to the consolidated and separate annual financial statements.

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.

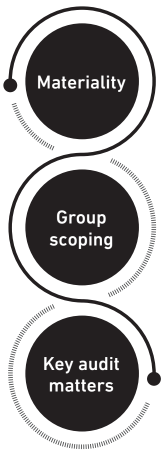
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

- R14,3 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;
- Impairment assessment of the Forestry Cash Generating Unit (CGU), including goodwill; and
- Accounting considerations in relation to the loan with the Land Bank.

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	R14,3 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 17 subsidiaries, which consist of 8 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. We performed analytical review procedures on the dormant entities.

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 on our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters to communicate in our report with regard to the audit of the separate financial statements of the Company for the current period.

Key audit matter	How our audit addressed the key audit matter
Valuation of biological assets Refer to notes 5 and 39 to the consolidated financial statements. Biological assets comprise planted pine and eucalyptus trees. As at 30 June 2020, the Group recognised biological assets with a fair value of R2,391 billion in consolidated non-current assets and R516 million in consolidated current assets. The Group measures its biological assets at fair value less costs to sell with any resultant gain or loss 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 judgmental and subject to significant assumptions. The most significant judgements and assumptions applied in determining the fair value of biological assets include: • determination of a discount rate which is calculated as an after tax weighted average cost of capital ("WACC"); • determination of expected yields per log class calculated based on relevant growth models (growth rate); • determination of a volume adjustment factor due to the susceptibility of the plantations to the environment; • determination of the price per cubic meter based on the current and future expected market prices per log class; and • 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.	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 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: • The projected volumes, including yields, that the existing plantations are predicted to produce, through assessment against the Group's historical production volumes; • The volume adjustment factor with reference to actual deviations based on harvested results; • The price per cubic meter against actual results and current market prices; and • 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 meter 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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the Forestry Cash Generating Unit (CGU), including goodwill The Group recognised goodwill with a carrying amount of R357,6 million as at 30 June 2020. 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, 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.	Our audit addressed the key audit matter as follows: • 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 of the CGU at year end. We 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 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.

Key audit matter	How our audit addressed the key audit matter
Accounting considerations in relation to the loan with the Land Bank Refer to note 19 and the capital risk management section included in note 38 to the consolidated financial statements. We considered the accounting considerations of the Group's loan with the Land Bank to be a matter of most significance to our current year audit due to the impact that the potential breach of the loan covenants relating to the fourth quarter of the 2020 financial year has on the classification of the loan in the consolidated financial statements. As disclosed in note 38 to the consolidated financial statements, the Group became aware of a potential breach of its interest cover ratio covenant for the fourth quarter of the 2020 financial year. The fourth quarter was significantly impacted by the national lockdown imposed by the government due to the COVID-19 pandemic, which resulted in lower earnings for the quarter. The Group, in accordance with the Term Loan Facility agreement (the "agreement"), notified the Land Bank about the potential breach. Under the terms of the agreement, the Group has a right to remedy the breach within 20 business days after being notified by the Land Bank to do so. A failure to remedy the breach in accordance with the options prescribed in the agreement would result in an event of default occurring, that would provide the Land Bank with the right to demand payment of the outstanding debt. The remedies available to the Group under the agreement are disclosed in note 38 to the consolidated financial statements. In addition, as set out in the agreement no event of default would occur if the Land Bank waives the breach. As at 30 June 2020, the Group did not receive any notification from the Land Bank to remedy the breach and as a result no event of default occurred. As such, the Group had an unconditional right in terms of the agreement to defer settlement of the liability for at least 12 months. Subsequent to year-end, the Land Bank waived the breach. As a result, the portion of the debt which is repayable after 12 months has been classified as a non-current liability in the consolidated statement of financial position.	Our audit addressed the key audit matter as follows: • Making use of our legal expertise and through inspection of the agreement, we obtained an understanding of the requirements of the agreement with regard to the potential covenant breaches identified. • We inspected the notification sent by the Group to the Land Bank on 9 June 2020 and noted that it related to the potential breach of the interest cover ratio covenant for the fourth quarter of the 2020 financial year. • Making use of our accounting expertise, we evaluated whether the potential breach of interest cover ratio covenant at year end resulted in an event of default, in the absence of any notification from the Land Bank, and whether the Group has the unconditional right to defer payment of the loan at the reporting date. • Making use of our accounting expertise, we evaluated the classification of the loan as a non-current liability by considering whether the Group has an unconditional right to defer payment, as well as the waiver of breach received after year-end. • We inspected the notification from the Land Bank a waiver of the breach subsequent to year end.

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 2020*", and the document titled "*York Timbers Annual Report for the year ended 30 June 2020*", which 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 two years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Schalk Barnard
Registered Auditor
Mbombela

28 September 2020

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Assets					
Non-current assets					
Property, plant and equipment	3	**844 129**	893 891	**–**	–
Investment property	4	**30 740**	30 740	**–**	–
Biological assets	5	**2 391 304**	2 639 014	**–**	–
Goodwill	6	**357 630**	357 630	**–**	–
Intangible assets	7	**6 076**	3 616	**–**	–
Investments in subsidiaries	8	**–**	–	**1 122 502**	1 120 970
Loans to Group companies	9	**–**	–	**1 345 428**	1 345 673
Other financial assets at amortised cost	10	**53 331**	61 903	**–**	–
Deferred tax	11	**7 353**	7 899	**37**	37
		3 690 563	3 994 693	**2 467 967**	2 466 680
Current assets					
Biological assets	5	**515 586**	515 543	**–**	–
Inventories	12	**229 191**	374 553	**–**	–
Trade and other receivables	13	**164 796**	221 243	**156**	49
Current tax receivable	14	**477**	11 000	**–**	–
Cash and cash equivalents	15	**48 430**	89 003	**–**	–
		958 480	1 211 342	**156**	49
Total assets		**4 649 043**	5 206 035	**2 468 123**	2 466 729
Equity and liabilities					
Equity					
Share capital	16	**1 480 232**	1 480 232	**1 521 914**	1 521 914
Reserves	17, 18	**4 148**	2 356	**4 759**	3 227
Retained income		**1 396 492**	1 614 129	**939 898**	939 894
Total equity		**2 880 872**	3 096 717	**2 466 571**	2 465 035
Liabilities					
Non-current liabilities					
Borrowings	19	**417 922**	530 865	**–**	–
Lease liability	20	**4 971**	9 995	**–**	–
Retirement benefit obligation	21	**26 910**	26 764	**–**	–
Deferred tax	11	**848 624**	930 875	**–**	–
Provisions	22	**16 249**	15 738	**–**	–
		1 314 676	1 514 237	**–**	–
Current liabilities					
Trade and other payables	23	**234 769**	434 279	**1 550**	1 677
Borrowings	19	**165 976**	152 571	**–**	–
Lease liability	20	**7 331**	8 152	**–**	–
Current tax payable		**2**	17	**2**	17
Bank overdraft	15	**45 417**	62	**–**	–
		453 495	595 081	**1 552**	1 694
Total liabilities		**1 768 171**	2 109 318	**1 552**	1 694
Total equity and liabilities		**4 649 043**	5 206 035	**2 468 123**	2 466 729

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	GROUP		COMPANY	
		2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Revenue	24	**1 438 825**	1 600 522	**4 606**	6 668
Cost of sales		**(1 180 758)**	(1 140 167)	**–**	–
Gross profit		**258 067**	460 355	**4 606**	6 668
Other operating income	25	**15 049**	31 940	**–**	–
Other operating gains	26	**8 287**	21 351	**–**	–
Impairment of goodwill		**–**	(207 812)	**–**	–
Other operating expenses		**(363 511)**	(412 148)	**(4 602)**	(6 669)
Operating (loss)/profit	27	**(82 108)**	(106 314)	**4**	(1)
Investment income	28	**3 017**	5 269	**2**	5
Finance cost	29	**(61 049)**	(77 537)	**–**	–
Fair value adjustments	30	**(159 301)**	207 901	**–**	–
(Loss)/profit before taxation		**(299 441)**	29 319	**6**	4
Taxation	31	**81 804**	(65 587)	**(2)**	(1)
(Loss)/profit for the year		**(217 637)**	(36 268)	**4**	3
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Re-measurements on net defined benefit liability		**361**	133	**–**	–
Taxation related to re-measurements on defined benefit liability		**(101)**	(37)	**–**	–
Defined benefit plan reserve		**260**	96	**–**	–
Other comprehensive income for the year net of taxation		**260**	96	**–**	–
Total comprehensive (loss)/income for the year		**(217 377)**	(36 172)	**4**	3
Earnings per share					
Per share information					
Basic loss per share (cents)	42	**(69)**	(11)	**–**	–
Diluted loss per share (cents)	42	**(69)**	(11)	**–**	–

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Share capital R'000	Share premium R'000	Total share capital R'000	Share-based payment reserve R'000	Defined benefit plan reserve R'000	Total reserves R'000	Retained income R'000	Total equity R'000
GROUP								
Balance as at 1 July 2018	15 802	1 464 430	1 480 232	614	(967)	(353)	1 650 397	3 130 276
Loss for the year	–	–	–	–	–	–	(36 268)	(36 268)
Other comprehensive income	–	–	–	–	96	96	–	96
Total comprehensive income/ (loss) for the year	–	–	–	–	96	96	(36 268)	(36 172)
Employees' share option scheme	–	–	–	2 613	–	2 613	–	2 613
Total contributions by and distributions to owners of the Company recognised directly in equity	–	–	–	2 613	–	2 613	–	2 613
Balance as at 1 July 2019	15 802	1 464 430	1 480 232	3 227	(871)	2 356	1 614 129	3 096 717
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(217 637)**	**(217 637)**
Other comprehensive income	**–**	**–**	**–**	**–**	**260**	**260**	**–**	**260**
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**–**	**260**	**260**	**(217 637)**	**(217 377)**
Employees' share option scheme	**–**	**–**	**–**	**1 532**	**–**	**1 532**	**–**	**1 532**
Total contributions by and distributions to owners of the Company recognised directly in equity	**–**	**–**	**–**	**1 532**	**–**	**1 532**	**–**	**1 532**
Balance as at 30 June 2020	**15 802**	**1 464 430**	**1 480 232**	**4 759**	**(611)**	**4 148**	**1 396 492**	**2 880 872**
Note	16	16	16	17	18			

	Share capital R'000	Share premium R'000	Total share capital R'000	Share-based payment reserve R'000	Defined benefit plan reserve R'000	Total reserves R'000	Retained income R'000	Total equity R'000
COMPANY								
Balance as at 1 July 2018	16 562	1 505 352	1 521 914	614	–	614	939 891	2 462 419
Profit for the year	–	–	–	–	–	–	3	3
Total comprehensive income for the year	–	–	–	–	–	–	3	3
Employees' share option scheme	–	–	–	2 613	–	2 613	–	2 613
Total contributions by and distributions to owners of the Company recognised directly in equity	–	–	–	2 613	–	2 613	–	2 613
Balance as at 1 July 2019	16 562	1 505 352	1 521 914	3 227	–	3 227	939 894	2 465 035
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**4**	**4**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**4**	**4**
Employees' share option scheme	**–**	**–**	**–**	**1 532**	**–**	**1 532**	**–**	**1 532**
Total contributions by and distributions to owners of the Company recognised directly in equity	**–**	**–**	**–**	**1 532**	**–**	**1 532**	**–**	**1 532**
Balance as at 30 June 2020	**16 562**	**1 505 352**	**1 521 914**	**4 759**	**–**	**4 759**	**939 898**	**2 466 571**
Note	16	16	16	17				

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2020

	Note	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Cash flows from operating activities					
Cash generated from/(used in) operations	32	**96 191**	223 822	**(230)**	(5 293)
Interest received		**3 017**	5 269	**2**	5
Finance cost	29	**(59 002)**	(74 152)	**–**	–
Tax refunded/(paid)	33	**10 506**	(8 659)	**(17)**	1
Net cash from operating activities		**50 712**	146 280	**(245)**	(5 287)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(42 085)**	(81 170)	**–**	–
Proceeds from disposal of property, plant and equipment	3	**5 002**	27 399	**–**	–
Purchase of investment property	4	**–**	(30)	**–**	–
Proceeds from sale of investment property	4	**–**	250	**–**	–
Purchase of intangible assets	7	**(2 603)**	(3 479)	**–**	–
Proceeds from sale of other intangible assets	7	**–**	2	**–**	–
Loans to Group companies repaid	9	**–**	–	**–**	5 284
Loans advanced to Group companies	9	**–**	–	**245**	–
Purchase of other financial assets at amortised cost	10	**(36 680)**	(22 415)	**–**	–
Proceeds from other financial assets at amortised cost	10	**45 252**	219	**–**	–
Net cash (applied to)/from investing activities		**(31 114)**	(79 224)	**245**	5 284
Cash flows from financing activities					
Proceeds from borrowings		**11 580**	39 655	**–**	–
Repayment of borrowings		**(111 542)**	(162 121)	**–**	–
Repayment of lease liability		**(10 106)**	(9 622)	**–**	–
Net cash applied to financing activities		**(110 068)**	(132 088)	**–**	–
Cash movement for the year		**(90 470)**	(65 032)	**–**	(3)
Cash at the beginning of the year		**88 941**	152 030	**–**	3
Effect of exchange rate movement on cash balances		**4 542**	1 943	**–**	–
Cash at the end of the year	15	**3 013**	88 941	**–**	–

ACCOUNTING POLICIES

For the year ended 30 June 2020

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 2020 were authorised for issue in accordance with a round robin resolution passed by the directors on 28 September 2020.

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, 71 of 2008, 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 Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated and separate annual financial statements have been prepared on historical 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 Rand, which is the Group and Company's functional currency and rounded to the nearest R'000.

All subsidiaries use uniform accounting policies.

These accounting policies are consistent with the previous period, except where new standards were adopted.

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.

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 acquisition 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 the 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 acquisition 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 annual financial statements

Subsidiaries are entities controlled by the Group. Control exists when the Group 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 Group.

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.

Key sources of estimation uncertainty

For details of judgements and estimates that have a significant effect on the consolidated annual 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 13 – Trade and other receivables;
- Note 17 – Share-based payment reserve;
- Note 20 – Lease liability;
- Note 21 – Retirement benefit obligation; and
- Note 22 – Provisions.

1.5 Biological assets

Biological assets are pine and eucalyptus trees planted, 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, with any resultant gain or loss recognised in profit or loss. Costs to sell are the costs of harvesting and bringing the timber to roadside.

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.

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 in profit or loss. 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. 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 1.22.

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 re-measurement 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.

A gain or loss arising from a change in fair value is included in profit before taxation for the period in which it arises.

1.7 Property, plant and equipment

Owned assets

Items of property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

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 accounting 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.

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

1.8 Leases

Where the Group is the lessee, a right of use asset and lease liability is 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 subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

The Company has elected to apply the practical expedient not to recognise right of use assets and liabilities for short term leases that have lease terms of 12 months or less and leases for which the underlying asset and liability is of low value.

The right of use assets and liabilities consist mainly of warehouses leased for a period between two to five 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 modifications that do 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.

The lease agreements are re-negotiated at the termination of each lease contract.

The Company early adopted the IFRS 16 practical expedient to carry out an assessment to determine whether rent concessions received, as a direct result of the COVID-19 pandemic, will result in a lease modification.

For leases where a reduction was received that will not be recovered by the lessor, the difference in lease payments were accounted for in other operating expenses as a variable lease payment. For leases where rent reductions were deferred to future periods, the lease liability at the end of the period where increased payments were accounted for would be the same as if payments had not been altered.

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.

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, depreciation methods and useful lives are re-assessed annually at the reporting date. 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 38 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) are classified as financial assets subsequently measured at amortised cost.

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 Group 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 (lifetime ECL) 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.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT 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.

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 19) 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 in finance cost (note 29). Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 38 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 23), 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 29).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 38 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. Cash and cash equivalents consist of bank balances and petty cash.

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.

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 or 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 is its fair value at the date of harvest, 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.

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 or 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.

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.

Dividends

Dividends are recognised as a deduction from equity and a liability is raised in the period in which they are declared.

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.

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 or 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 benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), 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 administration 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.

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 – transport
- Rendering of services – treating
- Revenue charge for forestry machinery and vehicles
- Sale of food and beverages
- Accommodation 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 the sale of logs.

For the sale of logs to customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases 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.

For local timber sales, revenue is recognised when the goods leave the premises at the standalone selling prices. When the customer collects the goods at the premises, York no longer directs the use of the goods and the client accepts responsibility. For international plywood sales, the Group recognises the revenue for goods when the original shipping documents, for clearance at the destination port, are released. Due to the nature of the exportation of plywood, and the timing difference between the expected date of receipt of payment and the actual payment receipt date, this could result in the recognition of contract liabilities.

Rendering of services – transport

Revenue derived from transport services to external customers where York acts as a principal is recognised in the accounting period in which the services are rendered at the gross amount receivable, and recognised at the point in time. When York acts in the capacity of an agent, the transport provider insures the freight and York can no longer direct the use of the goods and the customer has the present obligation to pay for goods. The revenue recognised when York acts as an agent is recognised at the net amount receivable.

Rendering of services – treating

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

Revenue charge for forestry machinery and vehicles

Revenue is derived principally from revenue charged for transport performed by forestry machinery and vehicles, and is measured at the transaction price received or receivable after deducting VAT. Revenue is recognised at the point in time the service has been 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 as performance obligations and are met over time as services are rendered.

1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, including self constructed assets, are capitalised as part of the cost of those assets. All other borrowing costs are expensed.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

1.20 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 or 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-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional 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 historical cost are translated using the exchange rate at the date of the transaction.

1.21 Investment income and finance cost

Investment income comprises interest income on funds invested, dividend income and changes in the fair value of financial assets at fair value through profit or loss.

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

Finance cost comprises interest expenses on borrowings, interest expenses on finance leases, the unwinding of discounts on provisions, and changes in the fair value of financial assets at fair value through profit or loss.

1.22 Rental income

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2020

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/interpretation	Effective date: Years beginning on or after	Expected impact
• IFRIC 23: *Uncertainty over Income Tax Treatments*	1 January 2019	There was no financial impact
• Amendments to IAS 40: *Transfers of Investment Property*	1 January 2018	There was no financial impact
• IFRIC 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018	There was no financial impact

3. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	2020			2019		
	Cost or revaluation R'000	Accumulated depreciation R'000	Carrying value R'000	Cost or revaluation R'000	Accumulated depreciation R'000	Carrying value R'000
Land	**111 928**	**–**	**111 928**	113 133	–	113 133
Buildings	**295 210**	**(76 536)**	**218 674**	289 659	(67 576)	222 083
Right of use asset	**34 563**	**(24 914)**	**9 649**	34 381	(19 717)	14 664
Plant and machinery	**597 170**	**(219 595)**	**377 575**	602 855	(175 611)	427 244
Other equipment*	**186 640**	**(90 688)**	**95 952**	191 488	(85 094)	106 394
Capital – work in progress	**30 351**	**–**	**30 351**	10 373	–	10 373
Total	**1 255 862**	**(411 733)**	**844 129**	1 241 889	(347 998)	893 891

* *Other equipment refers to furniture and fittings, motor vehicles, computer equipment and spare parts. 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.*

3. PROPERTY, PLANT AND EQUIPMENT continued

	GROUP						
	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
2020							
Reconciliation of property, plant and equipment							
Land	**113 133**	**–**	**(5)**	**(1 200)**	**–**	**–**	**111 928**
Buildings	**222 083**	**12 352**	**(14)**	**(5 270)**	**(10 477)**	**–**	**218 674**
Right of use asset	**14 664**	**3 019**	**–**	**–**	**(7 879)**	**(155)**	**9 649**
Plant and machinery	**427 244**	**15 371**	**(25)**	**(10 987)**	**(54 028)**	**–**	**377 575**
Other equipment*	**106 394**	**14 385**	**(1 209)**	**(2 546)**	**(21 072)**	**–**	**95 952**
Capital – work in progress	**10 373**	**(25)**	**–**	**20 003**	**–**	**–**	**30 351**
	893 891	**45 102**	**(1 253)**	**–**	**(93 456)**	**(155)**	**844 129**
2019							
Reconciliation of property, plant and equipment							
Land	116 052	–	(2 919)	–	–	–	113 133
Buildings	215 507	–	(3 532)	20 419	(10 311)	–	222 083
Right of use asset	19 063	3 293	–	–	(7 692)	–	14 664
Plant and machinery	471 407	104	(1 314)	16 751	(59 589)	(115)	427 244
Other equipment*	87 540	3 061	(226)	37 145	(21 126)	–	106 394
Capital – work in progress	10 696	78 005	–	(74 315)	–	(4 013)	10 373
	920 265	84 463	(7 991)	–	(98 718)	(4 128)	893 891

* *Other equipment refers to furniture and fittings, motor vehicles, computer equipment and spare parts. 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.*

Property, plant and equipment encumbered as security

As per note 5, landholdings amounting to 58 050 (2019: 58 050) hectares were encumbered in favour of Micawber 558 Proprietary Limited as security for loans and borrowings, as per note 19.

Assets are encumbered in terms of instalment sale agreements.

Assets comprising the plywood plant with a carrying value of R293,7 million (2019: R325,3 million) are subject to a notarial bond.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Carrying value of plant and equipment under instalment sale agreement obligation				
Plant and machinery	**28 097**	31 187	**–**	–
Other property, plant and equipment	**76 097**	79 599	**–**	–

The Group has entered into instalment sale agreements with WesBank, Absa, Mercedes-Benz Financial Services and Toyota Financial Services for plant, equipment and vehicles (refer to note 19).

The present value of minimum instalment sale agreement payments due at year-end were R76,8 million (2019: R99,0 million) (refer to note 19).

3. PROPERTY, PLANT AND EQUIPMENT continued

Impairment

The impairment in the prior year relates to cost incurred on a project of which the future benefits have become doubtful. It is included in other operating expenses.

The impairment loss in the current year is due to warehouses being vacated.

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					
	2020			2019		
	Valuation R'000	Accumulated depreciation R'000	Carrying value R'000	Valuation R'000	Accumulated depreciation R'000	Carrying value R'000
Investment property	**30 740**	**–**	**30 740**	30 740	–	30 740

	GROUP	
	Opening balance R'000	Total R'000
2020		
Reconciliation of investment property		
Investment property	**30 740**	**30 740**

	GROUP				
	Opening balance R'000	Additions R'000	Disposals R'000	Fair value adjustments R'000	Total R'000
2019					
Reconciliation of investment property					
Investment property	26 731	30	(250)	4 229	30 740

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

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

4. INVESTMENT PROPERTY continued

Details of valuation

The effective dates of the revaluations were 16 April 2019 and 1 May 2019. Revaluations were performed by independent valuators, Tetragon Valuers Proprietary Limited and Value Tec Property Valuations. These valuators are not connected to the Group and have recent experience in location and category of the investment property being valued. The valuation was based on the open market value for existing use. Directors have assessed that the 2020 fair value has not moved significantly since the prior year.

The fair value measurement for investment property of R30,7 million (2019: R30,7 million) has been categorised as a level 2 fair value based on the inputs to the valuation technique used.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Amounts recognised in profit or loss for the year excluding fair value adjustments				
Rental income from investment property	**1 804**	1 508	**–**	–
Direct operating expenses on rental generating property	**(912)**	(809)	**–**	–
Total	**892**	699	**–**	–

Level 2 fair value

The valuation is based on market value. The comparable sales approach is used to determine market value. This approach consists of comparing the subject property to similar properties that were sold in the recent past in an open market situation, and making appropriate adjustments to the value for market trends. This results in a market value for the subject property. A 1% change in the value of investment property would result in a R0,3 million (2019: R0,3 million) adjustment to profit or loss.

5. BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Reconciliation of biological assets				
Opening balance	**3 154 557**	2 918 550	**–**	–
Reconciliation of biological assets due to changes in standing volume:				
– Increase due to growth and enumerations[1]	**176 181**	515 384	**–**	–
– Adjustment to standing timber values to reflect changes to sales price, cost and discount rate assumptions[2]	**(143 329)**	(4 570)	**–**	–
Decrease due to harvesting and disposal	**(192 153)**	(336 242)	**–**	–
Standing timber purchased	**44 880**	133 246	**–**	–
Standing timber harvested	**(133 246)**	(71 811)	**–**	–
Closing balance	**2 906 890**	3 154 557	**–**	–
Classified as non-current assets	**2 391 304**	2 639 014	**–**	–
Classified as current assets[3]	**515 586**	515 543	**–**	–
Closing balance	**2 906 890**	3 154 557	**–**	–

[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.*

5. BIOLOGICAL ASSETS continued

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Change in discounted cash flow value (DCF) attributable to				
Opening balance	**3 154 557**	2 918 550	**–**	–
Change in product mix and age*[4]	**233 049**	(61 687)	**–**	–
Revenue and price*[5]	**(348 350)**	(6 452)	**–**	–
Operating costs*	**85 485**	(79 685)	**–**	–
Discount rate*	**30 209**	78 293	**–**	–
Standing timber purchased	**44 880**	133 246	**–**	–
Standing timber harvested	**(133 246)**	(71 811)	**–**	–
Disposals	**–**	(29 100)	**–**	–
Change in volume*[6]	**(159 694)**	273 203	**–**	–
Closing balance	**2 906 890**	3 154 557	**–**	–

* *The total of these amounts equals the fair value adjustment disclosed in note 30.*
[4] *Represents the cash flow profile change from the prior year yield forecast.*
[5] *Revenue and price changes relate to inflationary adjustments over the next year, the 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 increased by 637 hectares from the prior year. The DCF volumes over the 20-year period decreased by 5%. An accuracy factor is used to calculate the accounting estimated volume. This is a downwards adjustment of harvestable volume.*

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Reconciliation of standing volume (m^3)				
Opening balance	**6 277 972**	5 946 639	**–**	–
Increase due to growth and enumeration[7]	**367 998**	953 231	**–**	–
Decrease due to harvesting and sales	**(401 363)**	(621 898)	**–**	–
	6 244 607	6 277 972	**–**	–
Landholding (hectares)				
Pine[8]	**54 648**	55 077	**–**	–
Eucalyptus[8]	**343**	551	**–**	–
Temporary unplanted areas[8]	**3 772**	3 135	**–**	–
Conservancy areas[8]	**30 816**	30 816	**–**	–
	89 579	89 579	**–**	–

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

5. BIOLOGICAL ASSETS continued

Methodology and assumptions used in determining fair value

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 divide the trees into predefined products as a basis for calculating log yields.

Volume adjustment factor: In a manner consistent to prior years, volumes expected from York plantations in MicroForest are adjusted with 8% (2019: 8%). In the 2020 financial year the harvesting volumes expected from York plantations in MicroForest were further reduced by a weighted average of 4% (2019: 2%), based on the most recent actual yield reconciliation data. The further reduction in volumes were done in an effort to acknowledge deviations such as the impact from baboon damage and other natural elements, genetic defects and pest and diseases from the planned harvesting volumes.

Log prices: The price per cubic metre per log class is based on current and future expected market prices per log class. It was assumed that prices will increase at 4,60% over the next year, 4,40% over the following year, and at 4,80% over the long term (2019: 5% over the next year, 4,90% over the following year, and at 5,20% over the long term). Log prices are computed at a weighted average of external market prices and internal prices charged to the Group's processing operations. Internal prices are generally lower than external prices and are based on an internationally recognised log paying capability calculation. This calculation references the final product value derived from the log, as well as a level of profitability of the processing operation required for sustainability.

Operating costs: The costs are based on the unit cost of the forestry management activities required for the trees to reach the age of felling. The costs include the current and expected future costs of harvesting, maintenance and risk management, as well as associated fixed overhead costs. The costs exclude the costs necessary to get the asset to the market. An inflation rate of 4,60% over the next year, 4,40% over the following year, and at 4,80% over the long term (2019: 5% over the next year, 4,90% over the following year, and at 5,20% 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. Costs to sell include the harvesting cost and the cost to bring logs to roadside, that are part of the 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.

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 (2019: 20 years). The expected cash flows are risk adjusted for current economic conditions. 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.

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Key assumptions used in the calculation of the discount rate				
Beta factor	**1,13**	1,17	**–**	–
Risk-free rate[9] (%)	**9,26**	8,84	**–**	–
Cost of equity (%)	**16,48**	16,46	**–**	–
Pre-tax cost of debt (%)	**7,25**	10,25	**–**	–
After-tax weighted average cost of capital (%)	**13,17**	13,28	**–**	–
Debt/equity ratio[10]	**29:71**	35:65	**–**	–

[9] *In the current year, the GSAB10YR was used (2019: annualised yield of the bootstrapped zero coupon perfect fit bond curve). The reason for the change in the referenced risk-free rate is due to the volatility in the annualised yield of the bootstrapped zero coupon perfect fit bond curve as a result of fluctuations experienced in the market since March 2020. This is a change in estimate that resulted in an upwards adjustment of R186,4 million.*

[10] *York applied the debt/equity ratio of the market participants included in its comparable company basket. The ratio changed from the prior year's targeted debt/equity ratio to that of market participants. The prior year's target debt/equity ratio was in line with the market participant ratio.*

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 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.

Pledged as security

Landholdings amounting to 58 050 (2019: 58 050) hectares, including those on which the plantations are planted, and the fixed property referred to in note 3, were encumbered in favour of Micawber 558 Proprietary Limited, as security for borrowings, as per note 19.

Certain additional freehold land and biological assets are pledged as security for mortgage and notarial covering bonds of R1,4 billion (2019: R1,4 billion).

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Forecast volume of trees in the plantations at maturity, as used in the DCF valuation (sum of maturity volumes over the 20-year cycle) (m^3)				
Balance at year-end	**20 054 497**	21 173 651	**–**	–

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Sensitivity analysis				
100 basis points increase in the current log price	**45 075**	48 034	**–**	–
25 basis points increase in forecast log prices (Years 1 and 2 and long term)	**90 380**	104 337	**–**	–
25 basis points increase in the forecast cost inflation rate	**(25 124)**	(28 105)	**–**	–
50 basis points increase in the pre-tax cost of debt	**(26 392)**	(36 531)	**–**	–
25 basis points increase in the discount rate	**(61 779)**	(71 908)	**–**	–
100 basis points increase in projected volumes	**37 025**	39 890	**–**	–

The above sensitivity analysis shows how the present value of the discounted 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 discounted cash flows. A decrease by the same percentage would have the opposite effect on the valuation.

6. GOODWILL

	GROUP					
	2020			2019		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	**565 442**	**(207 812)**	**357 630**	565 442	(207 812)	357 630

Goodwill 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 net assets are compared to the fair value less cost to sell (2019: fair value less cost to sell) that are expected to flow from forestry segment cash flows only.

The fair value less cost to sell (2019: 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 2021 financial year as well as a forecast to 2036 using a long-term inflation rate of 4,80% (2019: 5,20%). 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 clearfell age for pine of 20 years (2019: 20 years). The plantations are managed to harvest approximately 3 000 hectares per annum.

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: In a manner consistent to prior years, volumes expected from York plantations in MicroForest are adjusted with 8% (2019: 8%). In the 2020 financial year the harvesting volumes expected from York plantations in MicroForest were further reduced by a weighted average of 4,3% (2019: 2,9%) 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. The further reduction in volumes were done in an effort to acknowledge deviations such as the impact from baboon damage and other natural elements, genetic defects and pest and diseases from the planned harvesting volumes.

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 4,60% over the next year, 4,40% over the following year, and at 4,80% over the long term (2019: 5% in the first year, at 4,90% in the following year and at 5,20% 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. Costs include all costs associated to delivering the product to roadside (point of sale). A long-term inflation rate of 4,80% (2019: 5,2%) was used.

Discount rate: The Group's after-tax weighted average cost of capital (WACC) was applied to the after-taxation net cash flow.

6. GOODWILL continued

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.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Results of impairment testing				
Carrying amount of segment assets	**2 579 689**	2 820 776	**–**	–
Fair value less cost to sell[1]	**(2 743 925)**	(2 612 964)	**–**	–
Net result: impairment/(no impairment)	**(164 236)**	207 812	**–**	–

[1] *The present value of the segment was impacted by the following:*
- *Increase in volume accuracy adjustment;*
- *Decrease in harvesting due to higher temporary unplanted area (TUP);*
- *Decrease in cost structure; and*
- *Decrease in the biological asset valuation included in the carrying amount of the segment assets.*

	GROUP		COMPANY	
	2020	2019	2020	2019
Key assumptions used in the calculation of the discount rate				
Risk-free rate[2] (%)	**9,26**	8,84	**–**	–
Cost of equity (%)	**16,48**	16,46	**–**	–
Pre-tax cost of debt (%)	**7,25**	10,25	**–**	–
Debt/equity ratio[3]	**29:71**	35:65	**–**	–
After-tax weighted average cost of capital (%)	**13,17**	13,28	**–**	–
Beta factor	**1,13**	1,17	**–**	–

[2] *In the current year, the GSAB10YR was used (2019: annualised yield of the bootstrapped zero coupon perfect fit bond curve). The reason for the change in the referenced risk-free rate is due to the volatility in the annualised yield of the bootstrapped zero coupon perfect fit bond curve as a result of fluctuations experienced in the market since March 2020.*

[3] *York applied the debt/equity ratio of the market participants included in its comparable company basket. The ratio changed from the prior year's targeted debt/equity ratio to that of market participants. The prior year's target debt/equity ratio was in line with the market participant ratio.*

6. GOODWILL continued

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.

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Sensitivity analysis[4]				
100 basis points increase in the current log price	**118 282**	142 068	**–**	–
25 basis points increase in forecast log prices	**140 217**	153 816	**–**	–
25 basis points increase in forecast cost inflation rate	**(71 182)**	(38 539)	**–**	–
50 basis points increase in the pre-tax cost of debt	**(43 337)**	(53 116)	**–**	–
25 basis points increase in discount rate	**(100 455)**	(103 662)	**–**	–
100 basis points increase in projected volumes	**39 862**	49 160	**–**	–

[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 biological assets (note 5) is calculated on the assumption that no replanting of the plantations is done and therefore relates to a finite period.*

7. INTANGIBLE ASSETS

	GROUP					
	2020			2019		
	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	**3 311**	**(2 881)**	**430**	2 876	(2 739)	137
Capital – work in progress	**5 646**	**–**	**5 646**	3 479	–	3 479
Total	**8 957**	**(2 881)**	**6 076**	6 355	(2 739)	3 616

	GROUP			
	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
2020				
Reconciliation of intangible assets				
Computer software	**137**	**436**	**(143)**	**430**
Capital – work in progress	**3 479**	**2 167**	**–**	**5 646**
	3 616	**2 603**	**(143)**	**6 076**

	GROUP				
	Opening balance R'000	Additions R'000	Disposals R'000	Amortisation R'000	Total R'000
2019					
Reconciliation of intangible assets					
Computer software	463	–	(2)	(324)	137
Capital – work in progress	–	3 479	–	–	3 479
	463	3 479	(2)	(324)	3 616

Other information

None of the intangible assets are internally generated.

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 2020**	**% holding 2019**	**Carrying amount 2020 R'000**	**Carrying amount 2019 R'000**
South African Plywood Proprietary Limited*	**100,00**	100,00	**–**	–
Global Forests Products Proprietary Limited*	**100,00**	100,00	**1 117 743**	1 117 743
York Timbers Proprietary Limited	**100,00**	100,00	**4 759**	3 227
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 Timbers Botswana 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 Properties Proprietary Limited	**100,00**	100,00	**–**	–
York Agri Proprietary Limited	**100,00**	–	**–**	–
			1 122 502	1 120 970

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

Subsidiaries detail

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 and York Timbers Botswana Proprietary Limited which are incorporated and domiciled in Chile and Botswana respectively.

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 4 360 902 shares. The options will vest at the end of three years at no consideration to the employees. Refer to note 17.

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Fair value of assets acquired				
Value of options	**–**	–	**1 532**	2 613

9. LOANS TO GROUP COMPANIES

Subsidiaries

	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
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.	**–**	–	**1 345 428**	1 345 673
Split between non-current and current portions				
Non-current assets	**–**	–	**1 345 428**	1 345 673

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 carrying amount reasonably approximates its fair value.

Repayment of the loan has been subordinated as security for borrowings as per note 19.

10. OTHER FINANCIAL ASSETS AT AMORTISED COST

	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Other financial assets at amortised cost	**53 331**	**61 903**	**–**	**–**
At amortised cost				
Self-insurance fund	**53 331**	61 903	**–**	–
The fund is fully funded at R115 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.				
	53 331	61 903	**–**	–
Split between non-current and current portions				
Non-current assets	**53 331**	61 903	**–**	–

Risk exposure

The investments held by the Group expose it to interest rate risk. Refer to note 38 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, and the law allows net settlement.

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Deferred tax liability	**(848 624)**	(930 875)	**–**	–
Deferred tax asset	**7 353**	7 899	**37**	37
Total net deferred tax liability	**(841 271)**	(922 976)	**37**	37
Reconciliation of deferred tax (liability)/asset				
At the beginning of the year	**(922 976)**	(858 368)	**37**	37
Increase in tax losses available for set-off against future taxable income[1]	**36 647**	3 415	**–**	–
Taxable/(deductible) temporary differences[1]	**45 335**	(67 986)	**–**	–
Changes to other comprehensive income	**(101)**	(37)	**–**	–
Deferred tax asset not recognised	**(176)**	–	**–**	–
Closing balance	**(841 271)**	(922 976)	**37**	37
The balance comprises the following items:				
Capital allowances	**(100 860)**	(108 434)	**–**	–
Biological assets	**(801 363)**	(845 968)	**–**	–
Provisions	**17 160**	24 179	**37**	37
Estimated tax loss	**43 554**	6 908	**–**	–
Defined benefit plan reserve	**238**	339	**–**	–
	(841 271)	(922 976)	**37**	37
Deferred tax asset not recognised				
Assessed loss not recognised	**10 089**	–	**–**	–
Potential tax benefit on assessed loss	**2 825**	–	**–**	–

[1] *Based on forecast data, the Group considers it probable that there will be sufficient future taxable profits available to utilise these tax losses and other temporary differences.*

12. INVENTORIES

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Raw materials	**17 449**	45 237	**–**	–
Work in progress	**36 998**	72 882	**–**	–
Timber products	**126 078**	204 836	**–**	–
Merchandise	**202**	255	**–**	–
Consumables	**51 019**	52 199	**–**	–
	231 746	375 409	**–**	–
Write-downs	**(2 555)**	(856)	**–**	–
Total inventory	**229 191**	374 553	**–**	–
The total movement in cost of sales regarding inventory write downs was an expense of R1,7 million (2019: income of R1,3 million).				
Finished goods at net realisable value				
Finished goods carried at net realisable value	**32 592**	28 957	**–**	–

13. TRADE AND OTHER RECEIVABLES

	GROUP 2020 R'000	GROUP 2019 R'000	COMPANY 2020 R'000	COMPANY 2019 R'000
Financial instruments				
Trade receivables	**156 624**	205 326	**178**	178
Loss allowance	**(13 547)**	(8 768)	**(178)**	(178)
Trade receivables at amortised cost	**143 077**	196 558	**–**	–
Deposits	**2 343**	2 560	**20**	20
Employee costs paid in advance	**1 668**	1 533	**–**	–
Other receivables	**7 254**	8 589	**–**	–
Non-financial instruments				
Value added taxation	**744**	1 760	**–**	29
Prepayments	**9 710**	10 243	**136**	–
Total trade and other receivables	**164 796**	221 243	**156**	49

Trade and other receivables pledged as security

At year-end, trade receivables and Credit Guarantee Insurance Corporation of Africa Limited (CGIC) insurance had been ceded to Absa Bank as security for banking facilities (refer note 15).

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. The carrying amount reasonably approximates its fair value.

Expected credit loss	2020 Estimated gross carrying amount at default R'000	2020 Loss allowance (lifetime expected credit loss) R'000	2019 Estimated gross carrying amount at default R'000	2019 Loss allowance (lifetime expected credit loss) R'000
GROUP				
Current	**112 536**	**(1 701)**	142 474	(1 803)
30 days	**18 842**	**(289)**	41 884	(519)
60 days and over	**25 246**	**(11 557)**	20 968	(6 446)
Total expected credit loss	**156 624**	**(13 547)**	205 326	(8 768)
COMPANY				
60 days and over	**178**	**(178)**	178	(178)

13. TRADE AND OTHER RECEIVABLES continued

Exposure to credit risk continued

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:

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Opening balance	**(8 768)**	(6 813)	**(178)**	(178)
Provision raised on new trade receivables	**(4 779)**	(1 955)	**–**	–
Closing balance	**(13 547)**	(8 768)	**(178)**	(178)

A 1,13% – 1,52% (2019: 1% – 1,5%) credit loss ratio is applied to current up to 60 days debtors, taking into account macro- economic factors such as the inflation rate and economic outlook. If the customer's payment history does not indicate an expected credit loss, the customer was excluded from the credit loss allowance calculation.

An additional credit loss ratio of 0,25% was raised due to the economic uncertainty arising from the outbreak of COVID-19 and the lockdown regulations imposed.

A default loss ratio of 20% (2019: 10%) 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. Debtors not covered by CGIC relates to cash accounts or debtors accounts where credit insurance was not applied for.

All other receivables are neither past due nor impaired.

14. CURRENT TAX RECEIVABLE

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

15. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Cash and cash equivalents consist of:				
Cash on hand	**171**	160	**–**	–
Bank balances	**48 257**	47 163	**–**	–
Short-term deposits	**2**	41 680	**–**	–
Bank overdraft	**(45 417)**	(62)	**–**	–
	3 013	88 941	**–**	–
Current assets	**48 430**	89 003	**–**	–
Current liabilities	**(45 417)**	(62)	**–**	–
	3 013	88 941	**–**	–

15. CASH AND CASH EQUIVALENTS continued

The carrying amount reasonably approximates its fair value.

At year-end, the banking facility granted by Absa Bank was secured by a cession of trade receivables, Credit Guarantee Insurance Corporation of Africa Limited (CGIC) insurance (refer note 13), and cross-suretyships of R154 million with Absa Bank, from within the Group, cession of bank accounts with FNB, cession of the customer foreign currency account, cession of Agentimber Proprietary Limited bank accounts held with FNB and assets currently under agreement in terms of the commercial asset finance credit Line facility. The general banking facility is available to all companies in the Group. Refer to note 38 for credit ratings on the various banks.

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

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
The total amount of facilities available for operating activities and commitments	**80 000**	60 000	**–**	–
Guarantees	**6 000**	6 000	**–**	–
Letters of credit	**1 000**	20 000	**–**	–
Guarantees to Eskom Holdings Limited	**3 334**	3 334	**–**	–
Forward exchange contracts	**1 000**	10 000	**–**	–
Foreign exchange settlement limit	**5 000**	10 000	**–**	–
Absa asset and vehicle finance facility	**90 000**	120 000	**–**	–

16. SHARE CAPITAL

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Authorised				
600 000 000 (2019: 600 000 000) ordinary shares of R0,05 each	**30 000**	30 000	**30 000**	30 000
Issued				
331 240 597 (2019: 331 240 597) ordinary shares of R0,05 each	**16 562**	16 562	**16 562**	16 562
15 192 584 (2019: 15 192 584) treasury shares of R0,05 each	**(760)**	(760)	**–**	–
Share premium	**1 464 430**	1 464 430	**1 505 352**	1 505 352
Total issued share capital	**1 480 232**	1 480 232	**1 521 914**	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 15,2 million shares (2019: 15,2 million shares) were held by the subsidiary at 30 June 2020 and are treated as treasury shares for accounting purposes.

17. SHARE-BASED PAYMENT RESERVE

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Opening balance	**3 227**	614	**3 227**	614
Share-based payment movement	**1 532**	2 613	**1 532**	2 613
Closing balance	**4 759**	3 227	**4 759**	3 227

	GROUP		COMPANY	
	2020 Units	2019 Units	2020 Units	2019 Units
Opening balance	**4 360 902**	3 759 398	**4 360 902**	3 759 398
Units awarded	**–**	601 504	**–**	601 504
Closing balance	**4 360 902**	4 360 902	**4 360 902**	4 360 902

During the 2018 financial year York Timbers Proprietary Limited granted certain employees, the right to receive 3 759 398 shares in York Timber Holdings Limited and in the 2019 financial year 601 504 shares were awarded. The maximum number of shares which may be issued and allocated under the 2015 Share Plan shall not exceed 9 000 000 shares.

The Company estimates the expected vesting rate at 80% for the rewards granted in 2019 and 61% granted in 2018 based on historical practices. The fair value of the options is estimated at grant date using a binominal pricing model, taking into account the terms and conditions upon which the instruments were granted. 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. Any changes in the equity settled payment reserve were recognised as part of the investment in York Timbers Proprietary Limited.

	GROUP		COMPANY	
	2020	2019	2020	2019
Key assumptions used in first award				
York share price at reporting date (R)	**1,38**	1,60	**1,38**	1,60
Number of shares awarded	**3 759 398**	3 759 398	**3 759 398**	3 759 398
Award date	**05/04/2018**	05/04/2018	**05/04/2018**	05/04/2018
Expiry/vesting date	**05/04/2021**	05/04/2021	**05/04/2021**	05/04/2021
Fair value of options at grant date (R)	**2,60**	2,60	**2,60**	2,60
Exercise price (R)	**–**	–	**–**	–
Expected vesting rate (%)	**61**	80	**61**	80
Key assumptions used in second award				
York share price at reporting date (R)	**1,38**	1,60	**1,38**	1,60
Number of shares awarded	**601 504**	601 504	**601 504**	601 504
Award date	**19/06/2019**	19/06/2019	**19/06/2019**	19/06/2019
Expiry/vesting date	**19/06/2022**	19/06/2022	**19/06/2022**	19/06/2022
Fair value of options at grant date (R)	**1,90**	1,90	**1,90**	1,90
Exercise price (R)	**–**	–	**–**	–
Expected vesting rate (%)	**80**	80	**80**	80

18. DEFINED BENEFIT PLAN RESERVE

The reserve is a result of the actuarial gains/(losses) on the defined benefit plan.

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Opening balance	**(871)**	(967)	**–**	–
Movement through other comprehensive income/(loss)	**260**	96	**–**	–
Closing balance	**(611)**	(871)	**–**	–

19. BORROWINGS

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Held at amortised cost				
Secured				
Land Bank term loan	**317 258**	337 966	**–**	–
Land Bank Plywood Expansion Project loan	**159 386**	208 751	**–**	–
Land Bank Press loan	**23 294**	27 562	**–**	–
Instalment sale agreements	**76 767**	99 001	**–**	–
Loan raising fee	**(786)**	(1 210)	**–**	–
Absa Capital fund loan	**7 979**	8 861		
Unsecured				
Fulcrum Group Proprietary Limited	**–**	2 505	**–**	–
	583 898	683 436	**–**	–
Split between non-current and current portions				
Non-current liabilities	**417 922**	530 865	**–**	–
Current liabilities	**165 976**	152 571	**–**	–
	583 898	683 436	**–**	–

Land Bank and Absa Bank granted a three-month repayment holiday due to the impact of COVID-19.

Land Bank term loan: This loan bears interest at an interest rate of prime less 0,5% (2019: prime less 0,5%) per annum and is payable monthly in arrears over seven years of which six are remaining.

Refer to financial instruments and risk management, note 38, for detail on loan covenants.

Land Bank Plywood Expansion Project loan: This loan bears interest at an interest rate of prime less 0,5% (2019: 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 seven years, of which two are remaining.

Refer to financial instruments and risk management, note 38, for detail on loan covenants.

Land Bank Press loan: This loan bears interest at an interest rate of prime less 0,5% (2019: prime less 0,5%) per annum and is payable monthly in arrears, over five years and six months, of which four years and nine months are remaining.

Refer to financial instruments and risk management, note 38, for detail on loan covenants.

19. BORROWINGS continued

Security over the Land Bank term loan and Land Bank Plywood Expansion Project loan:

- Guarantee by security special purpose vehicle (SPV) 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 R1,4 billion, limited to the indemnity of R720 million, and limited to the land-holding of 58 050 (2019: 58 050) hectares 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 R306 million in favour of the security SPV guarantor.
- Certain additional freehold land and biological assets of the borrower as agreed by the Land Bank and the borrower secured by the existing mortgage and notarial collateral covering bonds of R1,4 billion.

Loan raising fees: The Land Bank loan raising fee is amortised over the period of the loan using the effective interest rate method. The amortised amount is included in finance expenses (refer to note 29).

Absa Capital fund loan: This loan bears interest at an interest rate of prime less 0,75% (2019: prime less 0,75%) per annum and is payable in monthly instalments of R125 180 in arrears, over a period of 10 years of which six are remaining.

The carrying amount reasonably approximates its fair value.

Exposure to liquidity risk

Refer to note 38 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			
Increase or decrease in rate	**Increase 2020 R'000**	**Decrease 2020 R'000**	**Increase 2019 R'000**	**Decrease 2019 R'000**
Impact on profit or loss				
Borrowings	**5 037**	**(5 037)**	3 201	(3 201)
Taxation	**(1 410)**	**1 410**	(896)	896
	3 627	**(3 627)**	2 305	(2 305)

	GROUP	
	2020 R'000	**2019 R'000**
Instalment sale agreement obligation		
– within one year	**38 070**	45 899
– in second to fifth year inclusive	**45 741**	67 326
Total	**83 811**	113 225
Less: future finance charges	**(7 044)**	(14 224)
Present value of minimum instalment sale agreement payments	**76 767**	99 001

19. BORROWINGS continued

These liabilities consist of 170 (2019: 187) instalment sale agreements, payable over a period of four to five years at effective interest rates of between 6% – 10% (2019: 7,88% – 10,25%) per annum. These liabilities are secured by plant and equipment and motor vehicles with a carrying value of R104,2 million (2019: R110,7 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.

	GROUP			
Instalment sale providers	**Quantity 2020**	**Interest rate 2020 %**	**Quantity 2019**	**Interest rate 2019 %**
Absa Bank	**125**	**6 – 9**	**130**	**7,88 – 9,75**
Mercedes-Benz Financial Services	**14**	**6,25 – 7,25**	**14**	**9,75**
Toyota Financial Services	**30**	**6,25 – 9**	**27**	**9,25**
WesBank	**1**	**6,30**	**16**	**9 – 10,25**

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Present value of minimum instalment sale agreement payments				
– within one year	**33 904**	38 065	**–**	–
– in second to fifth year inclusive	**42 863**	60 936	**–**	–
	76 767	99 001	**–**	–

20. LEASE LIABILITY

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Non-current liabilities	**4 971**	9 995	**–**	–
Current liabilities	**7 331**	8 152	**–**	–
	12 302	18 147	**–**	–
Contractual undiscounted cash flows				
Less than one year	**8 122**	10 004	**–**	–
One to five years	**5 195**	8 229	**–**	–
	13 317	18 233	**–**	–

The lease liability relates to the warehouse facilities rented by the Company for two to five years.

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.

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Assumptions used				
Lease terms	**2 – 5 years**	2 – 5 years	**–**	–
Group's incremental borrowing rate (%)	**9,50 – 9,75**	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 (%)	**10,00 – 10,25**	10,25	**–**	–

Refer to note 3 for disclosure around the right of use assets, accumulated depreciation, impairment and depreciation, note 27 for the depreciation, variable lease payments, short term leases and leases of low value assets and note 29 for finance cost on leases.

21. 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.

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Present value of defined benefit obligation				
Opening balance	**(26 764)**	(26 430)	**–**	–
Service cost	**(4)**	(5)	**–**	–
Interest cost	**(2 703)**	(2 669)	**–**	–
Actuarial gain	**361**	133	**–**	–
Benefits paid	**2 200**	2 207	**–**	–
Closing balance	**(26 910)**	(26 764)	**–**	–

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 loss for the current year consists of two factors, demographic and financial. The demographic factors contributed a gain of R0,4 million (2019: loss of R1 million) and the financial factors a loss of R61 thousand (2019: gain of R1,2 million).

Sensitivity analysis

Assumed healthcare cost trend rates have a significant effect on the amount recognised in profit or loss. A 1% change in the medical inflation rate would have the following effects:

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
A 1% change in the medical inflation rate would have the following effects:				
100 basis points increase: Aggregate of the service and interest cost	**257**	271	**–**	–
100 basis points increase: Defined benefit obligation	**2 247**	2 348	**–**	–
A 1% change in the investment discount rate would have the following effects:				
100 basis points increase: Aggregate of the service and interest cost	**(227)**	(170)	**–**	–
100 basis points increase: Defined benefit obligation	**(1 936)**	(2 013)	**–**	–

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.

21. RETIREMENT BENEFIT OBLIGATION continued

Limitations to sensitivity analysis continued

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Contributions towards defined benefit plan				
Contributions paid	**2 389**	2 263	**–**	–

	GROUP		COMPANY	
	2020	2019	**2020**	2019
Key assumptions used				
Average number of members	**8**	9	**–**	–
Retired number of members	**38**	39	**–**	–
Total number of members	**46**	48	**–**	–
Expected rate of return on reimbursement rights (%)	**7,90**	8,00	**–**	–
Average expected remaining working lifetime (years)	**2,75**	4,00	**–**	–
Discount rate (estimated corporate bond yield) (%)	**11,40**	10,10	**–**	–
Medical contribution inflation rate (%)	**9,40**	8,10	**–**	–

Defined contribution plan: Retirement fund

The Group has three provident fund schemes, York Timbers Provident Fund, the Hospitality and the General Provident Fund and the Alexander Forbes Provident Fund, for all employees. Pensioners under these schemes have had their pensions bought from insurers in the form of annuities and there is no ongoing liability to the Group. The schemes are governed by the Pensions Fund Act, 24 of 1956, as amended.

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Number of members of each scheme at year-end				
Hospitality and General Provident Fund	**194**	194	**–**	–
York Timbers Provident Fund	**2 034**	2 269	**–**	–
Alexander Forbes Provident Fund	**566**	351	**–**	–

Defined contribution plan: Pension fund

	GROUP		COMPANY	
	2020	2019	**2020**	2019
The Group has one pension fund, with the following number of members at year-end:				
Alexander Forbes Pension Fund	**7**	10	**–**	–

21. RETIREMENT BENEFIT OBLIGATION continued

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	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Contributions towards defined contribution funds				
Hospitality and General Provident Fund	**1 373**	1 630	**–**	–
York Timbers Provident Fund	**19 897**	21 286	**–**	–
Alexander Forbes Provident Fund	**11 650**	12 903	**–**	–
Alexander Forbes Pension Fund	**817**	757	**–**	–
	33 737	36 576	**–**	–
Expected contributions for the next year				
Hospitality and General Provident Fund	**1 455**	1 728	**–**	–
York Timbers Provident Fund	**21 091**	22 563	**–**	–
Alexander Forbes Provident Fund	**12 349**	13 677	**–**	–
Alexander Forbes Pension Fund	**866**	802	**–**	–
	35 761	38 770	**–**	–

These amounts are included in salary, wages and other employee costs per note 27.

Below is the undiscounted maturity analysis. The weighted average duration is 18,5 years for pensioners and 2,0 years for active members (2019: 17,5 years for pensioners and 2,3 years for active members).

	Pensioners R'000	Active members R'000	Total R'000
2020			
Less than a year	**2 606**	**53**	**2 659**
1 – 2 years	**2 759**	**20**	**2 779**
2 – 5 years	**9 156**	**26**	**9 182**
More than 5 years	**97 564**	**3**	**97 567**
	112 085	**102**	**112 187**
2019			
Less than a year	2 445	44	2 489
1 – 2 years	2 567	50	2 617
2 – 5 years	8 389	38	8 427
More than 5 years	80 437	4	80 441
	93 838	136	93 974

22. PROVISIONS

	GROUP			
	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
2020				
Reconciliation of provisions				
Environmental rehabilitation	**15 738**	**598**	**(87)**	**16 249**

	GROUP		
	Opening balance R'000	Additions R'000	Total R'000
2019			
Reconciliation of provisions			
Environmental rehabilitation	14 623	1 115	15 738

Environmental liability

The provision of R15,9 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 3,9% (2019: 4,8%).

R0,3 million originated from an environmental liability at the closure of a treating facility in 2019 and will be settled in the next two years.

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Financial instruments				
Trade payables	**142 837**	341 173	**131**	103
Payroll related accruals	**83 081**	89 916	**1 281**	1 574
Solidarity Fund and TERS payments	**3 507**	–	**–**	–
Accruals	**587**	159	**–**	–
Deposits received	**82**	52	**–**	–
Other payables	**976**	74	**–**	–
Non-financial instruments				
Value added taxation	**3 699**	2 905	**138**	–
Total trade and other payables	**234 769**	434 279	**1 550**	1 677

Exposure to liquidity risk

Refer to note 38 Financial instruments and financial risk management for details of liquidity risk exposure and management. The carrying amount reasonably approximates its fair value.

24. REVENUE

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Revenue from contracts with customers				
Sale of goods	**1 428 840**	1 579 709	**–**	–
Rendering of services	**8 849**	19 710	**4 606**	6 668
Rental income	**1 136**	1 103	**–**	–
Total revenue	**1 438 825**	1 600 522	**4 606**	6 668

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Sale of goods				
Food and beverage sales	**2 120**	854	**–**	–
Lumber sales*	**887 144**	880 056	**–**	–
Plywood sales*	**456 846**	570 779	**–**	–
Sundry income*#	**29 720**	54 101	**–**	–
Log sales^	**53 010**	76 431	**–**	–
	1 428 840	1 582 221	**–**	–
Rendering of services				
Administration and management fees received	**–**	–	**4 606**	6 668
Transport income*^	**2 672**	11 050	**–**	–
Treating income*	**4 313**	2 132	**–**	–
Accommodation income	**1 864**	4 016	**–**	–
	8 849	17 198	**4 606**	6 668
Other revenue				
Rental income	**1 136**	1 103	**–**	–
Total revenue from contracts with customers	**1 438 825**	1 600 522	**4 606**	6 668
Timing of revenue recognition				
At a point in time				
Sale of goods	**1 428 840**	1 582 221	**–**	–
Rendering of services	**6 985**	13 182	**4 606**	6 668
	1 435 825	1 595 403	**4 606**	6 668
Over time				
Rendering of services	**1 864**	4 016	**–**	–
Other revenue	**1 136**	1 103	**–**	–
	3 000	5 119	**–**	–
Total revenue from contracts with customers	**1 438 825**	**1 600 522**	**4 606**	**6 668**

* *A portion of the lumber and plywood sales, sundry income, transport income and treating income is disclosed as part of the external sales of the processing and wholesale operating segment in note 34.*

^ *The log sales and a portion of the transport income is included in the external sales of the Forestry and Fleet operating segment in note 34.*

\# *Sundry income mainly consists of sawdust and chips income.*

Refer to note 34 for revenue per geographical area.

25. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Profit on sale of assets	**216**	13	**–**	–
Other rental income*	**4 849**	3 597	**–**	–
Bad debts recovered	**44**	125	**–**	–
Sundry income	**3 524**	7 370	**–**	–
Insurance claims	**5 532**	17 990	**–**	–
Scrap sales	**884**	2 845	**–**	–
Total other operating income	**15 049**	31 940	**–**	–

* *Other rental income relates to income derived from rental income on telecommunication satellites and other property rental.*

26. OTHER OPERATING GAINS

		GROUP		COMPANY	
	Note	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Gains on disposals, scrappings and settlements					
Property, plant and equipment	3	**3 749**	**19 408**	–	**–**
Foreign exchange gains					
Net foreign exchange gains		**4 538**	**1 943**	–	**–**
Total other operating gains		**8 287**	**21 351**	–	**–**

27. OPERATING (LOSS)/PROFIT

Operating (loss)/profit for the year is stated after charging (crediting) the following, among others:

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Auditor's remuneration – external				
Audit fees	**3 649**	3 918	**–**	–
Other consultation services	**40**	1	**–**	–
Total auditor's remuneration	**3 689**	3 919	**–**	–
Remuneration, other than to employees				
Administrative and managerial services	**3 805**	12 471	**517**	1 659
Consulting and professional services	**9 613**	12 130	**–**	–
Total remuneration other than to employees	**13 418**	24 601	**517**	1 659

27. OPERATING (LOSS)/PROFIT continued

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Employee costs				
Salaries, wages, bonuses and other benefits	**146 371**	181 823	**2 823**	3 924
Employee cost included in cost of sales	**196 858**	198 702	**–**	–
Retirement benefit plans: defined benefit expense	**2 770**	2 640	**–**	–
Equity settled share-based payment expense	**1 532**	2 613	**–**	–
Total employee costs	**347 531**	385 778	**2 823**	3 924
Leases				
Variable lease payments	**(358)**	–	**–**	–
Short term leases	**724**	2 375	**–**	–
	366	2 375	**–**	–
Depreciation and amortisation				
Depreciation of property, plant and equipment	**93 456**	98 718	**–**	–
Amortisation of intangible assets	**144**	324	**–**	–
Total depreciation and amortisation	**93 600**	99 042	**–**	–
Depreciation of 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	**155**	4 128	**–**	–
Goodwill	**–**	207 812	**–**	–
Total impairment losses	**155**	211 940	**–**	**–**

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:

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Changes in inventories of finished goods and work in progress	**983 900**	941 465	**–**	–
Employee costs	**347 531**	385 778	**2 823**	3 924
Operating lease charges	**366**	2 375	**–**	–
Depreciation, amortisation and impairment (excluding impairment on goodwill)	**93 755**	107 298	**–**	–
Other expenses	**118 717**	115 399	**1 779**	2 745
Total expenses by nature	**1 544 269**	1 552 315	**4 602**	6 669

28. INVESTMENT INCOME

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Interest income				
Investments in financial assets				
Bank and other cash	**570**	2 360	**2**	5
Other financial assets	**2 447**	2 909	**–**	–
Total interest income	**3 017**	5 269	**2**	5

Interest was generated from financial assets at amortised cost.

29. FINANCE COST

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Trade and other payables	**2**	2	**–**	–
Lease liabilities	**1 622**	2 077	**–**	–
Interest on borrowings held at amortised cost	**55 404**	72 554	**–**	–
Loan raising fee – amortised	**425**	1 308	**–**	–
Other interest paid	**3 596**	1 596	**–**	–
Total finance costs	**61 049**	77 537	**–**	–

30. OTHER NON-OPERATING GAINS

		GROUP		COMPANY	
	Note	**2020 R'000**	**2019 R'000**	**2020 R'000**	**2019 R'000**
Fair value (losses)/gains					
Biological assets	5	**(159 301)**	203 672	**–**	–
Investment property		**–**	4 229	**–**	–
Total other non-operating (losses)/gains		**(159 301)**	207 901	**–**	–

31. TAXATION

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Major components of the tax expense				
Current				
Local income tax: current period	**2**	1 024	**2**	1
Deferred				
Deferred tax: current period	**(81 806)**	64 563	**–**	–
Total	**(81 804)**	65 587	**2**	1

	GROUP		COMPANY	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Reconciliation of the tax expense				
Reconciliation between the applicable tax rate and the average effective tax rate				
Applicable tax rate	**(28,00)**	28,00	**28,00**	28,00
Legal fees, fines, penalties and impairment of goodwill	**0,20**	205,26	**–**	–
Learnership agreements	**(0,78)**	(5,90)	**–**	–
Assessed loss not recognised	**1,34**	–	**–**	–
Capital gains tax	**(0,09)**	(3,62)	**–**	–
	(27,33)	223,74	**28,00**	28,00
The corporate income tax rate of 28% remains unchanged.				
Taxation related to components of other comprehensive income				
Re-measurements of defined benefit liability (R'000)	**(101)**	(37)	**–**	–

32. CASH GENERATED FROM/(USED IN) OPERATIONS

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
(Loss)/profit before taxation	**(299 441)**	29 319	**6**	4
Adjustments for:				
Depreciation and amortisation	**93 600**	99 042	**–**	–
Gains on disposal of assets	**(3 749)**	(19 408)	**–**	–
Profit on foreign exchange	**(4 538)**	(1 943)	**–**	–
Interest income	**(3 017)**	(5 269)	**(2)**	(5)
Finance cost	**61 049**	77 537	**–**	–
Fair value losses/(gains)	**159 301**	(207 901)	**–**	–
Impairments of property, plant and equipment and goodwill	**155**	211 940	**–**	–
Purchase of biological assets	**(44 880)**	(133 246)	**–**	–
Harvesting of purchased biological assets	**133 246**	100 911	**–**	–
Movements in retirement benefit liabilities	**507**	467	**–**	–
Movements in provisions	**129**	1 115	**–**	–
Share-based payment expense: equity-settled	**1 532**	2 613	**–**	–
Changes in working capital				
Inventories	**145 362**	(74 197)	**–**	–
Trade and other receivables	**56 443**	37 488	**(107)**	(29)
Trade and other payables	**(199 508)**	105 354	**(127)**	(5 263)
	96 191	223 822	**(230)**	(5 293)

32. CASH GENERATED FROM/(USED IN) OPERATIONS continued

Changes in liabilities arising from financing activities	Borrowings R'000	Lease liabilities R'000	Total R'000
Balance as at 1 July 2019	**683 436**	**18 147**	**701 583**
Cash flow movements			
Proceeds from borrowings	**11 580**	**–**	**11 580**
Repayment of borrowings	**(111 542)**	**–**	**(111 542)**
Lease payments	**–**	**(10 106)**	**(10 106)**
Non-cash flow movements			
Loan raising fee	**424**	**–**	**424**
Finance cost	**–**	**1 622**	**1 622**
Increase in lease liabilities	**–**	**2 997**	**2 997**
Variable lease payments	**–**	**(358)**	**(358)**
Balance as at 30 June 2020	**583 898**	**12 302**	**596 200**
Balance as at 1 July 2018	804 595	22 399	826 994
Cash flow movements			
Proceeds from borrowings	39 655	–	39 655
Repayment of borrowings	(162 122)	–	(162 122)
Lease payments	–	(9 622)	(9 622)
Non-cash flow movements			
Loan raising fee	1 308	–	1 308
Finance cost	–	2 077	2 077
Increase in lease liabilities	–	3 293	3 293
Balance as at 30 June 2019	683 436	18 147	701 583

33. TAX REFUNDED/(PAID)

	GROUP		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Balance at the beginning of the year	**10 983**	3 348	**(17)**	(15)
Current tax recognised in profit or loss	**(2)**	(1 024)	**(2)**	(1)
Balance at the end of the year	**(475)**	(10 983)	**2**	17
Total	**10 506**	(8 659)	**(17)**	1

34. OPERATING SEGMENTS

The Group has three reportable segments, as described below, 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 operating 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:** Four sawmills located in close proximity to Sabie, Graskop, White River and Warburton that produce and sell a broad range of structural and industrial sawn timber products.
  - **Plywood:** A 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 eight distribution centres located in Pretoria, Germiston, Polokwane, Bloemfontein, Port Elizabeth, Durban, Upington and Cape Town, that sell timber-related products from the sawmills, plywood plant and external suppliers. During the year the Bloemfontein and Upington facilities were no longer being used. The lease liability expires in the 2021 financial year.

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 38 for disclosure on major customers.

Performance in internal management reports is measured based on earnings before interest, taxation, depreciation and amortisation (EBITDA). 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 2020:

	GROUP			
	Processing plants R'000	Wholesale R'000	Forestry and Fleet R'000	Total R'000
2020				
Revenue: External sales	933 437	448 816	53 119	1 435 372
Revenue: Inter-segment sales	218 883	–	645 376	864 259
	1 152 320	448 816	698 495	2 299 631
Depreciation, amortisation and impairments	(61 117)	(8 386)	(18 780)	(88 283)
Reportable segment profit/(loss)*	8 187	9 147	(4 977)	12 357
Material non-cash item:				
– Fair value adjustment to biological assets	–	–	(159 301)	(159 301)
Capital expenditure	27 457	409	13 379	41 245

** Being earnings before interest, taxation, depreciation and amortisation (EBITDA) and fair value adjustments.*

34. OPERATING SEGMENTS continued

	Processing plants R'000	Wholesale R'000	Forestry and Fleet R'000	Total R'000
	GROUP			
2019				
Revenue: external sales	955 009	562 402	77 247	1 594 658
Revenue: inter-segment sales	351 099	–	708 813	1 059 912
	1 306 108	562 402	786 060	2 654 570
Depreciation, amortisation and impairments	(61 583)	(8 202)	(231 667)	(301 452)
Reportable segment profit/(loss)*	51 838	(1 051)	122 843	173 630
Material non-cash item:				
– Fair value adjustment to biological assets	–	–	203 672	203 672
Capital expenditure	37 657	392	36 197	74 246

** Being earnings before interest, taxation, depreciation and amortisation (EBITDA) and fair value adjustments.*

	GROUP 2020 R'000	GROUP 2019 R'000
Reconciliation of reportable segment revenue and profit		
Revenue		
Total revenue for reportable segments	**2 299 631**	2 654 570
Other revenue	**12 797**	5 864
Elimination of inter-segment revenue	**(873 603)**	(1 059 912)
Consolidated revenue	**1 438 825**	1 600 522
Profit		
Total EBITDA for reportable segments	**12 357**	173 630
Depreciation and amortisation for reportable segments	**(88 283)**	(93 640)
Impairment of goodwill allocated to forestry	**–**	(207 812)
Depreciation and amortisation and impairment for other segments	**(5 472)**	(9 530)
Non-reporting segments EBITDA	**(710)**	31 038
Operating loss	**(82 108)**	(106 314)

Refer to note 38 where sales to the three largest customers are disclosed. Refer also to note 27, where the components of operating profit are disclosed.

	GROUP 2020 R'000	GROUP 2019 R'000
Revenue per geographical area		
South Africa	**1 177 936**	1 384 318
Southern Africa Development Community (SADC)	**167 823**	158 725
International (non-SADC)**	**93 066**	57 479
Total	**1 438 825**	1 600 522

*** International sales refer to plywood sales to the United Kingdom, Belgium, China and the United States of America.*

35. COMMITMENTS

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Authorised capital expenditure				
Already contracted for but not provided for				
– Property, plant and equipment	**20 322**	6 502	**–**	–
Not yet contracted for				
– Property, plant and equipment	**91 694**	28 199	**–**	–

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.

36. 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 Botswana Proprietary Limited York Timbers Chile Limitada Mbulwa Estates Proprietary Limited York Power (RF) York Power (RF) Proprietary Limited York Carbon Proprietary Limited** York Agri (RF) Proprietary Limited
Other related entities	York Timbers Community Proprietary Limited York Timbers Staff Proprietary Limited
Directors	Refer to note 37

* *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 (2019: 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 and York Timbers Botswana Proprietary Limited which are incorporated and domiciled in Chile and Botswana, 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.

36. RELATED PARTIES continued

Related party transactions

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Recoveries received from				
York Timbers Proprietary Limited	**–**	–	**(4 606)**	(6 668)

The directors held 4 519 410 shares (2019: 4 519 410 shares) in York Timber Holdings Limited.

37. DIRECTORS' EMOLUMENTS

	Emoluments R'000	Other benefits* R'000	Total R'000
2020			
Executive			
GCD Stoltz	**2 322**	**210**	**2 532**
PP van Zyl	**5 145**	**1 050**	**6 195**
	7 467	**1 260**	**8 727**

	Emoluments R'000	Other benefits* R'000	Retention payment** R'000	Total R'000
2019				
Executive				
GCD Stoltz	2 186	220	–	2 406
PP van Zyl	5 253	1 046	10 000	16 299
	7 439	1 266	10 000	18 705

* *Relates to expense allowance and pension fund contributions.*

** *The retention payment was awarded in lieu of share appreciation rights that expired at maturity date at no value.*

37. DIRECTORS' EMOLUMENTS continued

	Directors' fees R'000	Total R'000
2020		
Non-executive		
AW Brink	**389**	**389**
Dr AP Jammine	**392**	**392**
HM Mbanyele-Ntshinga	**319**	**319**
SAU Meer	**203**	**203**
DM Mncube	**412**	**412**
Dr JP Myers	**740**	**740**
KM Nyanteh	**324**	**324**
	2 779	**2 779**
2019		
AW Brink	168	168
Dr AP Jammine	442	442
HM Mbanyele-Ntshinga	114	114
DM Mncube	439	439
Dr JP Myers	1 093	1 093
SAU Meer	276	276
T Mokgatlha	146	146
KM Nyanteh	136	136
M Mouyeme	146	146
PC Botha	188	188
G Tipper	188	188
	3 336	3 336

Equity-settled share-based payment

	Awards held at the beginning of the year '000	Awards held at the end of the year '000	Fair value of options at grant date R	Total value provided at the end of the year R'000
2020				
GCD Stoltz	**752**	**752**	**2,60**	**889**
2019				
GCD Stoltz	752	752	2,60	644

38. 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 (excluding derivative financial liabilities) disclosed in note 19, 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.

Covenants compliance

Under the conditions of the Term Loan Facility Agreement (the Facility Agreement) with the Landbank (the Lender), the Company must notify the Lender immediately once it becomes aware of a potential breach of any of the financial covenants under the facility agreement, one of which is the interest cover ratio.

On 9 June 2020, the Company informed the Lender of a potential breach of its interest cover ratio for the measurement period ending 30 June 2020. This financial covenant is measured quarterly, on a rolling 12-month basis. There was no breach of this financial covenant for the first three quarters of the 2020 financial year. The fourth quarter was significantly impacted by the national lockdown imposed by Government due to the COVID-19 pandemic. This resulted in lower earnings and the resultant breach.

Under the Facility Agreement, the Company has the contractual right to remedy a breach within 20 business days after being notified by the Lender to do so. Alternatively, the Lender can waive the breach.

Should the Company not be able to remedy the breach within the 20-business day period (the remedy period) or the breach is not waived by the Lender, an Event of Default occurs at this time which amongst others, provides the Lender with the right to demand payment of the outstanding debt.

At 30 June 2020, the interest cover ratio was breached. The Lender had not notified the Company that it had to remedy the breach within the remedy period as noted above. Notwithstanding this, the Company's rights under the Facility Agreement entitled it to remedy the breach with some of the available remedies being under the control of the Company. At the reporting date, no Event of Default had thus occurred and as a result the Lender had no right to demand repayment of the debt. As such, the Company continued to have an unconditional right in terms of the contract to defer settlement of the liability for at least 12 months after reporting date.

Based on the conclusion noted above, it therefore follows that the portion of debt which under the terms of the Facility Agreement is repayable after 12 months from the reporting date, has been classified as non-current whereas the portion that is payable within 12 months after the reporting date, has been classified as current.

After year-end the Lender opted to waive the interest cover ratio breach.

The capital structure and gearing ratio of the Group at the reporting date were as follows:

		GROUP		COMPANY	
	Note	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Borrowings repayable within one year	19	**165 976**	152 571	**–**	–
Borrowings repayable after one year	19	**417 922**	530 865	**–**	–
Total borrowings		**583 898**	683 436	**–**	–
Cash and cash equivalents	15	**(3 012)**	(88 941)	**–**	–
Net borrowings		**580 886**	594 495	**–**	–
Equity		**2 880 872**	3 096 717	**–**	–
Gearing ratio (%)		**20**	19	**–**	–

38. 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.

From time to time, the Group uses derivative financial instruments to hedge certain identified risk exposures, as deemed necessary by the Group's Executive Committee.

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.

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

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Credit risk continued

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

		2020			2019		
	Note	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
GROUP							
Other financial assets at amortised cost	10	**53 331**	**–**	**53 331**	61 903	–	61 903
Trade and other receivables	13	**167 889**	**(13 547)**	**154 342**	218 008	(8 768)	209 240
Cash and cash equivalents	15	**48 430**	**–**	**48 430**	89 003	–	89 003
		269 650	**(13 547)**	**256 103**	368 914	(8 768)	360 146
COMPANY							
Loans to Group companies	9	**1 345 428**	**–**	**1 345 428**	1 345 673	–	1 345 673
Trade and other receivables	13	**198**	**(178)**	**20**	198	(178)	20
		1 345 626	**(178)**	**1 345 448**	1 345 871	(178)	1 345 693

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 29% (2019: 32%) of the Group's revenue is attributable to sales transactions with three (2019: three) multi-national customers. These are customers of the processing plants and wholesale.

	GROUP		COMPANY	
	2020 %	2019 %	2020 %	2019 %
Customer				
A	**12**	15	**–**	–
B	**9**	9	**–**	–
C	**8**	8	**–**	–
	29	32	**–**	–

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

	Credit ratings of financial institution	Cash and cash equivalents R '000
FirstRand Bank Limited	P -3	27 372
Standard Bank	P -2	72
Absa Bank	P 3	(24 602)
		2 842

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

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 and marketable securities, the availability of funding through an adequate level of committed credit facilities and ensuring an ability to close out market positions. 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 ongoing 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				
	Note	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000
2020						
Non-current liabilities						
Borrowings	19	**–**	**160 638**	**193 749**	**64 321**	**418 708**
Current liabilities						
Trade and other payables	23	**231 070**	**–**	**–**	**–**	**231 070**
Borrowings	19	**165 976**	**–**	**–**	**–**	**165 976**
Bank overdraft	15	**45 417**	**–**	**–**	**–**	**45 417**
		442 463	**160 638**	**193 749**	**64 321**	**861 171**
2019						
Non-current liabilities						
Borrowings	19	–	149 709	257 623	124 743	532 075
Current liabilities						
Trade and other payables	23	431 374	–	–	–	431 374
Borrowings	19	152 571	–	–	–	152 571
Bank overdraft	15	62	–	–	–	62
		584 007	149 709	257 623	124 743	1 116 082

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Liquidity risk continued

	Note	COMPANY Less than 1 year R'000	COMPANY Total R'000
2020			
Current liabilities			
Trade and other payables	23	**1 411**	**1 411**
2019			
Current liabilities			
Trade and other payables	23	1 677	1 677

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 Company operates in three geographical segments, namely South Africa, countries within the Southern African Development Community (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 Company 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 Company to currency risks. Most of the Company's purchases are denominated in SA Rand. However, certain engineering machinery and equipment denominated in US Dollar (USD) was purchased during the year. This exposed the Company to changes in the foreign exchange rates. Sales denominated in foreign currency provides a natural hedge to purchases denominated in foreign currency. This is done on an *ad hoc* basis, as deemed appropriate or when required by the supplier. A net profit of R4,5 million (2019: R1,9 million) was realised.

The Company's borrowings and 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:

	GROUP 2020 USD'000	GROUP 2019 USD'000
US Dollar exposure:		
Current assets		
Cash and cash equivalents	**2 047**	676

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Foreign currency sensitivity analysis

The following information presents the sensitivity of the Company 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			
	2020		2019	
Increase or decrease in rate	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
Impact on profit or loss				
South African Rand	**373**	**(373)**	95	(95)

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.

The sensitivity analysis of interest is disclosed in note 19.

Interest rate profile

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

		GROUP			
		Average effective interest rate		Carrying amount	
	Note	2020 %	2019 %	2020 R'000	2019 R'000
Liabilities					
Borrowings	19	**6 – 9**	7,88 – 10,25	**584 684**	684 646

39. 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

		GROUP		COMPANY	
Level 2	**Note**	**2020 R'000**	**2019 R'000**	**2020 R'000**	**2019 R'000**
Recurring fair value measurements					
Assets					
Investment property	4	**30 740**	30 740	**–**	–
Total		**30 740**	30 740	**–**	–

Levels of fair value measurements

		GROUP		COMPANY	
Level 3	**Note**	**2020 R'000**	**2019 R'000**	**2020 R'000**	**2019 R'000**
Recurring fair value measurements					
Assets					
Biological assets					
Trees in a plantation forest	5	**2 906 890**	3 154 557	**–**	–
Goodwill					
Goodwill	6	**357 630**	357 630	**–**	–
Total		**3 264 520**	3 512 187	**–**	–

40. GOING CONCERN

The South African economy was affected by the news of the first confirmed cases of COVID-19 in the country and this led to the President declaring a national state of disaster on 15 March 2020. The President made a further announcement on 23 March 2020 that the country will effectively be placed in lockdown from midnight on 26 March 2020 (National Lockdown) and measures were put in place since then to contain the virus.

The Group was affected by the national lockdown implemented by the South African Government as the sawmilling and plywood operations were not in full production due to a decrease in market demand as a result of the lockdown regulations. The Group has developed health and safety protocols with a prevention and mitigation plan in place for COVID-19 and focus was placed on selling from available stock. As the reopening of sectors came into effect with the changes in lockdown regulations, a staggered reopening was introduced where all operations were back to capacity levels from 1 July 2020 to meet the change in market demand.

The Group reported a loss for the period of R217 million compared to a loss of R36 million in the preceding year. The loss is mainly attributable to the fair value adjustment on the biological asset as well as a decrease in sales volumes due to the national lockdown, and dumping of Brazilian plywood in the South African market.

In response to the decrease in economic activity as a result of the lockdown regulations the Group has taken the following actions:

- The Group's total amount of facilities available for operating activities and commitments increased by R20 million.
- The Group received a three-month repayment holiday from Absa Bank and Land Bank.
- The Group received a waiver of the interest cover ratio covenant from Land Bank that arose due to the impact of COVID-19. Based on the 12 month forecast, the Group does not expect to breach the loan covenants. Refer to financial instruments and risk management, note 38, for detail on loan covenants.
- The Group reduced cost, and reassessed capital projects to manage cash flow.
- The Group received rent relief and deferral of rent payments on warehouse facilities.
- A staggered reopening of operations was brought into effect to manage working capital levels.
- A section 189A, in terms of the Labour Relations Act, restructuring is in progress at one of the sawmills and a property that operated as a lodge will be converted to office space.
- In anticipation of the slowdown in market demand, post COVID-19, the Group has reduced production capacity.
- In order to generate cash, sales from stock resulted in a reduction in stock levels of R112,4 million from March 2020 to June 2020.

Management assessed the impact of the outbreak and the appropriateness of the use of the going concern assumption in the preparation of these financial statements through a review of the 2021 forecasted budget, cash flow forecast and arrangements made with financial institutions and key suppliers. Given the headroom between the fair value of total assets over total liabilities, the Group is solvent. To address the liquidity constraints during the lockdown period a temporary overdraft facility of R80 million (R20 million above original facility) was secured with Absa Bank and a repayment holiday of three months with Absa Bank and Land Bank. The working capital levels are monitored on a monthly basis to address the risk of cash pressure faced by the Group over the short term. As at 30 June 2020, the Group had cash and cash equivalents of R3 million and available facilities of R80 million.

Based on the assessment performed, management is of the view that the doubt associated with the current uncertainties related to COVID-19 currently does not result in a material uncertainty related to such events or conditions that may cast doubt on the Group's ability to continue as a going concern.

41. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events not in the ordinary course of business that occurred after the reporting date and up to the date of this report.

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

42. EARNINGS PER SHARE

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Earnings per share				
Basic loss per share (cents)	**(69)**	(11)	**–**	–
Diluted basic loss per share (cents)	**(69)**	(11)	**–**	–

The bonus element of the share-based payment did not have a dilutive effect on the shares (2019: did not have a dilutive effect).

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Reconciliation of profit or loss for the year to basic earnings				
Profit/(loss) for the year attributable to equity holders of the Parent	**(217 637)**	**(36 268)**	**4**	3
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	**316 048**	316 048	**331 241**	331 241
Adjusted for:				
Bonus element of share-based payment	**2 825**	1 391	**2 825**	1 391
	318 873	317 439	**334 066**	332 632

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Headline earnings and diluted headline earnings per share				
Headline earnings per share (cents)	**(70)**	50	**–**	–
Diluted headline earnings per share (cents)	**(70)**	50	**–**	–

The bonus element of the share-based payment did not have a dilutive effect on the shares (2019: had a dilutive effect).

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Reconciliation between (loss)/earnings and headline earnings				
Basic (loss)/earnings	**(217 637)**	(36 268)	**4**	3
Adjusted for:				
Profit on sale of assets	**(3 749)**	(19 408)	**–**	–
Tax on profit on sale of assets	**1 050**	5 434	**–**	–
Impairment of property, plant and equipment	**155**	4 128	**–**	–
Tax on impairment of property, plant and equipment	**(43)**	(1 156)	**–**	–
Fair value adjustment of investment property	**–**	(4 229)	**–**	–
Tax on fair value adjustment of investment property	**–**	1 184	**–**	–
Impairment of goodwill	**–**	207 812	**–**	–
Headline (loss)/earnings	**(220 224)**	157 497	**4**	3

42. EARNINGS PER SHARE continued

	GROUP		COMPANY	
	2020	**2019**	**2020**	**2019**
Core earnings per share				
Core (loss)/earnings per share (cents)	**(33)**	8	**–**	–
Diluted core (loss)/earnings per share (cents)	**(33)**	8	**–**	–

	GROUP		COMPANY	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Reconciliation between (loss)/earnings and core earnings				
Basic (loss)/earnings	**(217 637)**	(36 268)	**4**	3
Adjusted for:				
Fair value adjustment on biological assets	**159 301**	(203 672)	**–**	–
Tax on fair value adjustment on biological assets	**(44 604)**	57 028	**–**	–
Impairment of goodwill	**–**	207 812	**–**	–
Core (loss)/earnings	**(102 940)**	24 900	**4**	3

SHAREHOLDERS' PROFILE

as at 30 June 2020

	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
Shareholder spread				
1 – 1 000 shares	845	51,18	218 302	0,07
1 001 – 10 000 shares	442	26,77	1 959 996	0,59
10 001 – 100 000 shares	282	17,08	9 177 530	2,77
100 001 – 1 000 000 shares	59	3,58	17 639 799	5,33
1 000 001 shares and more	23	1,39	302 244 970	91,24
Total shareholders	**1 651**	**100,00**	**331 240 597**	**100,00**
Shareholder type				
Assurance companies	1	0,06	26 885 192	8,12
Close corporations	17	1,03	969 371	0,29
Collective investment schemes	11	0,67	85 731 345	25,88
Custodians	6	0,36	4 685 033	1,41
Foundations and charitable funds	4	0,24	155 243	0,05
Hedge funds	1	0,06	8 066 667	2,44
Investment partnerships	2	0,12	358 000	0,11
Managed funds	1	0,06	671 618	0,20
Private companies	54	3,27	73 761 077	22,27
Public companies	2	0,12	140	–
Public entities	1	0,06	95 136 513	28,72
Retail shareholders	1 488	90,13	27 162 081	8,20
Retirement benefit funds	1	0,06	60 000	0,02
Share schemes	1	0,06	48 200	0,01
Stockbrokers and nominees	7	0,43	233 036	0,07
Trusts	53	3,21	7 315 660	2,21
Unclaimed scrip	1	0,06	1 421	–
	1 651	**100,00**	**331 240 597**	**100,00**
Key shareholders				
Directors and associates (excluding employee share schemes)	2	0,12	4 519 410	1,36
Strategic holdings (more than 10%)	1	0,06	95 136 513	28,72
Empowerment	4	0,24	95 687 795	28,89
Share schemes	1	0,06	48 200	0,01
	8	0,48	195 391 918	58,98
Public shareholders	1 643	99,52	135 848 679	41,02
	1 651	**100,00**	**331 240 597**	**100,00**
Beneficial shareholders holding > 3% of issued shares				
Industrial Development Corporation			95 136 513	28,72
Lereko Investments			54 915 003	16,58
Old Mutual Group			46 946 334	14,17
Bridge Creek Trading 10 Proprietary Limited			29 356 410	8,86
Agentimber Proprietary Limited			15 192 584	4,59
Auburn Avenue Trading 55 Proprietary Limited			11 416 382	3,45
Saprop Investments Limited			10 500 000	3,17
			263 463 226	**79,54**

NOTICE OF ANNUAL GENERAL MEETING

YORK TIMBERS

YORK TIMBER HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1916/004890/06)
(**York** or the **Company** or the **Group**)
ISIN: ZAE000133450
Share code: YRK

Notice is hereby given that an annual general meeting (**AGM**) of shareholders of the Company will be held remotely on Wednesday, 11 November 2020 at 09:00, through an interactive electronic platform, subject to any cancellation, postponement or adjournment, to deal with such business as may lawfully be dealt with at an AGM and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act of South Africa, 71 of 2008, as amended (the **Companies Act**), the memorandum of incorporation of the Company (**MOI**) and the JSE Limited Listings Requirements (**JSE Listings Requirements**).

The Company has retained the services of The Meeting Specialist Proprietary Limited (TMS) to remotely host the AGM on an interactive electronic platform in order to facilitate remote attendance, participation and voting by shareholders and/or their proxies.

The notice of the Company's AGM has been sent to shareholders who were recorded as such in the Company's securities register maintained by the transfer secretaries (Computershare Investor Services Proprietary Limited) on Friday, 2 October 2020, being the record date used to determine which shareholders are entitled to receive this notice of AGM.

The record date on which shareholders must be recorded as such in the Company's securities register for the purpose of being entitled to participate in and vote at the AGM is Friday, 30 October 2020. The last day to trade in order to be entitled to participate in and vote at the AGM will be Tuesday, 27 October 2020.

Meeting participants (including shareholders and proxies) are required to provide satisfactory identification before being entitled to electronically attend or participate at the AGM. Forms of identification include valid identity documents, driver's licences and passports.

In accordance with regulation 43(5)(c) of the Companies Regulations, 2011, promulgated under the Companies Act, a member of the Social and Ethics Committee is required to report to shareholders at the AGM on the matters within the mandate of the Social and Ethics Committee. The Social and Ethics Committee's report is contained on page 18 of the annual report.

Shareholders are requested to consider, and if deemed fit, pass, with or without modification, the following resolutions by way of separate resolutions:

ORDINARY RESOLUTION NUMBER 1

Adoption of the consolidated and separate annual financial statements for the year ended 30 June 2020

"Resolved that the consolidated and separate annual financial statements of the Company and its subsidiaries, incorporating the reports of the external auditor, Audit Committee of the Company (**Audit Committee**) and directors of the Company (**directors**) for the year ended 30 June 2020, be and are hereby adopted."

The consolidated and separate annual financial statements of the Company, as approved by the Board of Directors of the Company (the **Board**), incorporating the reports of the external auditor, Audit Committee and directors for the year ended 30 June 2020, have been distributed as required and are presented.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

The complete consolidated and separate annual financial statements and annual report are available on the Company's website:
http://www.york.co.za/investors-relations/annualreport2020.pdf.

ORDINARY RESOLUTIONS NUMBERS 2.1 TO 2.4

Re-election of directors

"Resolved that shareholders elect each director listed below, by way of a separate vote, who retire by rotation in terms of the MOI, and who, being eligible, have offered themselves for re-election:

2.1 Dinga Mncube;
2.2 Max Nyanteh;
2.3 Hetisani Mbanyele-Ntshinga; and
2.4 Andries Brink."

Brief résumés in respect of each director are contained on page 12 of the annual report.

The percentage of voting rights that will be required for each of these resolutions to be adopted is more than 50% of the votes exercised on each resolution.

ORDINARY RESOLUTION NUMBER 3

Re-appointment of the external auditor

"Resolved that PricewaterhouseCoopers Inc. (with Mr Schalk Barnard being the designated external audit partner) be and are hereby re-appointed as the external auditor of the Company from the conclusion of this AGM."

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

ORDINARY RESOLUTIONS NUMBERS 4.1 TO 4.3

Re-election of the Audit Committee members

"Resolved that shareholders elect, by way of a separate vote, the following independent non-executive directors as members of the Audit Committee, subject to their re-election as directors (where applicable) in terms of ordinary resolutions numbers 2.2 and 2.4, with effect from the end of this AGM until the conclusion of the next AGM of the Company:

4.1 Andries Brink;

4.2 Dr Azar Jammine; and

4.3 Max Nyanteh."

Brief résumés of these directors offering themselves for election as members of the Audit Committee are contained on page 12 of the annual report.

The percentage of voting rights that will be required for each of these resolutions to be adopted is more than 50% of the votes exercised on each resolution.

ORDINARY RESOLUTIONS NUMBERS 5.1 AND 5.2

Endorsement of the Company's remuneration policy and implementation report

5.1 "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy, as set out on page 19 of the annual report."

5.2 "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration implementation report, as set out on page 19 of the annual report."

The percentage of voting rights that will be required for each of these non-binding advisory resolutions to be adopted is more than 50% of the votes exercised on each resolution.

SPECIAL RESOLUTION NUMBER 1

General authority to acquire/repurchase shares

"Resolved that the Company and its subsidiaries be and are hereby authorised by way of a general authority, to acquire from time to time the issued ordinary shares of the Company upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the MOI, the JSE Listings Requirements and the provisions of the Companies Act, where applicable and provided that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty;
- this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 1;
- an announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- acquisitions of shares in aggregate in any one financial year may not exceed 10% of the Company's ordinary issued share capital, as the case may be, as at the date of passing of this special resolution number 1, provided that the acquisition of shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued shares in the Company are held by or for the benefit of all the subsidiaries of the Company taken together;
- ordinary shares will not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares for the five business days immediately preceding the date the transaction is effected;
- the Company has been given authority by its MOI;
- at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such acquisition;
- a resolution has been passed by the Board confirming that the Board has authorised the general repurchase, that the Company and its subsidiaries passed the solvency and liquidity test and that, since the test was done, there have been no material changes to the financial position of the Group; and
- the Company and/or its subsidiaries will not acquire any shares during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place, where dates and quantities of ordinary shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed to the JSE, in writing, prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE."

The JSE Listings Requirements require, in terms of paragraph 11.26(b), the following disclosures, which appear in the annual report:

- Major shareholders on page 95; and
- Share capital of the Company on page 95.

Litigation statement

The directors, whose names appear on page 12 of the annual report, of which this notice of AGM forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on page 12 of the annual report of which this notice of AGM forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution number 1 contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice of AGM.

Statement of the Board's intention

The directors consider that such a general authority should be put in place should an opportunity present itself to do so during the upcoming financial year, which is in the best interests of the Company and its shareholders.

The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any of its subsidiaries to be in a position to acquire issued shares through the order book of the JSE, should the market conditions, tax dispensation and price justify such an action.

The percentage of voting rights that will be required for this resolution to be adopted is at least 75% of the votes exercised on the resolution.

Reason for and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to grant the Company and/or its subsidiaries general approval to acquire the Company's issued shares on such terms and conditions and at such amounts determined from time to time by the directors and subject to the limitations set out above.

SPECIAL RESOLUTIONS NUMBERS 2.1 TO 2.6

Remuneration of non-executive directors

"Resolved that the fees payable by the Company to non-executive directors for their services as directors (in terms of section 66 of the Companies Act) be and are hereby approved, by way of separate votes, for the period from January 2021 to December 2021 as follows:

Resolution			Proposed remuneration for the period from 1 January 2021 to 31 December 2021 (annual fee paid bi-annually in arrears) R'000
2.1	Chairman of the Board		814
2.2	Non-executive directors		208
Resolution	**Committee**	**Chairman R'000**	**Member R'000**
2.3	Audit	124	67
2.4	Social and Ethics	124	67
2.5	Risk and Opportunity	124	67
2.6	Remuneration and Nomination	124	67

The percentage of voting rights that will be required for each of these resolutions to be adopted is at least 75% of the votes exercised on each resolution.

Reason for and effect of special resolutions numbers 2.1 to 2.6

The Companies Act requires shareholder approval of non-executive directors' fees prior to payment of such fees.

VOTING INSTRUCTIONS

In terms of the Companies Act, any shareholder entitled to electronically attend, participate in and vote at the AGM may appoint one or more persons as proxy, to electronically attend, participate and vote in his/her stead. A proxy need not be a shareholder of the Company.

TMS will assist shareholders with the requirements for electronic attendance, participation in, and/or voting at the AGM. Shareholders who wish to electronically attend, participate in and/or vote at the AGM are required to contact TMS at proxy@tmsmeetings.co.za or on +27 (0)11 520 7950/1/2 as soon as possible and not later than 48 hours before the time fixed for the AGM (excluding Saturdays, Sundays and public holidays), being Monday, 9 November 2020 at 09:00. Shareholders participating in this manner may still appoint a proxy to vote on their behalf at the AGM. Access by means of electronic communication will be at the expense of the individual shareholder.

Forms of proxy must be emailed to TMS via proxy@tmsmeetings.co.za or deposited at the office of TMS at JSE Building, One Exchange Square, 2 Gwen Lane, Sandown, 2196, not later than 48 hours before the time fixed for the AGM (excluding Saturdays, Sundays and public holidays), being Monday, 9 November 2020 at 09:00 or be submitted to the Chairman of the AGM or the meeting facilitator, TMS, before the appointed proxy exercises any of the relevant shareholder's rights.

If your York shares have been dematerialised and are held in a nominee account, then your Central Securities Depository Participant (**CSDP**) or broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the AGM and thereafter cast your vote in accordance with your instructions.

If you have not been contacted, it would be advisable for you to contact your CSDP or broker, as the case may be, and furnish them with your instructions. If your CSDP or broker, as the case may be, does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, or if the mandate is silent in this regard, to abstain from voting.

Dematerialised shareholders whose shares are held in a nominee account must not complete the attached form of proxy. Unless you advise your CSDP or broker timeously in terms of the agreement between yourself and your CSDP or broker by the cut-off time advised by them that you wish to electronically attend the AGM or appoint a proxy to represent you at the AGM, your CSDP or broker will assume you do not wish to electronically attend the AGM or appoint a proxy. If you wish to electronically attend the AGM, your CSDP or broker will issue the necessary letter of representation to you to electronically attend the AGM.

Shareholders who have dematerialised their shares through a CSDP or broker, other than "own name" registered dematerialised shareholders, who wish to electronically attend the AGM, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/ mandate entered into between them and the CSDP or broker.

SHAREHOLDER RIGHTS

In terms of section 58 of the Companies Act, shareholders have rights to be represented by proxy as herewith stated. An extract of section 58 is included in the form of proxy on page 102.

PRINTING AND DISTRIBUTION OF THE ANNUAL REPORT

In line with York's continuous efforts to contain costs, and the environmental benefits of electronic communication with shareholders, the Company hereby proposes to shareholders that various documents, records, statements and notices (report(s)) in respect of the Company, be, as far as possible, delivered to shareholders by electronic mail (email) or posted on the Company's website with an email alert being sent to shareholders notifying them that, *inter alia*, the reports are available on the Company's website.

Should you wish to avail yourself of these options, kindly request this *via* email to ecomms@computershare.co.za.

By order of the Board

Sue Hsieh
Company Secretary

28 September 2020

Meeting facilitator
The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square, 2 Gwen Lane
Sandown, 2196
PO Box 62043, Marshalltown, 2107
011 520 7951/0/2
proxy@tmsmeetings.co.za

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING AND PROPOSED RESOLUTIONS

ORDINARY RESOLUTION NUMBER 1: CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The ordinary business to be considered at the AGM is more fully governed in terms of the MOI. In summary, the ordinary business at an AGM is to receive and consider the consolidated and separate annual financial statements, to declare or sanction dividends (where applicable), to elect directors, the auditor and other officers in the place of those retiring by rotation or otherwise and to elect the Audit Committee members. No special business shall be transacted at an AGM unless due notice thereof has been given.

ORDINARY RESOLUTIONS NUMBERS 2.1 TO 2.4: RE-ELECTION OF DIRECTORS

The rotation of directors is more fully governed in terms of paragraphs 5.1.3 to 5.1.8 of the MOI, which require one-third of the non-executive directors to retire from office at the AGM. The retiring directors at each AGM shall be those who have been longest in office since their last election or appointment. If, at the date of the AGM, any director will have held office for a period of three years since his/her last election or appointment, he/she shall retire at such AGM either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the AGM at which he/she retires. The retiring directors may be re-elected provided that they are eligible. Dinga Mncube, Max Nyanteh, Hetisani Mbanyele-Ntshinga and Andries Brink offer themselves for re-election.

ORDINARY RESOLUTION NUMBER 3: APPOINTMENT OF THE EXTERNAL AUDITOR

The Audit Committee has nominated PricewaterhouseCoopers Inc. for appointment as the external auditor of the Company under section 90 of the Companies Act. In accordance with paragraph 3.84(g)(iii), as read with paragraph 22.15(h) of the JSE Listings Requirements, the Audit Committee has assessed the suitability of PricewaterhouseCoopers Inc. (with Mr Schalk Barnard being the designated external audit partner) for appointment as the external auditor.

Furthermore, the Audit Committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that PricewaterhouseCoopers Inc. is accredited and appears on the JSE list of Auditors and Accounting Specialists and that Mr Schalk Barnard does not appear on the JSE list of disqualified individual auditors, as set out in section 22 of the JSE Listings Requirements. The Board has accepted the recommendation of the Audit Committee, subject to shareholder approval as required in terms of section 90(1) of the Companies Act.

The external auditor will remain the appointed external auditor until the conclusion of the next AGM of the Company.

ORDINARY RESOLUTIONS NUMBERS 4.1 TO 4.3: RE-ELECTION OF THE AUDIT COMMITTEE MEMBERS

In terms of section 94(2) of the Companies Act, and in compliance with the King IV Report on Corporate Governance for South Africa, 2016 (**King IV**), the Company must elect an Audit Committee comprising at least three independent members. While the members of the Audit Committee are nominated by the Board, the election of each member to the Audit Committee must be individually approved by the shareholders at each AGM. The proposed members of the Audit Committee have experience in audit, accounting, economics, human resources, commerce and general industry, among others.

The Board confirms that Andries Brink, Dr Azar Jammine and Max Nyanteh are independent non-executive directors as contemplated in King IV and the JSE Listings Requirements.

Each proposed member of the Audit Committee is a suitably qualified and skilled director. The proposed members of the Audit Committee are, *inter alia*, not:

- involved in the day-to-day management of the Company and have not been so involved at any time during the previous financial year;
- prescribed officers or full-time employees of the Company or another related or inter-related company, or have been such an officer or employee at any time during the previous three financial years;
- material suppliers or customers of the Company; and
- related to any person who falls within the criteria set out above.

ORDINARY RESOLUTIONS NUMBERS 5.1 AND 5.2: ENDORSEMENT OF THE COMPANY'S REMUNERATION POLICY AND IMPLEMENTATION REPORT

King IV recommends, and the JSE Listings Requirements require, that a Company's remuneration policy and implementation report be tabled as separate non-binding advisory votes by shareholders at each AGM.

This enables shareholders to express their views on the Company's remuneration policy and implementation thereof.

Ordinary resolutions numbers 5.1 and 5.2 are of an advisory nature only and failure to pass one or both of these resolutions will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

Shareholders are reminded that in terms of King IV and the JSE Listings Requirements, should 25% or more of the votes cast be against one or both of the non-binding advisory resolutions, York undertakes to engage with its shareholders as to the reasons therefore, and undertakes to make recommendations based on the feedback received.

SPECIAL RESOLUTION NUMBER 1: GENERAL AUTHORITY TO ACQUIRE/REPURCHASE SHARES

This is to grant the Company and its subsidiaries a general authority to facilitate the acquisition by the Company and/or its subsidiaries of the Company's shares, which general authority shall be valid until the next AGM of the Company, provided that this general authority shall not extend beyond 15 months from the date of the passing of special resolution number 1. Having considered the current cash flow position of the Company, the Board could contemplate a general repurchase of shares.

SPECIAL RESOLUTIONS 2.1 TO 2.6: REMUNERATION OF NON-EXECUTIVE DIRECTORS

In terms of sections 66(8) – (9) of the Companies Act, remuneration may only be paid to directors for their service as directors, in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the MOI.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate his/her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by:

  (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

  (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise; and
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has:

    (i) directed such company to do so, in writing; and

    (ii) paid any reasonable fee charged by such company for doing so.

ELECTRONIC PARTICIPATION FORM

York Timber Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1916/004890/06)
(**York** or the **Company**)
ISIN: ZAE000133450
Share code: YRK

Electronic participation in the York Timber Holdings Limited ("Company") virtual annual general meeting held on 11 November 2020 at 09:00

ANNUAL GENERAL MEETING

- Shareholders or their proxies who wish to participate in the annual general meeting via electronic communication ("**Participants**"), must apply to the Company's meeting scrutineers to do so by e-mailing the form below ("**the application**") to the e-mail address of the Company's meeting scrutineers, The Meeting Specialist Proprietary Limited ("**TMS**"), by no later than 09:00am on Monday, 9 November 2020. The e-mail address is as follows: proxy@tmsmeetings.co.za.
- Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant ("**CSDP**") or broker in the manner and time stipulated in their agreement with their CSDP or Broker:
  – to furnish them with their voting instructions; and
  – in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.
- Each shareholder, who has complied with the requirements below, will be contacted between 9 November and 10 November 2020 via email/mobile with a unique link to allow them to participate in the virtual annual general meeting.
- The cost of the Participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the annual general meeting, must provide TMS with the information requested below.
- The Participant's unique access credentials will be forwarded to the email/cell number provided below.

APPLICATION FORM

Name and surname of shareholder	
Name and surname of shareholder representative (If applicable)	
ID number of shareholder or representative	
Email Address	
Cell number	
Telephone number	
Name of CSDP or Broker	
(If shares are held in dematerialised format)	
SCA number/Broker account number or	
Own name account number	
Number of shares	
Signature	
Date	

By signing this form, I agree to the terms and conditions on the following page and consent to the processing of my personal information above for the purpose of participation in the annual general meeting.

Terms and conditions for participation at York Timber Holdings Limited's annual general meeting to be held on 11 November 2020 at 9:00 via electronic communication

- The cost of dialing in using a telecommunication line/webcast/web-streaming to participate in the annual general meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
- The Participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies York Timber Holdings Limited and TMS and/or their third party service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against York Timber Holdings Limited and TMS and/or its third party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the general meeting.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the annual general meeting, must act in accordance with the requirements set out above.
- The annual general meeting will be recorded by TMS and the recording will be available upon request.
- Given the above, the Participant agrees not to record the meeting by any another means.
- Participants will be muted throughout the annual general meeting. There will be a question and answer session where participants may post questions on the virtual platform.
- Participants are required to have a stable internet connection to successfully participate in the annual general meeting.
- Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
- The application will only be deemed successful if this participation form has been fully completed and signed by the Participant and delivered or e-mailed to TMS at proxy@tmsmeetings.co.za.

Shareholder name:

Signature:

Date:

Important: You are required to attach a copy of your identity document/driver's licence/passport when submitting this form.

FORM OF PROXY

York Timber Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1916/004890/06)
(**York** or the **Company**)
ISIN: ZAE000133450
Share code: YRK

Form of proxy for the annual general meeting (AGM) to be held remotely on Wednesday, 11 November 2020 at 09:00, through an interactive electronic platform – for use by certificated ordinary shareholders and dematerialised ordinary shareholders with "own name" registration only.

Holders of dematerialised ordinary shares other than "own name" registration must inform their Central Securities Depository Participant (**CSDP**) or broker of their intention to electronically attend the AGM and request their CSDP or broker to issue them with the necessary authorisation to electronically attend the AGM or provide their CSDP or broker with their voting instructions should they not wish to electronically attend the AGM in person but wish to be represented thereat.

I/We ____
(Please print)

of (address) ____

Being the registered holder(s) of ____________________ ordinary shares in the capital of the Company do hereby appoint

1. ____ or failing him/her,

2. ____ or failing him/her,

the Chairman of the AGM as my/our proxy to act on my/our behalf at the AGM of the Company which will be held on Wednesday, 11 November 2020 at 09:00 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

		For	Against	Abstain
1.	**Ordinary resolution number 1:** Adoption of the annual financial statements			
2.	**Ordinary resolutions numbers 2.1 to 2.4:** Re-election of directors who retire by rotation (by separate resolutions):			
2.1	Dinga Mncube			
2.2	Max Nyanteh			
2.3	Hetisani Mbanyele-Ntshinga			
2.4	Andries Brink			
3.	**Ordinary resolution number 3:** Re-appointment of PricewaterhouseCoopers Inc. (with Mr Schalk Barnard being the designated external audit partner) as the external auditor			
4.	**Ordinary resolutions numbers 4.1 to 4.3:** Re-election of the Audit Committee members (by separate resolutions):			
4.1	Andries Brink			
4.2	Dr Azar Jammine			
4.3	Max Nyanteh			
5.	**Ordinary resolutions numbers 5.1 and 5.2:** Endorsement of the Company's remuneration policy and implementation report (by separate resolutions):			
5.1.	Endorsement of York's remuneration policy			
5.2	Endorsement of York's remuneration implementation report			
1.	**Special resolution number 1:** General authority to acquire (repurchase) shares			
2.	**Special resolution number 2:** Remuneration of non-executive directors (by separate resolutions):			

FORM OF PROXY continued

	For	Against	Abstain
For the period 1 January 2021 to 31 December 2021			
2.1 Chairman of the Board			
2.2 Non-executive directors			
2.3 Chairman and member of the Audit Committee			
2.4 Chairman and member of the Social and Ethics Committee			
2.5 Chairman and member of the Risk and Opportunity Committee			
2.6 Chairman and member of the Remuneration and Nomination Committee			

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

For further information and clarification on the use of this form of proxy, refer to the notes on page 100.

Signed at ______________________________ on ______________________________ 2020

____
Signature

____
Assisted by me (where applicable)

NOTES TO THE FORM OF PROXY

1. An ordinary shareholder holding dematerialised shares with "own name" registration, or who holds shares that are not dematerialised, may insert the name of a proxy or the names of up to two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting "the Chairman of the AGM". The person whose name stands first on the proxy form and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the Chairman of the AGM. A proxy need not be a shareholder of the Company.

2. An ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the Company. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of the entire shareholder's votes exercisable thereat. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the ordinary shareholder.

3. If any ordinary shareholder does not indicate on this instrument that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the AGM be proposed, the proxy shall be entitled to vote as he/she thinks fit.

4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from electronically attending, participating in and voting at the AGM instead of any proxy appointed in terms hereof.

5. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form, unless previously recorded by the Company or waived by the Chairman of the AGM.

6. The Chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

7. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.

8. It is requested that this form of proxy should be completed and returned to the Company's meeting facilitator, The Meeting Specialist Proprietary Limited (TMS), by any of the following methods so as to reach them by no later than Monday, 9 November 2020 at 09:00:

Delivery:	The Meeting Specialist JSE Building One Exchange Square 2 Gwen Lane Sandown 2196
Post:	PO Box 62043 Marshalltown 2107
Email:	proxy@tmsmeetings.co.za

9. Should a shareholder lodge the form of proxy with TMS less than 48 hours before the AGM, such shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the AGM before the appointed proxy exercises any such shareholder's rights at the AGM.

Additional forms of proxy are available from TMS on request.

CORPORATE INFORMATION

York Timber Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 1916/004890/06
JSE share code: YRK
ISIN: ZAE000133450
(**York** or the **Company** or the **Group**)

Tax reference number
9225/039/71/9

Country of incorporation and domicile
South Africa

Nature of business and principal activities
Operation of plantations, sawmills, a plywood plant and wholesale lumber sales

Auditor for the financial year ended 30 June 2020
PricewaterhouseCoopers Inc.
Chartered Accountants (SA)
Registered Auditors

Transfer secretaries
Computershare Investor Services Proprietary Limited

Sponsor
One Capital

Registered office and business address
York Corporate Office
3 Main Road, Sabie, 1260
Postal address
PO Box 1191, Sabie, 1260

Directors
Executive directors
Pieter van Zyl *(Chief Executive Officer)*
Gerald Stoltz *(Chief Financial Officer)*

Non-executive directors
Dr Jim Myers* *(Chairman, USA)*
Shakeel Meer
Dr Azar Jammine*
Dinga Mncube*
Max Nyanteh*
Hetisani Mbanyele-Ntshinga*
Andries Brink*
** Independent*

Company Secretary
Sue Hsieh

www.york.co.za

SHAREHOLDERS' DIARY

Financial year-end	30 June
Announcement of annual results	30 September 2020
Annual report posted	13 October 2020
Annual general meeting	11 November 2020
Announcement of interim results	March 2021

YORK TIMBERS

WWW.YORK.CO.ZA