YORK TIMBERS

INTEGRATED ANNUAL REPORT 2021

Table of contents

01 ABOUT YORK TIMBERS

02 CORPORATE GOVERNANCE

03 CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

04 SHAREHOLDERS' INFORMATION

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

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 Timbers, we introduce York, how we create value, what we offer, its eight-year financial overview and the risks and opportunities arising from its operating environment.

The Chairman's report and interim Chief Executive Officer's review outline 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.

ASSURANCE

PricewaterhouseCoopers Inc., our external auditor, audited the consolidated and separate annual financial statements and 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 (BBBEE) 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, Gabriël 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

Gabriël Stoltz
Interim Chief Executive Officer

27 September 2021

About 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 plantations**;
- 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 plantations 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

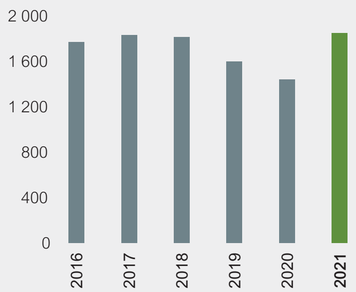
Timber has vast benefits as it is a sustainable resource, carbon positive, sustains rural development and is structurally and architecturally attractive. Consumers are committing to greater use of timber for housing, furniture, doors, frames, decking and other innovative purposes.

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.

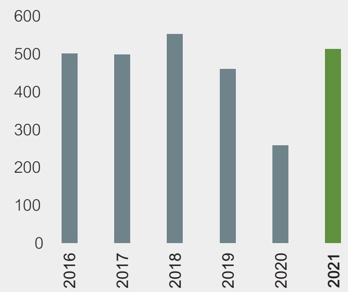
Financial overview

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

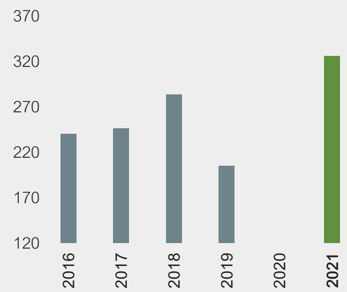
GROUP REVENUE
R'million



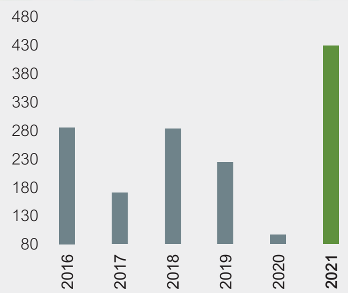
GROSS PROFIT
R'million



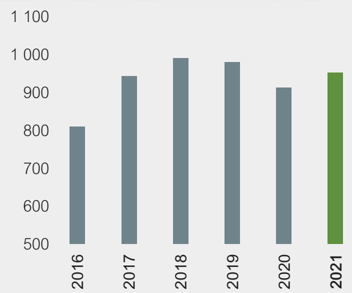
EBITDA
R'million



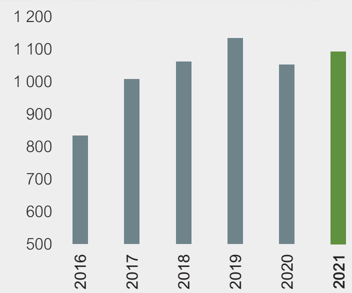
CASH GENERATED FROM OPERATIONS
R'million



NET ASSET VALUE (NAV)
cents



UNDERLYING TNAV
cents



R1 851 million
Revenue
(2020: R1 439 million ↑ 29%)

R1 338 million
Cost of sales
(2020: R1 181 million ↑ 13%)

R289 million
Other operating expenses
(2020: R340 million ↓ 15%)

R19 million
Non-operating gains/(losses)
(2020: R(159) million ↑ 112%)

R45 million
Net finance cost
(2020: R58 million ↓ 23%)

R(59) million
Taxation
(2020: R82 million ↓ 172%)

41 cents
Core earnings per share
(2020: loss per share of 33 cents ↑ 223%)

Eight-year financial review

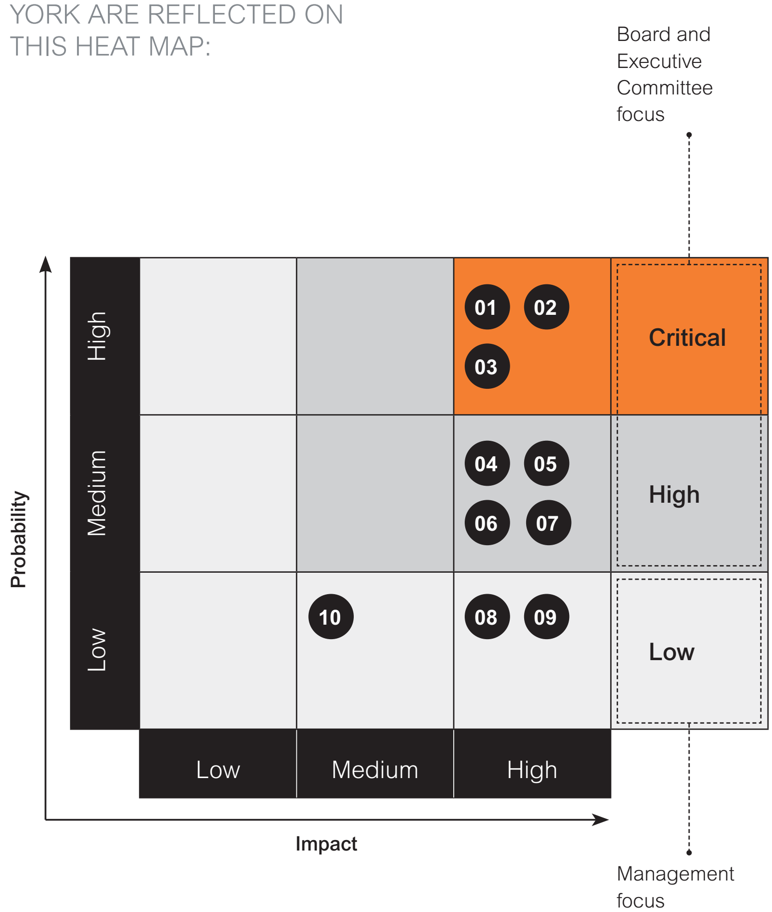
		Audited 2021	Audited 2020	Audited 2019	Audited 2018	Audited 2017	Audited 2016	Audited 2015	Audited 2014
Group revenue	R'000	**1 850 670**	1 438 825	1 600 522	1 812 350	1 832 805	1 771 049	1 543 149	1 323 976
Gross profit	R'000	**513 121**	258 067	460 355	552 631	497 502	500 566	404 415	377 945
Gross profit margin	%	***27,7***	*17,9*	*28,8*	*30,5*	*27,1*	*28,3*	*26,2*	*28,5*
Operating profit/(loss)	R'000	**224 271**	(82 108)	(106 314)	196 045	151 369	182 933	144 021	116 811
Operating margin	%	***12,1***	*(5,7)*	*(6,6)*	*10,8*	*8,3*	*10,3*	*9,3*	*8,8*
EBITDA	R'000	**325 675**	11 646	204 668	283 666	246 101	240 048	199 390	156 262
EBITDA to revenue	%	***17,6***	*0,8*	*12,8*	*15,7*	*13,4*	*13,6*	*12,9*	*11,8*
Net profit before finance costs	R'000	**247 116**	(238 392)	106 856	272 271	599 038	390 032	196 272	123 531
Finance costs	R'000	**48 447**	61 049	77 537	84 325	88 595	56 632	58 385	56 440
Cash flow from operations	R'000	**429 022**	96 191	223 822	283 173	169 979	284 963	182 574	151 461
Biological assets	R'000	**2 878 151**	2 906 890	3 154 557	2 918 550	2 828 518	2 334 327	2 140 067	2 103 092
Interest-bearing borrowings	R'000	**514 791**	583 898	683 436	804 595	912 302	894 145	743 360	562 616
Investment in property, plant and equipment	R'000	**82 096**	42 085	81 170	64 680	154 258	283 241	203 288	66 169
Net working capital	R'000	**117 162**	159 218	161 517	230 155	245 991	162 685	219 485	213 182
Basic earnings	R'000	**139 644**	(217 637)	(36 268)	138 280	367 286	238 212	101 468	50 994
Weighted average number of shares	Number	**317 080**	318 873	317 439	316 874	317 209	325 286	331 032	331 241
Earnings per share	cents	**44**	(69)	(11)	44	116	73	31	15
Core earnings per share	cents	**41**	(33)	8	26	17	31	21	16
Headline earnings per share	cents	**43**	(70)	50	45	116	73	29	14
EBITDA per share	cents	**103**	4	64	90	78	74	60	47
Net asset value per share	cents	**952**	912	980	990	943	809	731	703
Tangible net asset value per share	cents	**837**	796	866	811	768	649	565	531
Underlying TNAV	cents	**1 093**	1 052	1 134	1 061	1 007	834	739	708
Return on equity	%	***4,6***	*(7,6)*	*(1,2)*	*4,4*	*12,3*	*9,0*	*4,2*	*2,2*
Total cost	R'000	**1 626 399**	1 520 933	1 499 024	1 616 305	1 681 436	1 588 116	1 399 128	1 207 165
External log purchases	R'000	**247 834**	230 986	261 728	201 723	269 982	140 887	210 886	182 086
Cost excluding log purchases	R'000	**1 378 565**	1 289 947	1 237 296	1 414 582	1 411 454	1 447 229	1 188 242	1 025 079
Cost as % of revenue	%	***74,5***	*89,7*	*77,3*	*78,1*	*77,0*	*81,7*	*77,0*	*77,4*

Top 10 risks

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 on the following pages.

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 6 and 7.

York continually assesses its major risks and responses thereto.

Top 10 risks continued

High Medium Low

01/ LOG SUPPLY AND DELIVERY

- Inconsistent log supply to mills.
- South African Forestry Company Limited (SAFCOL) is failing to meet contractual obligations due to operational capacity constraints.
- Product mix is determined by the log mix delivered to the processing plants.

Probability

Impact

Mitigating strategies and opportunities arising

- Ongoing planning with SAFCOL on log supply.
- Agreement with SAFCOL on proposed co-operation models.
- Alternative log supply solutions are being actively pursued and procured.
- Consolidation of operations by implementing new technology.
- Spindleless peeler commissioned to provide flexibility in terms of log options.

02/ PLANT AVAILABILITY

- Certain mill equipment operating with either redundant spares or scarce and expensive replacement parts, resulting in production downtime.
- Ageing equipment.

Probability

Impact

Mitigating strategies and opportunities arising

- Improve maintenance plans and monitoring of equipment.
- Critical spares are kept in stock to reduce production downtime as a result of breakdowns.
- Identified, developed and prioritised critical equipment replacement programme.

03/ YORK MARKET CAPITALISATION

- 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 analysis and growth plans.
- Legacy acquisition debt impeding new capital projects.

Probability

Impact

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 and inject capital to unlock growth plans.

04/ COVID-19 IMPACTS

- Shortage of staff, stoppages and temporary plant closures.

Probability

Impact

Mitigating strategies and opportunities arising

- Information and data statistics are provided to staff daily.
- Engage occupational health specialist as part of COVID-19 Management Committee to oversee required and mitigating actions together with Safety Committees at each site.
- Update and revise COVID-19 policy as regulations are published.
- Isolation facilities established and maintained at each of the Company's sites.
- COVID-19 audits carried out for each site to prevent COVID-19 protocol fatigue.
- Facilitate and co-ordinate with Government to administer vaccines on-site.
- Introduce a workplace lottery to encourage employee vaccination.

05/ MARKET CONDITIONS

- Slow economic recovery to pre-pandemic level.
- Escalating Government debt impacting infrastructure and housing programmes.
- Impact of importation of non-certified competing products on sales volumes.

Probability

Impact

Mitigating strategies and opportunities arising

- Monitoring key drivers of demand.
- Continued engagement through the National Building Council for implementation of SANS 929 standards on imported products.
- Further development of export markets.
- Development of engineered wood products.

High Medium Low

06/ DEBTORS INSURANCE

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

Probability: Medium
Impact: High

Mitigating strategies and opportunities arising

- Structured additional debtor insurance through self-insurance policy.
- Monitor and manage 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.

07/ MANAGEMENT AND QUALITY OF DECISIONS

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

Probability: Medium
Impact: High

Mitigating strategies and opportunities arising

- Comply with decision matrix.
- Implement enterprise resource management system – Dynamics 365.
- Integration of business processes for faster and more accurate decision-making.
- Execution of short interval controls.
- Established a data analytics solutions team.

08/ FIRE

- Firefighting preparation and associated costs.
- Effectiveness of response.
- The risk of unpreparedness of fires on neighbouring properties.
- Contractor preparedness and suitable equipment.
- Escalating cost of aerial support and detection fees from third-party suppliers.

Probability: Low
Impact: High

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.

09/ QUALITY OF RAW MATERIAL

- The impact on growth conditions due to climate change.
- The time required for introduction of new hybrid species more suited 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.

Probability: Low
Impact: High

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.
- Continue the upgrade of the York nursery.
- Identify suitable genetic material through the participation of an international SNP (single nucleotide polymorphisms) chip evaluation of pine and genome profiling of pine at the 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.

10/ DECLINE IN PLYWOOD MARKET PRICE

- Plywood prices have declined in the United States (US) market, but have recently started to stabilise. A slight downward adjustment in the European market is expected as well.
- Threat of foreign competitors dumping in the European and other international markets, including domestic market, remains a risk should Brazil build stock due to lower US market offtake.

Probability: Low
Impact: Medium

Mitigating strategies and opportunities arising

- Adhere to domestic price policy.
- Maintain client base in both domestic and export markets.
- Expand into laminated veneer lumber and develop engineered wood products.
- Introduction of value-added products.

TRIBUTE

PIETER VAN ZYL

Piet was appointed the CEO of York in 2009, and his very first task was to lead the Company out of a challenging operating situation. Under his leadership, the Company returned to stable, profitable growth. He also underpinned the strategic pathway for the Company. Piet led York through some difficult periods with insight, decisiveness, and courage. He leaves a legacy of a thriving business that is so much richer for his leadership.

Piet won the respect of his colleagues and York's employees for his commitment to York, his passion for everything he did, and his unwavering kindness and integrity. He never felt he was the only one required to achieve his vision and concentrated on building a team that could share his objectives and commitment. He understood that the communities where York operates are essential contributors to this and unwaveringly created ways for York to work with them to enhance their environment and support York in its growth. The well-being of York's employees was always critical to him. He looked for initiatives to assure their continued well-being and their understanding of their role in achieving York's success.

From the day Piet joined the Company, he became the heartbeat of the organisation. He set the examples and held high standards. It was evident that York was Piet's life. This does not diminish in any way the importance of his family to him. He treasured all his experiences with them and took great joy in how they all supported him and the maturing of his daughters, Jo-Mari and Lehandri, into strong, competent and professional women. His wife, Hendriette, was his life partner and it was apparent to all those who knew them just how much that relationship and her support meant to him.

He revolutionised York in his time – and this applied to all divisions. Piet understood the relationship between forest and processing and he had a feel for the market. Piet's commitment to the improvement of the forestry and sawmilling sector was demonstrated in his strong support for transformative initiatives and research programmes. His wide-ranging intellect embraced new ideas, which, together with his firmly held values, won him the highest regard in the broader forestry community.

In the Forestry division, he changed the mindset, drove site-species matching to adapt to climate change and introduced mechanical harvesting. Piet understood the importance of research programmes, and through his involvement, the Company joined the Forestry Molecular Genetics Programme at the University of Pretoria for forest tree genomics and biotechnology research focused on the genetic improvement of wood and fibre properties.

The Company also partnered with the University of Stellenbosch to support forest operations research at its Forest and Wood Sciences Department. These are examples of exciting initiatives from which commercial forestry will benefit for many years to come.

Piet was always looking for opportunities to enhance the market for wood products. He worked with the University of Pretoria and created an engineered wood programme by establishing a Multidisciplinary Chair in Data-driven Wood Structural Engineering for a Sustainable Built Environment and African Bioeconomy. The engineered wood degree programme will concentrate on promoting sustainable uses of advanced engineered wood products.

As Piet developed the York business plan, he recognised the opportunity to take the Company into an attractive market for plywood locally and the demand for quality plywood internationally. The expansion of the existing plywood production facility was personally overseen by Piet, with minimal production interruption. The plywood manufacturing process is now delivering quality products locally and internationally, experiencing strong growth and spreading the York brand.

When the first wave of COVID-19 hit South Africa in 2020, and the country implemented one of the most restrictive lockdowns globally, many York employees would have no income due to short tenure with the Company before York was declared an essential entity. Neither would they have qualified for the Government's COVID-19 Temporary Employer/Employee Relief Scheme. Piet's concern for these employees resulted in him creating a York Solidarity Fund funded entirely by contributions from employees, management and the Board.

Sufficient funds were raised to ensure none of these employees went without income during the lockdown period.

Piet was an avid mountain biker and established the York Enduro Mountain Bike Rally (York Enduro). By investing in this unique mountain bike event, the Company provided a platform for a comprehensive "York experience" open to its customers, suppliers, employees and community. In addition, a portion of the corporate teams' entry fees went towards community projects in Sabie.

Piet also used the York Enduro as a platform for raising awareness among the Company's corporate partners in support of the Qhubeka Bike Initiative for York employees across all business units. This has enabled York to distribute more than 800 Qhubeka bicycles to its employees, saving them countless hours in travelling time and the cost of public transport, as well as providing a fitness and recreational opportunity. Through this event, York promoted its brand equity internally and externally while building a reputation as a responsible corporate citizen that supports the community in becoming vibrant and developing sustainably. The event attracted interest internationally and throughout South Africa and was rated in 2014 as one of the top 10 mountain bike events by Bicycling Magazine. It remains an annual event.

Piet's vision, care for people and his country were an inspiration to all. Sabie and corporate South Africa have lost an extraordinary person and an honourable, inspirational leader. Piet will be remembered for his enthusiasm for life and his warm, generous and caring nature. His legacy briefly described here is a monument to his memory, and this legacy will not be forgotten.

"The one who plants trees, knowing that he will never sit in their shade, has at least started to understand the meaning of life."
– R Tagore

03.08.1963 – 17.07.2021

York capitalised on its sound fundamentals to deliver strong financial results as the world starts normalising through the pandemic.

CHAIRMAN'S REPORT

IN MEMORIAM

After the year-end, York lost its inspirational CEO, Piet van Zyl.

Piet joined the Company in 2009 to lead York out of a very difficult operating situation. His dedicated hands-on approach gained him the loyalty and respect of employees and colleagues in the Company.

Piet is survived by his wife Hendriette, and their daughters, Jo-Mari and Lehandri. He will be dearly missed by many and the Board would like to convey its sincerest condolences to his family, friends and colleagues during this difficult time.

The Board has initiated the recruitment of a new CEO through a specialist third-party company.

ECONOMIC ENVIRONMENT

The world is still battling new waves of the COVID-19 pandemic, with greater vaccine availability raising hopes that renewed restrictions can be avoided. The International Monetary Fund expects global economic growth to rebound to 6,0% in 2021 and 4,9% in 2022, buoyed by additional policy stimulus and the expected roll-out of vaccines.

Consumer confidence indicators strengthened globally, with retail spending approaching pre-pandemic levels. Manufacturing continues to lead the recovery and trade momentum continues, especially as supply bottlenecks continue to open.

Inflation is on the rise, stoked by renewed economic activity, Government stimulus, and residual supply dislocations from the pandemic restrictions in 2020. The prices of commodities and industrial metals are high compared to prices in the pre-pandemic period.

In South Africa, gross domestic product contracted by 6,4% in 2020. The recovery will be slow, with the South African Reserve Bank predicting real economic growth of 5,3% for 2021 moderating to 1,7% in 2022. The economy suffered a further setback with the recent civil unrest and looting. Although the economic recovery is expected to continue in 2021, output and employment will remain well below pre-pandemic levels until 2023.

The threat to human life and economic activity posed by climate change is underscored by recent severe weather events: extreme rainfall and destructive flooding struck western Europe and central China, unusually damaging monsoon rains fell in India and the Philippines and severe drought and massive wildfires are gripping western North America. Climate scientists warn that these events will become more frequent and severe in the coming decade.

While the external environment is uncertain and poses significant downside risk, governments across the globe have deployed significant fiscal stimulus packages in an effort to support a turnaround in the global economy and resume economic growth.

We have confidence in the resilience of the South African people and we trust that we will see a turnaround in the South African economy going forward.

YORK'S SOLID PERFORMANCE IN 2021

The economic environment directly impacted York as a result of the health issues brought on by the pandemic, the lockdown, supply chain issues from suppliers, pandemic-related customer issues and the impact of looting and riots.

Despite all these challenges, York was able to deliver a solid performance for the year:

- Revenue was up 29% on the previous year;
- Gross profit almost doubled and the previous year's operating loss was reversed with a substantial profit;
- Biological assets held their value; and
- Underlying tangible net asset value increased by 4%.

York's most significant strategic asset is its plantation. The asset class is long-term in nature with trees reaching maturity at around 20 years. Management is responsible for ensuring the business' cash requirements are balanced responsibly with returning the plantation to rotation age following the devastating fires of 2007/2008.

Underlying tangible net asset value (UTNAV) represents total assets less total liabilities (excluding goodwill, deferred tax on biological assets and other intangible assets).

UTNAV is a key measure to ensure that short-term gains are not targeted at the expense of the future value and volume growth of the biological asset.

Discount rate changes potentially have a significant impact on the biological asset value and ultimately UTNAV. Management and the Board therefore also consider other metrics such as the standing volume and forecast rotation yield volume when assessing the management of the biological asset. Both of these metrics are disclosed in the annual financial statements under note 5 Biological assets

York continued its focus on customer support as they addressed their own issues. Profit growth was achieved by implementing stringent cost control programmes while not sacrificing operating efficiency.

Outstanding fire control management prevented any significant loss of plantations as experienced in the past. York continues to reduce its debt by generating cash from its operations, contributing to the continued growth of the intrinsic value of the Company reflected in the net asset value growth.

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

STRONG FOUNDATION

The credit for the performance of York goes to Piet van Zyl. His contribution to the turnaround of the Company over the past 10 years was immense and his vision and approach to the long-term strategy was clear and will yield strengthening and increasing returns for York's stakeholders.

He built a strong management team that was able to manage and respond during these challenging times. His leadership ensured that the entire management team was committed to the clearly defined strategy. It is with the strength of this team that we will continue to achieve the benefits of the growth strategy envisioned by Piet.

Part of his legacy is York's implementation and support of an engineered wood programme at the advanced degree level at the University of Pretoria. This will sustain the implementation of increasing use of engineered wood in construction in the country.

OUTLOOK

The Board remains committed to its strategy of delivering value for all stakeholders. The fundamentals in the business are sound, with healthy forests and a talented and experienced management team and workforce to support the strategy. As we are able to continue the reduction of debt with increasing revenue, we anticipate a measurable return to shareholders.

York's product quality is well regarded in the market and we see significant opportunities for York's products in international markets as the global economy stabilises as the pandemic is brought under control.

APPRECIATION

On behalf of the Board and all our stakeholders, I extend our appreciation for the support and commitment of our major shareholders as we developed and implemented actions to support the long-term strategy of the Company.

As we welcome some new members to the Board (refer to page 16), I thank all my fellow Board members and all the people of York for their extra effort during the year.

Dr Jim Myers
Chairman

27 September 2021

York delivered a solid financial performance as it returned to normalised production.

INTERIM **CHIEF EXECUTIVE OFFICER'S** REVIEW

York's operations returned to full production capacity at the start of July 2020 and the results for the year reflect the sound fundamentals of the business:

Turnover is up 29% to
R1,851 billion

Gross profit is up 99% to
R513 million

EBITDA is
R326 million
the highest in is York's history

Earnings per share is up from a loss of 69 cents to earnings of
44 cents

Cash generated by operations is up from R96 million to
R429 million

YORK'S PERFORMANCE IN 2021

York's primary focus during the COVID-19 pandemic was on protecting the lives and livelihoods of its people and the community that we form an integral part of. We 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.

DIVISIONAL OVERVIEW

York's **plywood** sales reached record volume levels, with export demand remaining strong and less Brazilian plywood entering the South African market.

Lumber production increased from remaining operations, with demand returning to pre-lockdown levels.

The **Wholesale** division achieved its best operating performance to date as a result of good margins. The Pretoria warehouse was closed during the year, with clients consolidated and serviced from the Roodekop warehouse, to reduce costs.

Forestry established its budgeted hectares with high survival rates of over 95%. Capital investments were made at the nursery that will increase plant availability for the upcoming planting season, which aims to reduce temporary unplanted areas.

York acquired the businesses of Twycross and Skillfull 1016 CC as part of its **Agricultural** segment and established approximately 40 hectares of soft citrus. The segment has already contributed a small operating profit. Returns from soft citrus will only be realised from year four onwards.

Fixed costs were well controlled and increased by only 7%.

HEALTHY STATEMENT OF FINANCIAL POSITION

York successfully navigated the lockdown period, managing its working capital and has benefited from the solid performance during the year.

It has a healthy statement of financial position:

Debt was reduced by
R69 million

Cash reserves at year-end amount to
R71 million

Net working capital decreased by 26% to
R117 million

The biological assets are now valued at
R2,878 billion

Net asset value per share increased by 4% to
952 cents per share

Tangible net assets are carried at
R2,657 billion

Additions to property, plant and equipment included log transport vehicles and other yellow equipment. The spindleless peeler project, new enterprise resource planning system, nursery upgrades and soft citrus establishment contributed to capital expenditure spending of R87 million.

Liquidity has improved and reduction of debt remains a priority to free up available cash.

OUTLOOK

York's plantations are its key strategic asset. While significant log volumes are still required from external sources until our own plantations enter a normal rotation cycle, this key asset will be carefully managed to deliver the optimal mix of cash flows and returns to shareholders.

The recent installation of the spindleless peeler enables us to better align our log inventory and processing to our final product requirements. Going forward, we will be able to better utilise York's own plantations, improve processing yields and reduce raw material costs in our plywood division, where we continually face the threat of lower-priced imports.

York continues to focus on driving cost efficiencies, with a number of opportunities identified in our logistics and supply chain. In addition, we will focus on improving our plant availability metrics, specifically in our Sabie complex, where we are currently operating below standard.

The outlook for demand remains uncertain but is expected to stay at current levels over the next period. Pricing is starting to stabilise. With the current tailwinds being experienced in the market, we understand the critical importance of ensuring our processing operations run at maximum uptime and efficiency levels and this remains a key focus area in the year ahead.

York has recently established its **Agricultural segment**. While still a small contributor to Group profits, there is an opportunity to utilise our land and water resources more efficiently to significantly grow this segment. The expected returns from these investments are attractive and are part of our focus to maximise the returns from our vast landholdings. We will continue to evaluate various expansion options and will keep shareholders updated with developments in this regard.

The Board of Directors (Board) acknowledges the current suboptimal returns on capital being generated by the Group and is committed to improving these going forward. Given the improving cash flow and debt profile of the Group, the Board is also committed to returning excess cash flow to shareholders and to only invest in projects that deliver attractive risk-adjusted returns to shareholders.

York mourns the passing of Pieter van Zyl, an inspirational leader and visionary in the industry. The Board has initiated the recruitment of a new CEO.

DEDICATION

I was deeply saddened by the loss of our CEO, Pieter van Zyl, to the devastating effects of COVID-19. I admired him as my mentor. The solid results for the year can be attributed to his sound leadership and I thank him for that on behalf of all stakeholders. I extend our condolences to all the loved ones of the five staff members we lost to the pandemic.

Lastly, I wish to thank our Board for their ongoing support and guidance and all our management and staff for the extra effort they delivered during the year.

Gabriël Stoltz
Chief Financial Officer and
Interim Chief Executive Officer

27 September 2021

02

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

for the reporting period

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 – 17 July 2021

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

Skills and experience: Pieter had considerable experience in manufacturing and the solid wood processing industry. He had 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 were significant in executing growth strategies. This, coupled with his skill in identifying strategic investment opportunities, provided a solid platform for York's success. Pieter brought a wealth of timber and sawmilling industry knowledge and expertise to York. His diverse skills covered manufacturing, marketing, change management, investment banking, people and strategy development. Pieter's executive management style was 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, resigned 31 April 2021

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 was 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 had 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 were important to York.

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

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.

GABRIËL STOLTZ
(BORN 1978)
CHIEF FINANCIAL OFFICER (CFO) AND
ACTING CHIEF EXECUTIVE OFFICER (CEO)

Appointed: 1 December 2017

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

Skills and experience: Gabriël 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.

CORPORATE GOVERNANCE

COMMITMENT TO ETHICAL AND EFFECTIVE LEADERSHIP

York's governing body is its 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, and the relevant laws governing its establishment, specifically relating to its incorporation. Furthermore, York operates in conformity with its memorandum of incorporation (MOI), the JSE Listings Requirements and 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.

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

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 the 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 résumè of each director is on pages 15, 105 and 106 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 (AGM) of shareholders.

Shakeel Meer, the last and longest serving non-executive director on the Board, resigned on 30 April 2021. Mr Meer was an executive at the Industrial Development Corporation. He joined the Board as a non-executive director on 4 September 2007. His insight and experience has provided invaluable contributions to the Board and thorough inputs to the subcommittees to which he was a member.

The CEO, Pieter van Zyl passed away on 17 July 2021 from COVID-19. Mr van Zyl joined the Company in 2009. He led York through significant challenges with insight, decisiveness and courage. His dedicated hands-on approach gained him the loyalty and respect of employees and colleagues of the Company. He leaves a legacy of a thriving business that is so much richer through his leadership.

Adrian Zetler was appointed as a non-executive director of York and André van der Veen was appointed as an alternate director to Mr Zetler, with effect from 1 September 2021. Lindani Dhlamini was appointed as an independent non-executive director of the Company with effect from 21 September 2021.

One-third of the directors are required to retire by rotation at the AGM 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 AGM 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 persisted throughout the year, no site visits took place 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 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.

BROAD DIVERSITY DISCLOSURE

York has adopted a formalised policy on the promotion of broad 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, experience, independence and knowledge required to enable the Board to properly perform its duties and meet its responsibilities are also taken into account.

York's policy on the promotion of broader diversity at Board level 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, experience, independence and knowledge 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.

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	7/7	4/4	2/2 Remuneration[#]		
	Dr Jim Myers	7/7		2/2 Nomination[#]		2/2
	Dinga Mncube	7/7			2/2[#]	2/2[#]
	Max Nyanteh	7/7	4/4		2/2	
	Hetisani Mbanyele-Ntshinga	7/7		2/2	2/2	
	Andries Brink	6/7	4/4[#]			2/2
Non-executive	Shakeel Meer*	4/7				2/2
Executive	Pieter van Zyl	7/7	4/4[##]	2/2[##]	2/2	2/2
	Gabriël Stoltz**	7/7	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			

* *Directorship ended 30 April 2021.*

** *Appointed as interim CEO from 19 July 2021.*

[#] *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 33.

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 31.

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

27 September 2021

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, among others, 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 and the Company's approach to labour and employment.

The King IV™ application register is available on **www.york.co.za**

FOCUS AREAS

Training and employment environment

The labour force and matters relating to it are essential focus areas for the Company. To this extent, matters concerning human resources were reviewed and discussed throughout the reporting period.

Training was impacted due to the impact of the COVID-19 pandemic together with the lockdown. When the lockdown eased, the Company provided in-house training in a responsible manner adhering to the required protocols. In addition, virtual training was encouraged and took place where possible. The committee reviewed the training plan that included internal and external training and apprenticeships, learnerships and internships for York to maintain its BBBEE Level 4 status.

The minimum wage for workers in the agricultural sector, including forestry, has been increased from R18,68 per hour to R21,69 (16% increase) and was effective as of 1 March 2021. York's minimum wage is already at the level of the increased rate of R21,69. In addition, a comprehensive job grading was conducted by an external consultant, and the result indicated that York's pay is in line with the market.

COVID-19 proved to be a strange and complex time, affecting peoples' mental well-being. The York Adventure Club was reactivated to revive and direct the focus at achieving a work-life balance at York.

Historical and proposed mining activities on York properties

Historical mining activities on the Company's properties occurred before York acquired Global Forest Products in 2007. One of the historical mining activities that remains is a heap leach pad that was left unrehabilitated for many years. As a result, the Company is potentially liable for pollution arising from the leach pad (purely in its capacity as landowner, even though it did not cause the pollution). For this reason, the Company has been engaged with the mining company concerned to ensure the rehabilitation of the heap leach pad for the past seven years. The mining company's response to the requests for rehabilitation, however, has been prolonged, with progress only more recently because it wishes to conduct new mining activities on the Company's properties.

The Company also regularly receives prospecting and mining right applications from various entities to prospect and mine on its properties. The Company does not support mining activities as they directly conflict with York's long-term and sustainable asset class. It also poses significant risks to the Company's plantations (due to fire, which has occurred frequently in the past, with severe financial consequences). In addition, mining, especially opencast mining, prevents the use of mined land for commercial forestry in perpetuity. As a result, all prospecting and mining applications are opposed, and the Company expends time and resources to review and provide comments on the impact assessment reports and environmental management plans relating to such mining activities.

Legal compliance audit

Regular legal compliance audits have been introduced to facilitate a proactive approach in ensuring the business' compliance with the law, policies and York's safety, health and environment system. Legal compliance audits aim to ensure that any shortcomings concerning compliance are addressed before a third party identifies them during an audit. Regular internal legal compliance audits throughout the business will be carried out by the Group Risk and Compliance Officer to identify any non-compliance and, as a follow-up, to ensure that adequate and corrective measures are in place. An external legal compliance audit will also be conducted to provide an objective assessment of the adequacy of the internal legal compliance audit.

COVID-19 policy

The COVID-19 policy for the Company was constantly updated to remain in line with regulations published by the Government. More appendices were added to the policy as the regulations changed and the Department of Health issued guidelines. The policy was updated during the first quarter of the year to allow for training to recommence subject to strict adherence to health protocols and social distancing.

On 11 June 2021, the Department of Employment and Labour issued a consolidated direction on workplaces' occupational health and safety measures. The guidelines and direction appealed to employers to use the prescriptions of the Occupational Health And Safety Act, 85 of 1993 (OHSA), particularly the hazardous biological agents regulations governing workplaces related to COVID-19.

According to OHSA guidelines, the employer is responsible for ensuring that, as far as is reasonably practicable, that all persons who may be directly affected by their activities (such as customers, clients or contractors and their workers who enter their workplace or come into contact with their employees) are not exposed to hazards to their health or safety.

Furthermore, the employer is required to provide and maintain, as far as reasonably practicable, a working environment that is safe and without risks to workers' health and to take such steps to eliminate or mitigate the hazard or potential hazard. COVID-19 compliance audits were carried out to ensure that the workplace measures were adhered to in line with COVID-19 occupational health and safety regulations and the Company's COVID-19 policy.

The COVID-19 virus does not discriminate and, at York, we have felt the pain and loss in our community. The Company mourns those we have lost during this pandemic.

In memoriam

Bongiwe Happiness Khumalo	*General labourer*	10 August 1983 – 15 January 2021
Mangava Joyce Usenga	*Packer*	5 December 1962 – 25 June 2021
Lebone Lucia Mkhonto	*Stacker*	18 August 1982 – 5 July 2021
Leon Richard Makudu	*Crane operator*	29 January 1964 – 11 July 2021
Pieter van Zyl	*Chief Executive Officer*	3 August 1963 – 17 July 2021

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

27 September 2021

RISK AND OPPORTUNITY COMMITTEE REPORT

COMPOSITION AS AT REPORTING DATE

Chairman: Dinga Mncube

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

Some members of the senior management team attend by invitation. Eric Droomer, corporate forestry advisor and Dr Schalk Grobbelaar, corporate engineering advisor and internal auditor, regularly attend 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 projects

One of the projects that was completed during the year was the plywood tongue-and-groove project. Tongue-and-groove plywood panels are used in flooring and roofing applications and have an established international market. The project aligns with York's continuous goal of increasing its profitability and to offer a value-added product to the market.

The commissioning of the spindleless peeler project was delayed by three months due to the COVID-19 pandemic that persisted throughout the reporting period. In addition, the equipment supplier's technicians were not permitted to travel to South Africa due to the third wave of the COVID-19 pandemic. This resulted in the installation and commissioning of the spindleless peeler taking place on a remote basis with the assistance of the technician team.

Strategic research partnerships with leading research institutions

The Company partnered with the University of Stellenbosch to support forest operations research at its Department of Forest and Wood Sciences. The focus of the research, among others, is forest operations productivity improvement, and logistics within the wood supply chain.

The Company provided research in support of the Forest Molecular Genetics Programme at the University of Pretoria for forest tree genomics, and biotechnology research focused on the genetic improvement of wood and fibre properties, disease resistance and other traits of interest to forest tree improvement.

The establishment of the Multidisciplinary Chair in Data-driven, Wood Structural Engineering for a Sustainable Built Environment and African Bioeconomy at the University of Pretoria was launched during the second financial quarter. This partnership aims to stimulate the development of a sustainable, mass timber construction industry in South Africa and the African continent, based on advanced engineered wood products from locally grown timber plantations.

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 reviewed on an ongoing basis, along with the mitigating controls. The committee is also presented with the procedure to identify key risks, assess their impact, and probability to establish the ranking of the residual risks. Internal Audit also reports to the committee to provide assurance that the mitigation measures undertaken by management have been implemented and carried out effectively.

Key risks that the organisation faces, as well as undue, unexpected or unusual risks in addition to actions taken to monitor the effectiveness of risk management and how the outcomes were addressed can be found on pages 5 to 7.

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 technology and information to support and achieve the business strategy. The Board delegates to management the responsibility for implementing 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 in carrying out its responsibilities and to obtain independent assurance regarding technology and information governance and controls.

An organisation must utilise its data in the decision-making process effectively. To create value through the utilisation of data and data analysis techniques, the correct data must be collected, cleaned, stored and presented to transform the data into information and knowledge. The Company is aware of the importance of utilising this knowledge to add value to the business.

During the period under review, the Company established an analytics team to make effective, data-driven decisions throughout York. The analytics team will provide insights to decision-makers through a combination of analytics-oriented data management, advanced analytics and skills development. This will enable the Company to use such a decision-making tool to anticipate change, respond to new opportunities and manage emerging risks.

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

27 September 2021

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 meetings of the Remuneration and Nomination Committee (Remco) by invitation. The Company Secretary acts as the Committee Secretary of the 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 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

During the reporting period, the Nomination Committee recommended to the Board the policy on the promotion of broader diversity at Board level (policy). The policy specifically focuses on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. The policy was approved by the Board on 23 June 2021.

Shakeel Meer, the longest serving non-executive director on the Board, resigned on 30 April 2021. Mr Meer was an executive at the Industrial Development Corporation (IDC) and represented the IDC, being a shareholder of York, on the Board.

The untimely passing of Pieter van Zyl has resulted in the vacancy of an executive director on the Board. The Board considered the position of an interim CEO and resolved that the most suited person to assume the role of interim CEO would be Mr Gabriël Stoltz, who has functioned alongside Mr van Zyl for the past eight years. Mr Stoltz has the requisite skills, knowledge, and experience to carry the baton until the Board assesses a more permanent replacement for the CEO position. The Nomination Committee recommended that the Board implement an independent search for a CEO through Woodburn Mann. The Board approved this and the search began in August 2021.

The JSE regulations require the Company to have a full-time CFO. Since Mr Stoltz will be the interim CEO and CFO, a dispensation request was made to and granted by the JSE. The Board has initiated the recruitment of a new CEO.

The Nomination Committee considered and applied the Company's policy on the promotion of broader diversity at Board level in the nomination and appointment of directors to the Board. The Nomination Committee is 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 during the 2021 financial reporting period.

Remuneration

A benchmarking exercise on salary scales was undertaken. The benchmarking of salaries was necessitated due to many factors, including the high attrition rate of artisans in the Company. The salary adjustments were done with P-E Corporate Services SA Proprietary Limited/Towers Watson Proprietary Limited. They represent a wide range of entities and most companies in the forestry sector participate in their surveys. The adjustments took into consideration:

- the overall average actual increase in basic salaries for the period 2016 – 2020 compared with inflation;
- geographic location variances;
- industry sector variances; and
- staff category variances.

The salary scales included the subgrades within each band and the minimum, middle and maximum percentile within each band and subgrade. This was approved by the Remuneration Committee.

The wage scales were considered and approved by the Remuneration Committee during the period under review. The wage scales are classified according to the Paterson grading. When appointments are made, the employee's rating will be assessed based on his/her experience and skillset and he/she will be appointed on the appropriate scale (at the minimum, medium or maximum rate of the grade).

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 influence performance while aligning with shareholder interests. External factors that influenced the Company's remuneration decisions include labour unions, GDP, Government legislation and the impact of market and economic conditions.

The services of 21st Century and P-E 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 JSE Listings Requirements and King IV™ principles require that if more than 25% of York shareholders vote against the Company's remuneration policy and implementation report, the Remco will be required to engage with such dissenting shareholders.

Less than 25% of York shareholders voted against the Company's remuneration policy and implementation report at the Company's 2020 AGM. As a result, the Company did not need to invite those shareholders who voted against the remuneration policy and implementation report to engage with the Company. The Remco nonetheless did engage with shareholders in respect of suggestions for improving the Company's remuneration policy.

Overview of the remuneration policy

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 Paterson 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 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, save for payments due on termination, under certain circumstances, in respect of the long-term incentives (LTI) and short-term incentives (STI).

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:

- STI;
- LTI;
- 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 STIs is to create a performance-driven culture by rewarding individuals for achieving strong annual results in terms of predetermined 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. STI payments are made at the Remco's discretion and are not guaranteed.

Long-term incentives

The broad purpose of the LTIs is to attract, motivate, retain and reward individuals who are able to influence the performance and strategic direction of the Company. LTIs 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 is at the Remco's discretion and these are not guaranteed.

The only awards made to date concerned the retention aspect of the Share Plan.

On 23 June 2021, the late Mr van Zyl, the previous CEO, was granted three million restricted shares under the Share Plan. The restricted shares would have vested in three years' time. Mr van Zyl passed away untimely on 17 July 2021. Pursuant to the rules of the Share Plan, these restricted shares to the late Mr van Zyl, which vested on 19 July 2021, have a deemed value of R6 430 730 and will be settled to his estate.

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 results for the year ending 30 June 2021 are measured against the set 2021 performance targets. The applicable weighting was applied to the categories achieved. The performance targets for the CEO are set out in the category of earnings before interest, taxation, depreciation, and amortisation (EBITDA: 45% weighting); total shareholder return (TSR: 10% weighting); underlying tangible net asset value per share (UTNAV: 15% weighting) and strategic position (30% weighting). All categories in the set 2021 performance targets were achieved. The Remco assessed the criteria relating to the performance of the CEO, being the late Mr van Zyl, in relation to the strategic position of the Company. The Remco took into account the following when assessing strategic position:

- Establish York as an industry leader with innovative initiatives, support community-based projects and assist during times of hardship;
- Sustain and continue the creation of a dynamic management team;
- Engage new investors;
- Diversify the revenue stream and improve quality of earnings;
- Explore strategic acquisitions/ partnerships and submit proposals to the Board; and
- Successfully implement the enterprise resource planning (ERP) system and other projects.

The Remco considered and assessed each element against performance. The Remco concluded that the late Mr van Zyl achieved a 90% target under the strategic position criterion. The performance payment calculated against the performance targets is as follows:

EBITDA	R2 846 572
VWAP	R632 572
UTNAV	R711 643
Strategic position	R1 707 943

The late Mr van Zyl was awarded posthumously R5 898 730 as a STI for performance achieved against 2021 targets.

The Remco reviewed the CFO's performance targets for 2021. The performance targets are set out in the category of EBITDA (50% weighting), TSR (10% weighting), UTNAV (15% weighting) and strategic position (25% weighting). The Remco assessed the criteria relating to the performance of the CFO in relation to the strategic position of the Company. The Remco took into account the following when assessing strategic position:

- Maintain and improve the internal control environment;
- Sustain and continue creation of a dynamic finance team;
- Engage new investors;
- Manage debt levels and cash flows of the Company;
- Diversify the revenue stream and improve quality of earnings; and
- Successfully implement the ERP system and successfully implement capital expenditure projects.

The Remco considered and assessed each element against performance. The Remco concluded that the CFO achieved a 63% target under the strategic position criterion. The performance payment calculated against the performance targets is as follows:

EBITDA	R1 283 402
VWAP	R256 680
UTNAV	R288 765
Strategic position	R404 272

The CFO was awarded R2 233 119 as a STI for performance achieved against 2021 targets.

Performance targets for 2022

Over the past several years, the Board and Remco engaged with shareholders to understand their concerns about York's short- and long-term remuneration structures. While this engagement was constructive, Remco, on reflection, has not yet been able to establish an appropriate STI and LTI plan that it believes is aligned with shareholders.

During the recent 2021 year-end results presentation to shareholders, the Board elaborated on the financial disclosure regarding the Group and specifically shared information about the challenges York has faced in aligning the biological asset profile with the cash flow. The Board gained further information from the questions and comments from shareholders concerning incentive compensation structures that address the return on equity of the Group, in particular, the value of the biological asset related to cash flow. The Board is confident that the asset is fairly reflected and appreciates that the future profitability of the Group, and its ability to deliver returns to shareholders, is intricately tied to this respective asset's cash flow profile. The Board has taken these considerations under advisement and is revisiting its considered incentive remuneration structure for management.

The Remco has been tasked to develop revised STI and LTI metrics that ensure that the management remuneration structure, including the incentive-based pay, encompasses the feedback provided by shareholders. It is not possible for this revised structure to be available at the time of printing of the 2021 annual report. The Board will be addressing the issue of revised comprehensive compensation in due course.

The Board recognises that this delay is not optimal but believes it is important to implement a more informed STI and LTI scheme that is aligned with shareholder return and cash flow requirements. The Remco and the Board regrets that this report cannot include the STI and LTI and commits to communicate the STI and LTI to shareholders through a SENS announcement published on the JSE platform. It is intended that this communication will take place prior to the upcoming AGM.

Payments to executive directors in respect of the 2021 financial year

	Basic salary R'000	Other cash benefits R'000	Bonus R'000	Total R'000
2021				
PP van Zyl	**5 253**	**1 073**	**–**	**6 326**
GCD Stoltz	**2 312**	**254**	**1 632**	**4 198**
Total	**7 565**	**1 327**	**1 632**	**10 524**
2020				
PP van Zyl	5 145*	1 050	–	6 195
GCD Stoltz	2 322*	210	–	2 532
Total	7 467	1 260	–	8 727

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

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

	Awards held at the beginning of the year '000	Granted '000	Settled shares '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
2021						
PP van Zyl	**–**	**3 000**	**–**	**3 000**	**2,34**	**589**
GCD Stoltz	**752**	**–**	**(752)**	**–**	**–**	**–**
Total	**752**	**3 000**	**(752)**	**3 000**	**2,34**	**589**
2020						
GCD Stoltz	752	–	–	752	2,60	889
Total	752	–	–	752	2,60	889

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 subcommittees are paid at higher levels than the other members to reflect the complexity and amount of preparation required of them.

No increase was applied to non-executive director fees for 2021 due to the COVID-19 pandemic as salary and wage employees also did not receive any remuneration increase. The Company's salary and wage increase for the financial year ending 30 June 2022 is at inflation plus 0,5%. The York Solidarity Fund (fund) was established in 2020 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 Board individually pledged to contribute to the fund.

The main reason for the difference in fees between the 2020 and 2021 amounts reflected as follows, is that the non-executive directors' fees for 2020 are after contribution to the fund.

Non-executive directors' fees paid for the 2020 and 2021 financial years

Non-executive directors	Directors' fees 2021 R'000	Directors' fees 2020 R'000
Dr JP Myers	**1 024**	740
AW Brink	**443**	389
Dr AP Jammine	**442**	392
HM Mbanyele-Ntshinga	**362**	319
SAU Meer*#	**238**	203
DM Mncube	**477**	412
KM Nyanteh	**385**	324
Total	**3 371**	2 779

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

\# *Resigned on 30 April 2021.*

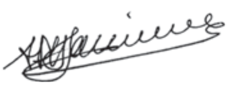
The Board and subcommittee fee structure consists of an annual retainer and a fee per meeting. The Remco considered non-executive director fees for January to December 2022 and proposes an increase of 4,9% on the approved non-executive director fees for January to December 2021, which is in line with the Company's salary and wage increase for the financial year ending 30 June 2022. The proposed fees, as set out below, are included in the notice of AGM:

	January 2022 to December 2022	
	Annual retainer R	Fee per meeting R
Chairman of the Board	384 462	78 316
Board members	98 462	20 057
Chairman of the subcommittee	86 595	22 050
Subcommittee members	46 838	11 926

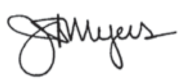
The annual scheduled meetings for the Board and Audit Committee are four meetings. The Remco, Risk and Opportunity and Social and Ethics Committees have two annual scheduled meetings. If more meetings are required and held by the Board or other subcommittees, the Chairman and members are paid a fee per meeting as set out above.

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 AGM, York commits to engage with its shareholders as to the reasons therefore, 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

27 September 2021

03

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Directors' responsibilities and approval

LEVEL OF ASSURANCE

These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act.

PREPARER

These consolidated and separate annual financial statements were prepared under the supervision of:

Gabriël Stoltz CA(SA)
Chief Financial Officer

27 September 2021

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 (IFRS). 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 IFRS 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 endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined 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 2022 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 35 to 39. The annual financial statements are uploaded on the website of the Group after signing. The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the annual financial statements and the auditor cannot be held responsible for any changes that may have occurred to the annual financial statements since they were initially presented on the website.

The annual financial statements set out on pages 40 to 102, which have been prepared on the going concern basis, were authorised in accordance with a round-robin resolution by the Board on 27 September 2021 and were signed on their behalf by:

Approval of the consolidated and separate annual financial statements

Dr Jim Myers
Chairman

27 September 2021

Gabriël Stoltz
Interim Chief Executive Officer

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

27 September 2021

Responsibility statement by the executive director

I, Gabriël Stoltz, in my capacity as CFO and interim CEO hereby confirm that:

- the annual financial statements set out on pages 40 to 102, fairly present in all material respects the financial position, financial performance and cash flows of York in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to York and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of York; and
- 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 I am not satisfied, I 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.

Gabriël Stoltz
Interim Chief Executive Officer and Chief Financial Officer

27 September 2021

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, as its mandate. The mandate is in line with the Companies Act, 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 2020 and the consolidated and separate annual financial statements for the year ended 30 June 2021;
- Satisfied itself that the external auditor, PricewaterhouseCoopers Inc., and its audit partner complied with the suitability criteria for reappointment as required by paragraph 3.84(g)(iii) as read with later paragraph 22.15(h) of the JSE Listings Requirements are properly accredited and independent, and assessed the quality of the audit;
- Approved the external auditor's fees and terms of engagement for the 2021 financial year;
- Determined the nature and extent of the non-audit services that may be provided by the external auditor and preapproved any proposed agreements with them for the provision of such services;
- The Audit Committee evaluated the performance of the internal audit function and resolved to continue to source the internal audit function from Tereo Krino Business Assurance Consultants Proprietary Limited and approved the internal audit plan and budgeted fee for the 2021 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 CFO, 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, which includes consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the Company to effectively prepare and report on the financial statements of the Company;
- Satisfied itself that the adoption of the going concern basis by York Timber Holdings Limited (York, the Company or the Group) 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;
- Ensured that the appointment of the auditor and audit partner is presented and included as a resolution at the annual general meeting (AGM) of the Company, pursuant to section 61(8) of the Companies Act; and
- Satisfied itself through management representations and findings by the external auditor, as well as work performed by the internal auditor that the key audit matters relating to goodwill including the impairment assessment of the forestry cash-generating unit and the valuation of biological assets for pine and eucalyptus trees have been presented fairly in the consolidated and separate annual financial statements.

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 AGM. The members of the Audit Committee for the 2021 financial year were:

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

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 CEO, CFO, 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	**3 September 2020**	**10 November 2020**	**15 March 2021**	**8 June 2021**
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. All shortcomings in the internal control environment identified by the respective reviews by Internal Audit and external audit are addressed by management to improve the internal control environment.

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, 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 27 September 2021. These consolidated and separate annual financial statements will be open for discussion at the forthcoming AGM.

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

Andries Brink
Chairman of the Audit Committee

27 September 2021

Directors' report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of York Timber Holdings Limited for the year ended 30 June 2021.

NATURE OF BUSINESS

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

In the current year, the Group acquired businesses with interests in the farming of avocados and macadamias, a fruit packing facility, lumber and a pallet plant.

REVIEW OF THE FINANCIAL RESULTS AND ACTIVITIES

The consolidated and separate annual financial statements have been prepared in accordance with IFRS 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

	2021 R'000	2020 R'000	2021 Number of shares	2020 Number of shares
Issued				
Ordinary shares	**15 876**	15 802	**317 520 045**	316 048 013

During the year, 1 472 032 shares, previously held as treasury shares by a wholly-owned subsidiary as per note 17, were transferred to qualifying individuals in terms of the share-based payment scheme awarded in 2018 under the 2015 Share Plan (refer to note 18).

DIVIDENDS

The Board has resolved not to declare a dividend for the year ended 30 June 2021.

DIRECTORS' SHAREHOLDING

As at 30 June 2021, the directors of the Company held direct beneficial interests in 1,54% (2020: 1,36%) of its issued ordinary shares, as set out below. No non-executive director holds any of the ordinary shares of the Company.

Interests in shares

Director	2021 Direct	2020 Direct	2021 Direct %	2020 Direct %
PP van Zyl	**4 507 410**	4 507 410	**1,36**	1,36
GCD Stoltz	**609 866**	12 000	**0,18**	–
	5 117 276	4 519 410	**1,54**	1,36

DIRECTORATE

The directors in office during the financial period:

Director	Office	Designation	Changes
AW Brink		*Independent non-executive*	
Dr AP Jammine		*Independent non-executive*	
HM Mbanyele-Ntshinga		*Independent non-executive*	
SAU Meer		*Non-executive*	Resigned 30 April 2021
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*	Deceased 17 July 2021

DIRECTORS' SHAREHOLDING continued

Interests in share incentive scheme (units)

Director	2021 Direct	2020 Direct
PP van Zyl (equity-settled share-based payment)	**3 000 000**	–
GCD Stoltz (equity-settled share-based payment)	**–**	751 880
	3 000 000	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.

Refer to events after the reporting period below for changes in beneficial interest 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 20).

SPECIAL RESOLUTIONS

During the year, two special resolutions were passed by the shareholders of York 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

Pursuant to the rules of the 2015 Share Plan, the late CEO's restricted shares have vested and will be settled to his estate. The number of shares that vested on 19 July 2021 have a deemed value of R6 430 730.

GOING CONCERN

The South African economy was affected by the news of the first confirmed cases of the COVID-19 virus whereafter the country was placed in lockdown. The entity was affected by the lockdown implemented by the South African Government and 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. All the operations were back to capacity from 1 July 2020 to meet the change in market demand. The total comprehensive income for the period was R141,1 million compared to a loss of R217,4 million in the preceding year.

Management has assessed the appropriateness of the use of the going concern assumption in the preparation of these annual financial statements through a review of the 2022 budget and cash flow forecast and, based on the assessment performed, there is no material uncertainty nor conditions that may cast doubt on the Company's ability to continue as a going concern.

AUDITOR

PricewaterhouseCoopers Inc. was appointed as auditor for the Group for 2021. The engagement partner appointed is Schalk Barnard.

SECRETARY

The Company Secretary is Mrs 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 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

York Timber Holdings Limited's consolidated and separate financial statements set out on pages 40 to 102 comprise:

- the consolidated and separate statements of financial position as at 30 June 2021;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

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

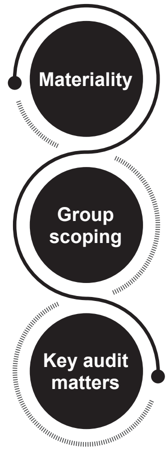
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

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

OUR AUDIT APPROACH

Overview



Overall Group materiality

- R18,5 million, which represents 1% of consolidated revenue.

Group audit scope

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

Key audit matters

- Valuation of biological assets – pine and eucalyptus; and
- Impairment assessment of the Forestry Cash Generating Unit (CGU), including goodwill.

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

MATERIALITY

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

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

Overall Group materiality	R18,5 million.
How we determined it	1% of consolidated revenue.
Rationale for the materiality benchmark applied	We chose consolidated revenue as the benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatility and near break-even earnings, and it is a generally accepted benchmark. We chose 1%, which is consistent with quantitative materiality thresholds used for companies in this sector.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

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

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 – pine and eucalyptus Refer to note 5 to the consolidated financial statements. Biological assets comprise planted pine and eucalyptus trees. As at 30 June 2021, the Group recognised biological assets with a fair value of R 2,503 billion in consolidated non-current assets and R373 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 judgemental 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 assets 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 2021. 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 CGU. Management performs an annual impairment assessment in respect of the Forestry 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.	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 forecast growth rates by comparing it to historical actual growth and market expectations.

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 2021 and the document titled York Timbers Integrated Annual Report 2021, which includes the Directors' Report, the Audit Committee Report and the Company Secretary's Certificate 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's 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 three years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Schalk Barnard
Registered Auditor
Mbombela

27 September 2021

Statements of financial position

As at 30 June 2021

		GROUP		COMPANY		
	Note	2021 R'000	2020 R'000	2021 R'000	Restated 2020 R'000	Restated 2019 R'000
ASSETS						
Non-current assets						
Property, plant and equipment	3	**905 645**	844 129	**–**	–	–
Investment property	4	**34 180**	30 740	**–**	–	–
Biological assets	5	**2 502 597**	2 391 304	**–**	–	–
Goodwill	6	**357 630**	357 630	**–**	–	–
Intangible assets	7	**9 556**	6 076	**–**	–	–
Investments in subsidiaries	8	**–**	–	**1 123 919**	1 122 502	1 120 970
Loans to Group companies	9	**–**	–	**1 256 070**	1 257 152	1 220 027
Other financial assets at amortised cost	10	**97 583**	53 331	**–**	–	–
Deferred tax	11	**4 336**	7 353	**37**	37	37
		3 911 527	3 690 563	**2 380 026**	2 379 691	2 341 034
Current assets						
Biological assets	5	**375 554**	515 586	**–**	–	–
Inventories	12	**183 265**	229 191	**–**	–	–
Trade and other receivables	13	**271 933**	164 796	**138**	156	49
Current tax receivable	14	**1 072**	477	**–**	–	–
Cash and cash equivalents	15	**108 030**	48 430	**1**	–	–
		939 854	958 480	**139**	156	49
Non-current assets held for sale	16	**750**	–	**–**	–	–
Total assets		**4 852 131**	4 649 043	**2 380 165**	2 379 847	2 341 083
EQUITY AND LIABILITIES						
Equity						
Share capital	17	**1 484 157**	1 480 232	**1 521 914**	1 521 914	1 521 914
Reserves	19, 18	**2 193**	4 148	**1 363**	4 759	3 227
Retained income		**1 537 978**	1 396 492	**855 076**	851 622	814 248
Total equity		**3 024 328**	2 880 872	**2 378 353**	2 378 295	2 339 389
Liabilities						
Non-current liabilities						
Borrowings	20	**347 330**	417 922	**–**	–	–
Lease liability	21	**394**	4 971	**–**	–	–
Retirement benefit obligation	22	**25 658**	26 910	**–**	–	–
Deferred tax	11	**887 618**	848 624	**–**	–	–
Provisions	23	**16 576**	16 249	**–**	–	–
		1 277 576	1 314 676	**–**	–	–
Current liabilities						
Trade and other payables	24	**337 534**	234 769	**1 812**	1 550	1 677
Borrowings	20	**167 461**	165 976	**–**	–	–
Lease liability	21	**4 690**	7 331	**–**	–	–
Deferred income		**502**	–	**–**	–	–
Current tax payable	14	**2 934**	2	**–**	2	17
Provisions	23	**256**	–	**–**	–	–
Bank overdraft	15	**36 850**	45 417	**–**	–	–
		550 227	453 495	**1 812**	1 552	1 694
Total liabilities		**1 827 803**	1 768 171	**1 812**	1 552	1 694
Total equity and liabilities		**4 852 131**	4 649 043	**2 380 165**	2 379 847	2 341 083

Statements of profit or loss and other comprehensive income

For the year ended 30 June 2021

		GROUP		COMPANY	
	Note	2021 R'000	2020 R'000	2021 R'000	Restated 2020 R'000
Revenue	25	**1 850 670**	1 438 825	**4 775**	4 606
Cost of sales		**(1 337 549)**	(1 180 758)	**–**	–
Gross profit		**513 121**	258 067	**4 775**	4 606
Other operating income	26	**28 743**	15 049	**–**	–
Other operating (losses)/gains	27	**(9 154)**	8 287	**–**	–
Other operating expenses		**(308 439)**	(363 511)	**(4 771)**	(4 602)
Operating profit/(loss)	28	**224 271**	(82 108)	**4**	4
Investment income	29	**3 618**	3 017	**3 451**	37 372
Finance cost	30	**(48 447)**	(61 049)	**–**	–
Other non-operating gains/(losses)	31	**19 227**	(159 301)	**–**	–
Profit/(loss) before taxation		**198 669**	(299 441)	**3 455**	37 376
Taxation	32	**(59 025)**	81 804	**(1)**	(2)
Profit/(loss) for the year		**139 644**	(217 637)	**3 454**	37 374
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability		**2 001**	361	**–**	–
Taxation related to remeasurements on defined benefit liability		**(560)**	(101)	**–**	–
Defined benefit plan reserve		**1 441**	260	**–**	–
Other comprehensive income for the year net of taxation		**1 441**	260	**–**	–
Total comprehensive income/(loss) for the year		**141 085**	(217 377)	**3 454**	37 374
Earnings per share					
Per share information					
Basic earnings/(loss) per share (cents)	45	**44**	(69)	**1**	11
Diluted earnings/(loss) per share (cents)	45	**44**	(69)	**1**	11

Statements of changes in equity

For the year ended 30 June 2021

	Share[1] 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 2019	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 1 July 2020	1 480 232	4 759	(611)	4 148	1 396 492	2 880 872
Profit for the year	**–**	**–**	**–**	**–**	**139 644**	**139 644**
Other comprehensive income	**–**	**–**	**1 441**	**1 441**	**–**	**1 441**
Total comprehensive income for the year	**–**	**–**	**1 441**	**1 441**	**139 644**	**141 085**
Employees' share option scheme	**–**	**2 371**	**–**	**2 371**	**–**	**2 371**
Employee share options vested	**3 925**	**(5 767)**	**–**	**(5 767)**	**1 842**	**–**
Total contributions by and distributions to owners of the Company recognised directly in equity	**3 925**	**(3 396)**	**–**	**(3 396)**	**1 842**	**2 371**
Balance as at 30 June 2021	**1 484 157**	**1 363**	**830**	**2 193**	**1 537 978**	**3 024 328**
Note	17	18	19			

[1] *In the prior year the share capital and share premium were disclosed separately.*

	Share[1] capital R'000	Share-based payment reserve R'000	Total reserves R'000	Retained income R'000	Total equity R'000
COMPANY					
Opening balance as previously reported	1 521 914	3 227	3 227	939 894	2 465 035
Adjustments:					
Prior period error (refer to note 38)	–	–	–	(125 646)	(125 646)
Balance as at 1 July 2019 as restated	1 521 914	3 227	3 227	814 248	2 339 389
Profit for the year	–	–	–	37 374	37 374
Total comprehensive income for the year	–	–	–	37 374	37 374
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
Opening balance as previously reported	1 521 914	4 759	4 759	939 898	2 466 571
Adjustments:					
Prior period error (refer to note 38)	–	–	–	(88 276)	(88 276)
Balance as at 1 July 2020 as restated	1 521 914	4 759	4 759	851 622	2 378 295
Profit for the year	**–**	**–**	**–**	**3 454**	**3 454**
Total comprehensive income for the year	**–**	**–**	**–**	**3 454**	**3 454**
Employees' share option scheme	**–**	**2 371**	**2 371**	**–**	**2 371**
Employee share options vested	**–**	**(5 767)**	**(5 767)**	**–**	**(5 767)**
Total contributions by and distributions to owners of the Company recognised directly in equity	**–**	**(3 396)**	**(3 396)**	**–**	**(3 396)**
Balance as at 30 June 2021	**1 521 914**	**1 363**	**1 363**	**855 076**	**2 378 353**
Note	17	18			

[1] *In the prior year the share capital and share premium were disclosed separately.*

Statements of cash flows

For the year ended 30 June 2021

	Note	GROUP		COMPANY	
		2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Cash flows from operating activities					
Cash generated from/(used in) operations	33	**429 022**	96 191	**284**	(230)
Interest received		**3 618**	3 017	**1**	2
Interest paid	30	**(47 046)**	(59 002)	**–**	–
Tax (paid)/refunded	34	**(23 400)**	10 506	**(3)**	(17)
Net cash from/(applied to) operating activities		**362 194**	50 712	**282**	(245)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(82 096)**	(42 085)	**–**	–
Proceeds from disposal of property, plant and equipment	3	**937**	5 002	**–**	–
Purchase of investment property	4	**(1 150)**	–	**–**	–
Purchase of intangible assets	7	**(3 607)**	(2 603)	**–**	–
Acquisition of business net of cash acquired	35	**(77 805)**	–	**–**	–
Loans to Group companies repaid	9	**–**	–	**–**	245
Loans advanced to Group companies	9	**–**	–	**(281)**	–
Purchase of other financial assets at amortised cost	10	**(62 728)**	(36 680)	**–**	–
Proceeds from other financial assets at amortised cost	10	**18 476**	45 252	**–**	–
Net cash (applied to)/from investing activities		**(207 973)**	(31 114)	**(281)**	245
Cash flows from financing activities					
Proceeds from borrowings		**101 097**	11 580	**–**	–
Repayment of borrowings		**(170 204)**	(111 542)	**–**	–
Repayment of lease liability		**(8 124)**	(10 106)	**–**	–
Net cash applied to financing activities		**(77 231)**	(110 068)	**–**	–
Cash movement for the year		**76 990**	(90 470)	**1**	–
Cash at the beginning of the year		**3 013**	88 941	**–**	–
Effect of exchange rate movement on cash balances		**(8 823)**	4 542	**–**	–
Cash at the end of the year	15	**71 180**	3 013	**1**	–

Accounting policies

For the year ended 30 June 2021

CORPORATE INFORMATION

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

The consolidated and separate annual financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a round-robin resolution passed by the directors on 27 September 2021.

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, IFRS and International Financial Reporting Interpretations Committee interpretations issued and effective at the time of preparing these consolidated and separate annual financial statements and the Companies Act.

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 the 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 thousand (R'000).

All subsidiaries use uniform accounting policies.

These accounting policies are consistent with the previous period.

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 are deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards are exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) related to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as a 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 fee 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 deconsolidated 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 18 – Share-based payment reserve
- Note 21 – Lease liability;
- Note 22 – Retirement benefit obligation; and
- Note 23 – Provisions.

1.5 Biological assets

Pine and eucalyptus trees:

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 as non-operating profit or loss in the statements of profit or loss and other comprehensive income.

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

Unharvested fruit:

The Group recognises a biological asset from unharvested avocados and macadamias when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the Group; and
- the fair value or cost of the asset can be measured reliably.

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

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

1.6 Investment property

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

Any gain or loss arising from a change in fair value is recognised as non-operating profit or loss in the statements of profit or loss and other comprehensive Income. An external, independent valuation company, having an appropriate, recognised professional qualification and recent experience in the location and category of property being valued, is used to value the portfolio. 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 the accounting policies note 1.18.

When an item of property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is, to the extent that the remeasurement of an investment property on the date of classification results in a gain, applied first to reducing any impairment loss that was previously recognised in profit or loss and the remaining increase is recognised in other comprehensive income. Upon disposal of the item, the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, measured in terms of the fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

1.7 Property, plant and equipment

Owned assets

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

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised interest and any other costs directly attributable to bringing the asset to working condition for its intended use. The cost of self-constructed and acquired assets includes:

- the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing items and restoring the site on which they are located; and
- changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligations or from changes in the discount rate.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

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

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The replaced part is subsequently derecognised. All other costs are recognised in profit or loss as an expense as incurred.

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 reassessed annually at the reporting date. The current estimated useful lives are as follows:

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

1.8 Leases

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

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

The right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

The Company has elected to apply the recognition exemption to not 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 are 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 modification that does not result in the addition of one or more assets i.e. rent reductions and amendment of lease terms are accounted for as a right-of-use asset and lease liability adjustment at the adjusted incremental borrowing rate on the effective date of the modification.

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

The Company adopted the IFRS 16 practical expedient from the 2020 financial year 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 was 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.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite, is an indicator that the asset may be impaired. As a result, the asset is tested for impairment when an impairment indicator exists and the remaining carrying amount is amortised over its useful life.

Subsequent measurement

The Group recognises in the carrying amount of an item of intangible assets, the cost of replacing part of such an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The replaced part is subsequently derecognised. All other costs are recognised in profit or loss as an expense as incurred.

Amortisation

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

Amortisation is recognised as part of operating expenses in the statements of profit or loss and other comprehensive Income. Amortisation is provided to write down intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

1.10 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9: *Financial Instruments*. Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

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

Financial liabilities:

- Amortised cost.

Note 41 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, interest and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group calculated the expected credit loss under the simplified approach using a provision matrix. The expected credit loss is calculated by applying an expected loss ratio to each age receivable group. The loss ratio is calculated as the historical payment profile and adjusted for macro-economic forecasts. A default credit loss ratio is applied to aging periods of 90 days and over if the debtor is covered by credit insurance.

Derecognition

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

Borrowings

Classification

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

Recognition and measurement

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

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

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

Interest expense, calculated on the effective interest method, is included in profit or loss under finance cost (note 30).

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 41 for details of risk exposure and the management thereof.

Trade and other payables

Classification

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

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance cost (note 30).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 41 for details of risk exposure and the management thereof.

Derecognition

Any gains or losses arising on the derecognition of trade and other payables are 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 and fruit produce 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.

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 benefits 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.

Remeasurements 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 – treating;
- Sale of food and beverages;
- Accommodation income;
- Sale of nuts and fruit;
- Income from fruit packaging; and
- Rental 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 when the customer receives the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods, or within 30 days for account-holding customers. A receivable is recognised for account-holding customers. No financing element is recognised as the payment terms are within 30 days.

Sale of timber products

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

For sales of timber products to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been transported to the customer's specific location. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility of selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Revenue derived from transport services to external customers where York acts as a principle is recognised in the accounting period in which the services are rendered, at a point in time when the goods are delivered, at the gross amount of revenue received. When York acts in the capacity of an agent, the transport provider insures the freight and York recognises the revenue when the goods are delivered to the customer. The revenue recognised when York acts as an agent is recognised at the net amount of revenue received at a point in time.

Rendering of services – treating

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

Sale of food and beverages

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

Accommodation income

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

Sale of nuts and fruit

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

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

Deferred revenue is recognised for produce where the Group has received partial payment for the produce from the Agent. For the sale of nuts revenue is recognised when the nuts are delivered to the customer.

Income from fruit packaging

Revenue is recognised at a point in time.

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

Rental income

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

1.19 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at the rate of exchange ruling on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at rates of exchange ruling at the reporting date (spot rate).

Any foreign exchange differences are recognised in profit 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.

1.20 Investment income and finance cost

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

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

Finance cost comprises interest expenses on borrowings, interest expenses on lease liabilities, interest expenses charged on overdue trade payables and overdraft facilities.

Notes to the consolidated and separate annual financial statements

For the year ended 30 June 2021

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2021 or later periods:

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

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

The effective date of the amendment is for years beginning on or after 1 January 2022.

The Group expects to adopt the amendment for the first time in the 2023 annual financial statements.

It is unlikely that the amendment will have a material impact on the Group and Company's annual financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

	GROUP					
	2021			2020		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land	**140 880**	**–**	**140 880**	111 928	–	111 928
Buildings	**337 319**	**(89 939)**	**247 380**	295 210	(76 536)	218 674
Right-of-use asset	**25 077**	**(21 265)**	**3 812**	34 563	(24 914)	9 649
Plant and machinery	**630 130**	**(278 040)**	**352 090**	597 170	(219 595)	377 575
Bearer plants	**23 071**	**(921)**	**22 150**	–	–	–
Other equipment*	**214 340**	**(108 359)**	**105 981**	186 640	(90 688)	95 952
Capital – work in progress	**33 352**	**–**	**33 352**	30 351	–	30 351
Total	**1 404 169**	**(498 524)**	**905 645**	1 255 862	(411 733)	844 129

* *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	Additions through business combi-nations R'000	Disposals R'000	Transfers R'000	Depre-ciation R'000	Impair-ment loss R'000	Total R'000
2021								
Reconciliation of property, plant and equipment								
Land	**111 928**	**–**	**28 952**	**–**	**–**	**–**	**–**	**140 880**
Buildings	**218 674**	**5 431**	**29 063**	**(3)**	**7 649**	**(13 320)**	**(114)**	**247 380**
Right-of-use asset	**9 649**	**–**	**–**	**–**	**–**	**(5 837)**	**–**	**3 812**
Plant and machinery	**377 575**	**946**	**7 071**	**(208)**	**25 886**	**(59 180)**	**–**	**352 090**
Bearer plants	**–**	**11 140**	**11 931**	**–**	**–**	**(921)**	**–**	**22 150**
Other equipment*	**95 952**	**13 826**	**6 166**	**(2 275)**	**14 217**	**(21 905)**	**–**	**105 981**
Capital – work in progress	**30 351**	**50 753**	**–**	**–**	**(47 752)**	**–**	**–**	**33 352**
	844 129	**82 096**	**83 183**	**(2 486)**	**–**	**(101 163)**	**(114)**	**905 645**
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

* *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

Landholdings amounting to 57 178 hectares (2020: 58 050 hectares) with a carrying value of R29,8 million were encumbered in favour of Micawber 558 Proprietary Limited as security for loans and borrowings as per note 20.

Assets comprising the plywood plant with a carrying value of R262,7 million (2020: R293,7 million) are subject to a notarial bond.

Assets are encumbered in terms of instalment sale agreements.

	GROUP	
	2021 R'000	2020 R'000
Carrying value of plant and equipment under instalment sale agreement obligation		
Plant and machinery	**27 613**	28 097
Other property, plant and equipment	**81 487**	76 097

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

The present value of minimum instalment sale agreement payments due at year-end was R64 million (2020: R76,8 million) (refer to note 20).

3. PROPERTY, PLANT AND EQUIPMENT continued

Impairment

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

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

4. INVESTMENT PROPERTY

	GROUP	
	2021 Valuation R'000	2020 Valuation R'000
Investment property	**34 180**	30 740

	GROUP				
	Opening balance R'000	Additions R'000	Classified as held for sale R'000	Fair value adjustments R'000	Total R'000
2021					
Reconciliation of investment property					
Investment property	**30 740**	**1 150**	**(750)**	**3 040**	**34 180**

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

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

An offer to purchase a residential house on Portion 5 of erf 254, Claremont, Pretoria, with a fair value of R820 thousand was signed on 20 May 2021 for a selling price of R750 thousand. The transfer of the property was not completed at year-end. A fair value adjustment of R70 thousand was recognised in the statements of profit or loss and other comprehensive income. The property was classified as a non-current asset held for sale as the transaction is expected to be completed within 12 months.

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 valuations

The effective date of the revaluations was 21 May 2021. There was no significant change between the revaluation date and the year-end date. Revaluations were performed by an independent valuator, Tetragon Valuers Proprietary Limited. The valuator is not connected to the Company and has recent experience in the location and category of the investment properties being valued. The valuation was based on the open market value for existing use.

The fair value measurement for investment property of R34,1 million (2020: R30,7 million) has been categorised as a level 2 fair value based on the inputs to the valuation technique used.

	GROUP	
	2021 R'000	**2020 R'000**
Amounts recognised in profit or loss for the year excluding fair value adjustments		
Rental income from investment property	**1 874**	1 804
Direct operating expenses from rental-generating property	**(1 070)**	(912)
Total	**804**	892

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 (2020: R0,3 million) adjustment to profit or loss.

5. BIOLOGICAL ASSETS

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

Pine and eucalyptus trees

	GROUP	
	2021 R'000	**2020 R'000**
Reconciliation of biological asset		
Opening balance	**2 906 890**	3 154 557
Reconciliation of biological asset due to changes in standing volume:		
– Increase due to growth and enumerations[1]	**362 074**	176 181
– Adjustment to standing timber values to reflect changes to sales price, cost and discount rate assumptions[2]	**(6 484)**	(143 329)
Decrease due to harvesting	**(342 632)**	(192 153)
Standing timber purchased	**935**	44 880
Standing timber harvested	**(44 880)**	(133 246)
Closing balance	**2 875 903**	2 906 890
Classified as non-current assets	**2 502 597**	2 391 304
Classified as current assets[3]	**373 306**	515 586
Closing balance	**2 875 903**	2 906 890

[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

Pine and eucalyptus trees continued

	GROUP 2021 R'000	GROUP 2020 R'000
Change in discounted cash flow value (DCF) attributable to:		
Opening balance	**2 906 890**	3 154 557
Change in product mix and age*[4]	**36 761**	233 049
Revenue and price*[5]	**136 894**	(348 350)
Operating costs*	**(53 251)**	85 485
Discount rate*	**(107 596)**	30 209
Standing timber purchased	**935**	44 880
Standing timber harvested	**(44 880)**	(133 246)
Change in volume*[6]	**150**	(159 694)
Closing balance	**2 875 903**	2 906 890

* *The total of these amounts equals the fair value adjustment disclosed in note 31.*

[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, 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 32 hectares from the prior year. The DCF volumes over the 20-year period remained in line with the prior year volumes. An accuracy factor is used to calculate the accounting estimated volume. This is a downwards adjustment of harvestable volume.*

	GROUP 2021	GROUP 2020
Reconciliation of standing volume (m^3)		
Opening balance	**6 244 607**	6 277 972
Increase due to growth and enumeration[1]	**744 151**	367 998
Decrease due to harvesting and sales	**(703 751)**	(401 363)
	6 285 007	6 244 607
Landholding (hectares)		
Pine[7]	**54 562**	54 648
Eucalyptus[7]	**289**	343
Temporary unplanted areas[7]	**3 804**	3 772
Conservancy areas[7]	**30 816**	30 816
Agricultural land[7]	**108**	–
	89 579	89 579

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

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 the basis for calculating log yields.

Volume adjustment factor: In a manner consistent to prior years, volumes expected from York plantations in MicroForest are adjusted downwards by 8% (2020: 8%). In the 2021 financial year, the harvesting volumes expected from York plantations in MicroForest were further reduced by a weighted average of 5% (2020: 4%) based on the most recent actual yield reconciliation data. The further reduction in volumes was done in an effort to acknowledge deviations such as the impact from baboon damage and other natural elements, genetic defects and pests 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 4,40% over the next year and at 4,50% over the following year and over the long term (2020: 4,60% over the next year, 4,40% over the following year and at 4,80% over the long term). Log prices are computed at a weighted average of external market prices and internal prices, which are based on an internationally recognised log paying capability calculation. This calculation references the final product value derived from the log based on market prices.

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 4,40% over the next year and 4,50% over the following year and over the long term (2020: 4,60% over the next year, 4,40% over the following year and 4,80% 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 (2020: 20 years). The expected cash flows are risk adjusted for the 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	
	2021	**2020**
Key assumptions used in the calculation of the discount rate		
Beta factor	**1,16**	1,13
Risk-free rate[8] (%)	**9,26**	9,26
Cost of equity (%)	**16,45**	16,48
Pre-tax cost of debt (%)	**7,00**	7,25
After-tax WACC (%)	**13,61**	13,17
Debt/equity ratio[9]	**25:75**	29:71

[8] *The GSAB10YR yield curve was used (2020: GSAB10YR yield curve).*

[9] *York applied the debt/equity ratio of the market participants included in its comparable company basket.*

5. BIOLOGICAL ASSETS continued

Level 3 fair value 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 these 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 57 178 hectares (2020: 58 050 hectares) with biological assets valued at R1,8 billion were encumbered in favour of Micawber 558 Proprietary Limited as security for loans and borrowings as per note 20.

	GROUP	
	2021	**2020**
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	**20 055 548**	20 054 497
	R'000	**R'000**
Sensitivity analysis		
100 basis points increase in the current log price	**45 282**	45 075
25 basis points increase in forecast log prices (years 1 and 2 and long term)	**88 800**	90 380
25 basis points increase in the forecast cost inflation rate	**(24 168)**	(25 124)
50 basis points increase in the pre-tax cost of debt	**(22 054)**	(26 392)
25 basis points increase in the discount rate	**(60 902)**	(61 779)
100 basis points increase in projected volumes	**37 718**	37 025

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

5. BIOLOGICAL ASSETS continued

Unharvested fruit

	GROUP 2021 R'000	GROUP 2020 R'000
Reconciliation of biological assets		
Opening balance	**–**	–
Additions through business combination	**3 892**	–
Avocados and macadamias harvested	**(2 859)**	–
Change in fair value of avocados and macadamias	**1 215**	–
	2 248	–

Methodology and assumptions used in determining fair value

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

Maturity of bearer plants

As at 30 June 2021, the Group had 108 hectares of bearer plants. From the 108 hectares, 30 hectares were immature and 78 hectares were mature. During the year, 379 tonnes of agricultural produce were harvested.

	GROUP 2021 R'000	GROUP 2020 R'000
Sensitivity analysis		
100 basis points increase in market prices	**24**	–
25 basis points increase in harvesting cost	**(2)**	–
100 basis points increase in volumes	**26**	–

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

	GROUP 2021 R'000	GROUP 2020 R'000
Classified as current assets	**2 248**	–

	GROUP 2021 R'000	GROUP 2020 R'000
Total biological assets (pine and eucalyptus trees and unharvested fruit)		
Classified as non-current assets	**2 502 597**	2 391 304
Classified as current assets	**375 554**	515 586
	2 878 151	2 906 890

6. GOODWILL

	GROUP					
	2021			2020		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	**566 626**	**(208 996)**	**357 630**	565 442	(207 812)	357 630

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

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

The fair value less costs to sell was determined based on the assumptions detailed below. The cash flows have been based on the approved budget for the 2022 financial year as well as a forecast to 2037 using a long-term inflation rate of 4,50% (2020: 4,80%). The period is longer than would normally be the case due to the nature of the underlying assets. The plantations are managed in rotation based on a clear-fell age for pine of approximately 20 years (2020: 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 downwards by 8% (2020: 8%). In the 2021 financial year, the harvesting volumes expected from York plantations in MicroForest were further reduced by a weighted average of 5% (2020: 4,3%) 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 was done in an effort to acknowledge deviations such as the impact from baboon damage and other natural elements, genetic defects and pests 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 4,40% over the next year and at 4,50% over the following year and over the long term (2020: 4,60% over the next year, 4,40% over the following year and at 4,80% over the long term).

Operating costs: The costs are based on the unit cost of the forestry management activities required to enable the trees to reach the age of felling. The costs include the current and future expected costs for establishment, harvesting, maintenance and risk management, as well as associated fixed overhead costs. Cost include all costs associated to delivering the product to roadside (point of sale). A long-term inflation rate of 4,50% (2020: 4,80%) was used.

Discount rate: The Group's after-tax 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	
	2021 R'000	2020 R'000
Results of impairment testing		
Carrying amount of segment assets	**2 418 211**	2 579 689
Fair value less costs to sell[1]	**(2 626 111)**	(2 743 925)
Net result: (headroom)/impairment	**(207 900)**	(164 236)

[1] *The present value of the segment was impacted by the following:*

- *Increase in volume accuracy adjustment;*
- *Increase in disposal value of non-commercial areas;*
- *Decrease in long-term inflation forecast; and*
- *Decrease in the biological asset value included in the carrying amount of the segment assets.*

	GROUP	
	2021	2020
Key assumptions used in the calculation of the discount rate		
Risk-free rate[2] (%)	**9,26**	9,26
Cost of equity (%)	**16,45**	16,48
Pre-tax cost of debt (%)	**7,00**	7,25
Debt/equity ratio[3]	**25:75**	29:71
After-tax WACC (%)	**13,61**	13,17
Beta factor	**1,16**	1,13

[2] *The GSAB10YR yield curve (GSAB10YR yield curve) was used.*

[3] *York applied the debt/equity ratio of the market participants included in its comparable company basket.*

The following sensitivity analysis shows how the present value of the segment's future cash flows would be affected if the key valuation parameters were attributed to 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	
	2021 R'000	2020 R'000
Sensitivity analysis[4]		
100 basis points increase in the current log price	**106 231**	118 282
25 basis points increase in forecast log prices	**130 100**	140 217
25 basis points increase in forecast cost inflation rate	**(35 301)**	(71 182)
50 basis points increase in the pre-tax cost of debt	**(31 824)**	(43 337)
25 basis points increase in the discount rate	**(87 090)**	(100 455)
100 basis points increase in projected volumes	**47 726**	39 862

[4] *When comparing the sensitivity analysis above to note 5, the biological asset valuation and 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.*

6. GOODWILL continued

Level 3 fair value continued

	GROUP			
	Opening balance R'000	Additions through business combinations R'000	Impairment loss R'000	Total R'000
2021				
Reconciliation of goodwill				
Goodwill	**357 630**	**1 184**	**(1 184)**	**357 630**

Goodwill of R1,2 million arose from the business combination that took place in the current year as per note 35 and represents the difference between the fair value of the net assets purchased, liabilities assumed and the acquisition price. The goodwill was impaired in the current financial year, as the goodwill originated from a deferred tax liability recognised at acquisition date for immovable assets acquired for farming purposes not being deductible for taxation purposes.

7. INTANGIBLE ASSETS

	GROUP					
	2021			2020		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Computer software	**3 175**	**(2 841)**	**334**	3 311	(2 881)	430
Capital – work in progress	**9 222**	**–**	**9 222**	5 646	–	5 646
Total	**12 397**	**(2 841)**	**9 556**	8 957	(2 881)	6 076

	GROUP			
	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
2021				
Reconciliation of intangible assets				
Computer software	**430**	**31**	**(127)**	**334**
Capital – work in progress	**5 646**	**3 576**	**–**	**9 222**
	6 076	**3 607**	**(127)**	**9 556**

	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

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 2021	% holding 2020	Carrying amount 2021 R'000	Carrying amount 2020 R'000
South African Plywood Proprietary Limited[1]	**100,00**	100,00	**–**	–
Global Forest Products Proprietary Limited[1]	**100,00**	100,00	**1 117 743**	1 117 743
York Timbers Proprietary Limited	**100,00**	100,00	**6 176**	4 759
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[2]	**–**	100,00	**–**	–
York Fleet Solutions Proprietary Limited	**100,00**	100,00	**–**	–
York Carbon Proprietary Limited	**51,00**	51,00	**–**	–
Mbulwa Estate Proprietary Limited	**100,00**	100,00	**–**	–
York Power (RF) Proprietary Limited	**100,00**	100,00	**–**	–
Sonrach Proprietary Limited	**100,00**	100,00	**–**	–
Stadsrivier Vallei Proprietary Limited	**100,00**	100,00	**–**	–
			1 123 919	1 122 502

[1] The Company has a direct investment in these companies. All other companies are indirect investments.
[2] York Timbers Botswana Proprietary Limited was deregistered during the year.

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 which is incorporated and domiciled in Chile.

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 3 601 504 (2020: 4 360 902) shares. The options will vest at the end of three years at no consideration to the employees. Refer to note 18.

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Fair value of options				
Value of options	**–**	–	**2 371**	1 532

9. LOANS TO GROUP COMPANIES

Subsidiaries

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 Restated R'000
York Timbers Proprietary Limited	**–**	–	**1 256 070**	1 257 152
The loan to the Group company is unsecured, bears no interest and has a notice period of at least 367 days.				
Split between non-current and current portions				
Non-current assets	**–**	–	**1 256 070**	1 257 152
Current assets	**–**	–	**–**	–
	–	–	**1 256 070**	1 257 152
Face value of loan				
York Timbers Proprietary Limited	**–**	–	**1 340 896**	1 345 428

Refer to note 38 for details on the restatement.

Exposure to credit risk

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

The expected credit loss for the inter-company loan was assessed by taking into account macro-economic factors and the solvency and liquidity for the underlying subsidiary and no credit loss was deemed necessary.

Repayment of the loan has been subordinated as security for borrowings as per note 20. The carrying amount reasonably approximates its fair value.

10. OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Other financial assets at amortised cost	**97 583**	53 331	**–**	–
Other financial assets at amortised cost	**97 583**	53 331	**–**	–
Self-insurance fund				
The fund is fully funded at R173 million (2020: 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 Bank 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.				
	97 583	53 331	**–**	–
Split between non-current and current portions				
Non-current assets	**97 583**	53 331	**–**	–

Risk exposure

The investments held by the Group expose it to interest rate risk. Refer to note 41 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

The carrying amount reasonably approximates its fair value.

11. DEFERRED TAX

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

	GROUP		COMPANY	
	2021 R’000	**2020 R’000**	**2021 R’000**	**2020 R’000**
Deferred tax liability	**(887 618)**	(848 624)	**–**	–
Deferred tax asset	**4 336**	7 353	**37**	37
Total net deferred tax (liability)/asset	**(883 282)**	(841 271)	**37**	37
Reconciliation of deferred tax (liability)/asset				
At the beginning of the year	**(841 271)**	(922 976)	**37**	37
(Decrease)/increase in tax losses available for set-off against future taxable income	**(39 320)**	36 647	**–**	–
(Deductible)/taxable temporary differences	**(1 832)**	45 335	**–**	–
Changes to other comprehensive income	**(560)**	(101)	**–**	–
Deferred tax asset not recognised	**–**	(176)	**–**	–
Prior year under provision	**(299)**	–	**–**	–
Closing balance	**(883 282)**	(841 271)	**37**	37
The balance comprises the following items:				
Capital allowances	**(103 325)**	(100 860)	**–**	–
Biological assets	**(805 620)**	(801 363)	**–**	–
Provisions	**21 752**	17 160	**37**	37
Estimated tax loss	**4 234**	43 554	**–**	–
Defined benefit plan reserve	**(323)**	238	**–**	–
	(883 282)	(841 271)	**37**	37
Deferred tax asset not recognised				
Assessed loss not recognised	**13 111**	10 089	**–**	–
Potential tax benefit on assessed loss	**3 671**	2 825	**–**	–

12. INVENTORIES

	GROUP		COMPANY	
	2021 R’000	**2020 R’000**	**2021 R’000**	**2020 R’000**
Raw materials	**34 080**	17 449	**–**	–
Work in progress	**38 210**	36 998	**–**	–
Timber products	**54 941**	126 078	**–**	–
Merchandise	**1 895**	202	**–**	–
Consumables	**53 751**	51 019	**–**	–
Agricultural produce	**3 401**	–	**–**	–
	186 278	231 746	**–**	–
Write-downs	**(3 013)**	(2 555)	**–**	–
Total inventory	**183 265**	229 191	**–**	–
The total movement in cost of sales regarding inventory write-downs was an expense of R0,5 million (2020: expense of R1,7 million).				
Finished goods at net realisable value				
Finished goods carried at net realisable value	**7 784**	32 592	**–**	–

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Financial instruments				
Trade receivables	**249 205**	156 624	**178**	178
Loss allowance	**(10 057)**	(13 547)	**(178)**	(178)
Trade receivables at amortised cost	**239 148**	143 077	**–**	–
Deposits	**10 277**	2 343	**20**	20
Employee costs paid in advance	**1 804**	1 668	**–**	–
Other receivables	**7 726**	7 254	**–**	–
Non-financial instruments				
VAT	**1 565**	744	**35**	–
Prepayments	**11 413**	9 710	**83**	136
Total trade and other receivables	**271 933**	164 796	**138**	156

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 to note 15). The amount of trade receivables that has been pledged as security by the Group was R224,8 million.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur a 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.

	2021		2020	
Expected credit loss rate	**Estimated gross carrying amount R'000**	**Loss allowance (lifetime expected credit loss) R'000**	**Estimated gross carrying amount R'000**	**Loss allowance (lifetime expected credit loss) R'000**
GROUP				
Current	**190 780**	**(2 098)**	112 536	(1 701)
30 days	**39 637**	**(422)**	18 842	(289)
60 days and over	**18 788**	**(7 537)**	25 246	(11 557)
Total expected credit loss	**249 205**	**(10 057)**	156 624	(13 547)
COMPANY				
60 days and over	**178**	**(178)**	178	(178)

13. TRADE AND OTHER RECEIVABLES continued

Exposure to credit risk continued

Reconciliation of loss allowance

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	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Opening balance	**(13 547)**	(8 768)	**(178)**	(178)
Provision raised on new trade receivables	**(78)**	(4 779)	**–**	–
Remeasurement of loss allowance	**1 018**	–	**–**	–
Bad debt written off	**2 550**	–	**–**	–
Closing balance	**(10 057)**	(13 547)	**(178)**	(178)

A 1% to 1,34% (2020: 1,13% to 1,52%) 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.

Included in the credit loss ratio is an additional loss ratio of 0,25% (2020: 0,25%) applied to take account of the economic uncertainty due to the ongoing COVID-19 pandemic.

A default loss ratio of 20% (2020: 20%) was applied to debtors aging 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/(PAYABLE)

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

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

15. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Cash and cash equivalents consist of:				
Cash on hand	**143**	171	**–**	–
Bank balances	**74 782**	48 257	**1**	–
Short-term deposits	**33 105**	2	**–**	–
Bank overdraft	**(36 850)**	(45 417)	**–**	–
	71 180	3 013	**1**	–
Current assets	**108 030**	48 430	**1**	–
Current liabilities	**(36 850)**	(45 417)	**–**	–
	71 180	3 013	**1**	–

15. CASH AND CASH EQUIVALENTS continued

The carrying amount reasonably approximates its fair value.

At year-end, the invoice discounting facility granted by Absa Bank was secured by the cession of a clearing account held with Absa Bank and the cession of trade receivables with a maximum exposure limit of R150 million, and CGIC insurance (refer to note 13). The invoice discounting facility bears interest at the prime interest rate on the utilised amount. The general banking facility is available to all companies within the Group. Refer to note 41 for credit ratings on the various banks.

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

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
The total amount of facilities available for operating activities and commitments	**150 000**	80 000	**–**	–
Guarantees	**6 000**	6 000	**–**	–
Letters of credit	**1 000**	1 000	**–**	–
Guarantees to Eskom Holdings Limited	**3 334**	3 334	**–**	–
Forward exchange contracts	**1 000**	1 000	**–**	–
Foreign exchange settlement limit	**5 000**	5 000	**–**	–
Absa Bank asset and vehicle finance facility	**90 000**	90 000	**–**	–

16. NON-CURRENT ASSETS HELD FOR SALE

An offer to purchase a residential house on Portion 5 of erf 254, Claremont, Pretoria, with a fair value of R820 thousand was signed on 20 May 2021 for a selling price of R750 thousand. The transfer of the property was not completed at year-end. A loss in fair value adjustment of R70 thousand was recognised in the statements of profit or loss and other comprehensive income. The property was classified as a non-current asset held for sale as the transaction is expected to be completed within 12 months.

	GROUP	
	2021 R'000	**2020 R'000**
Assets and liabilities		
Non-current assets held for sale		
Investment property	**750**	–

17. SHARE CAPITAL

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Authorised				
600 000 000 ordinary shares of R0,05 each	**30 000**	30 000	**30 000**	30 000
Issued				
331 240 597 (2020: 331 240 597) ordinary shares of R0,05 each	**16 562**	16 562	**16 562**	16 562
13 720 552 (2020: 15 192 584) treasury shares of R0,05 each	**(686)**	(760)	**–**	–
Exercise of options	**3 851**	–	**–**	–
Share premium	**1 464 430**	1 464 430	**1 505 352**	1 505 352
Total	**1 484 157**	1 480 232	**1 521 914**	1 521 914
Reconciliation of shares issued				
Opening balance	**1 480 232**	1 480 232	**1 521 914**	1 521 914
Treasury shares issued in exercise of options	**74**	–	**–**	–
Exercise of options	**3 851**	–	**–**	–
Closing balance	**1 484 157**	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 years 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 13,7 million shares (2020: 15,2 million shares) were held by the subsidiary as at 30 June 2021 and are treated as treasury shares for accounting purposes.

18. SHARE-BASED PAYMENT RESERVE

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Opening balance	**4 759**	3 227	**4 759**	3 227
Share-based payment movement	**(3 396)**	1 532	**(3 396)**	1 532
Closing balance	**1 363**	4 759	**1 363**	4 759

	GROUP		COMPANY	
	2021 Units	**2020 Units**	**2021 Units**	**2020 Units**
Opening balance	**4 360 902**	4 360 902	**4 360 902**	4 360 902
Units awarded	**3 000 000**	–	**3 000 000**	–
Units vested	**(3 759 398)**	–	**(3 759 398)**	–
Closing balance	**3 601 504**	4 360 902	**3 601 504**	4 360 902

18. SHARE-BASED PAYMENT RESERVE continued

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

In the 2019 financial year, the Company granted certain employees of York Timbers Proprietary Limited the right to receive 601 504 shares. In the 2021 financial year, the Company granted the late CEO 3 000 000 restricted shares.

In the current year, the share-based payment scheme awarded in the 2018 financial year vested with 1 472 032 units awarded to qualifying individuals at an exercise price of Rnil.

The fair value of the options is estimated as at the grant date using the binomial 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. In the Company, any changes in the equity-settled payment reserve were recognised as part of the investment in York Timbers Proprietary Limited.

During the period ended 30 June 2021, the Company had three share-based payment schemes, with the following details:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
Key assumptions used in the 2019 award				
York share price as at the reporting date (R)	**1,87**	1,38	**1,87**	1,38
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 as at the grant date (R)	**1,90**	1,90	**1,90**	1,90
Exercise price (R)	**–**	–	**–**	–
Expected vesting rate (%)	**80**	80	**80**	80
Vesting conditions	**Three years' service**	Three years' service	**Three years' service**	Three years' service
CEO's share plan				
York share price as at the reporting date (R)	**1,87**	–	**1,87**	–
Number of shares awarded	**1 800 000**	–	**1 800 000**	–
Award date	**30/03/2021**	–	**30/03/2021**	–
Expiry/vesting date	**30/03/2024**	–	**30/03/2024**	–
Fair value of options as at the grant date (R)	**2,34**	–	**2,34**	–
Exercise price (R)	**–**	–	**–**	–
Expected vesting rate (%)	**100**	–	**100**	–
Vesting conditions	**Achievement of a tangible net asset value Tangible net asset value per share at the year-end reporting date**		**Achievement of a tangible net asset value Tangible net asset value per share at the year-end reporting date**	

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

- Tangible net asset value per share of R7,89: receive nil units;
- Tangible net asset value per share of R8,13: receive 900 000 units;
- Tangible net asset value per share of R8,37: receive 1 200 000 units; and
- Tangible net asset value per share of R8,62: receive 1 800 000 units.

18. SHARE-BASED PAYMENT RESERVE continued

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
CEO's share plan				
York share price as at the reporting date (R)	**1,87**	–	**1,87**	–
Number of shares awarded	**1 200 000**	–	**1 200 000**	–
Award date	**30/03/2021**	–	**30/03/2021**	–
Expiry/vesting date	**30/03/2024**	–	**30/03/2024**	–
Fair value of options as at the grant date (R)	**2,34**	–	**2,34**	–
Exercise price (R)	**–**	–	**–**	–
Expected vesting rate (%)	**100**	–	**100**	–
Vesting conditions	**Achievement of a volume weighted average share price**		**Achievement of a volume weighted average share price**	

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

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

19. DEFINED BENEFIT PLAN RESERVE

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

	GROUP	
	2021 R'000	**2020 R'000**
Opening balance	**(611)**	(871)
Movement through other comprehensive income	**1 441**	260
Closing balance	**830**	(611)

20. BORROWINGS

	GROUP	
	2021 R'000	**2020 R'000**
Held at amortised cost		
Secured		
Land Bank term loan	**274 385**	317 258
Land Bank Plywood Expansion Project loan	**79 495**	159 386
Land Bank Press loan	**16 482**	23 294
Absa Capital fund loan (Stadsrivier Vallei Proprietary Limited)	**74 837**	–
Instalment sale agreements	**64 089**	76 767
Loan raising fee	**(1 411)**	(786)
Absa Capital fund loan (Sonrach Properties Proprietary Limited)	**6 914**	7 979
	514 791	583 898
Split between non-current and current portions		
Non-current liabilities	**347 330**	417 922
Current liabilities	**167 461**	165 976
	514 791	583 898

Land Bank term loan: This loan bears interest at an interest rate of prime less 0,5% (2020: prime less 0,5%) per annum and is payable monthly in arrears over seven years, of which five are remaining.

Refer to note 41 Financial instruments and risk management for detail on the loan covenants.

Land Bank Plywood Expansion Project loan: This loan bears interest at an interest rate of prime less 0,5% (2020: prime less 0,5%) per annum and is payable monthly in arrears, after interest and a capital holiday for the first 12 months and a capital holiday for the second 12 months, over seven years, of which one is remaining.

Refer to note 41 Financial instruments and risk management for detail on the loan covenants.

Land Bank Press loan: This loan bears interest at an interest rate of prime less 0,5% (2020: prime less 0,5%) per annum and is payable monthly in arrears, over five years and six months, of which two years and five months are remaining.

Security over the Land Bank debt:

- Guarantee by security special purpose vehicle (SPV), Micawber 558 Proprietary Limited, 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 57 178 (2020: 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; and
- 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.

20. BORROWINGS continued

Absa Capital fund loan (Stadsrivier Vallei Proprietary Limited): The loan for the business combination as per note 35 bears interest at prime and is repayable over five years, of which four years and 10 months are remaining. The interest is repayable on a quarterly basis and quarterly capital repayments of R1,5 million from 31 March 2024.

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

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

Loan raising fees: The Land Bank and Absa Bank loan raising fees are amortised over the period of the loan using the effective interest rate method. The amortised amount is included in finance expenses (refer to note 30).

Absa Capital fund loan (Sonrach Properties Proprietary Limited): This loan bears interest at an interest rate of prime less 0,75% (2020: prime less 0,75%) per annum and is payable in monthly instalments in arrears, over a period of 10 years, of which five are remaining.

The carrying amounts reasonably approximate its fair value.

Exposure to liquidity risk

Refer to note 41 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 2021 R'000**	**Decrease 2021 R'000**	**Increase 2020 R'000**	**Decrease 2020 R'000**
Impact on profit or loss				
Finance cost	**997**	**(997)**	5 037	(5 037)
Taxation	**(279)**	**279**	(1 410)	1 410
	718	**(718)**	3 627	(3 627)

20. BORROWINGS continued

Interest rate sensitivity analysis continued

These liabilities consist of 164 (2020: 170) instalment sale agreements, payable over a period of five years at effective interest rates of between 6% to 9% (2020: 6% to 10%) per annum. These liabilities are secured by plant and equipment and motor vehicles with a carrying value of R109,1 million (2020: R104,2 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	
	2021 R'000	**2020 R'000**
Instalment sale agreement obligation		
– within one year	**35 127**	38 070
– in second to fifth year inclusive	**34 237**	45 741
Total	**69 364**	83 811
Less: future finance charges	**(5 275)**	(7 044)
Present value of minimum instalment sale agreement payments	**64 089**	76 767

	GROUP			
Instalment sale providers	**Quantity 2021**	**Interest rate 2021 %**	**Quantity 2020**	**Interest rate 2020 %**
Absa Bank	**124**	**6 – 7,75**	125	6 – 9
Mercedes Finance	**23**	**6,5 – 6,75**	14	6,25 – 7,25
Toyota Finance	**17**	**6 – 6,5**	30	6,25 – 9
WesBank	**–**	**–**	1	6,3

	GROUP	
	2021 R'000	**2020 R'000**
Present value of minimum instalment sale agreement payments		
– within one year	**32 044**	33 904
– in second to fifth year inclusive	**32 045**	42 863
	64 089	76 767

21. LEASE LIABILITY

	GROUP	
	2021 R'000	**2020 R'000**
Non-current liabilities	**394**	4 971
Current liabilities	**4 690**	7 331
	5 084	12 302
Contractual undiscounted cash flows		
Less than one year	**4 897**	8 122
One to five years	**349**	5 195
	5 246	13 317

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	
	2021	**2020**
Assumptions used		
Lease terms	**2 – 5 years**	2 – 5 years
Group's incremental borrowing rate (%)	**9,50 – 9,75**	9,50 – 0,75
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**	10,00 – 10,25

Refer to note 3 for disclosure around the right-of-use assets, accumulated depreciation, impairment and depreciation; note 28 for the depreciation, variable lease payments, short-term leases and leases of low-value assets and note 30 for finance cost on leases.

22. RETIREMENT BENEFIT OBLIGATION

Defined benefit plan

The Group's policy is not to provide post-retirement medical aid benefits to its employees. A provision is made, however, 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	
	2021 R'000	**2020 R'000**
Present value of defined benefit obligation		
Opening balance	**(26 910)**	(26 764)
Service cost	**(3)**	(4)
Interest cost	**(3 067)**	(2 703)
Actuarial gain	**2 001**	361
Benefits paid	**2 321**	2 200
Closing balance	**(25 658)**	(26 910)

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

The actuarial gain for the current year consists of two factors, demographic and financial. The demographic factors contributed a loss of R0,4 million (2020: gain of R0,4 million) and the financial factors a gain of R2,4 million (2020: loss of R61 thousand).

22. RETIREMENT BENEFIT OBLIGATION continued

Sensitivity analysis

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

	GROUP	
	2021 R'000	2020 R'000
A 1% change in the medical inflation rate would have the following effects:		
100 basis points increase: Increase in aggregate of the service and interest cost	**223**	257
100 basis points increase: Increase in defined benefit obligation	**2 079**	2 247
A 1% change in the investment discount rate would have the following effects:		
100 basis points increase: Increase/(decrease) in aggregate of the service and interest cost	**46**	(227)
100 basis points increase: Decrease in defined benefit obligation	**(1 796)**	(1 936)

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.

	GROUP	
	2021	2020
Contributions towards defined benefit plan		
Current service cost (R'000)	**2 633**	2 389
Key assumptions used		
Average number of members	**8**	8
Retired number of members	**37**	38
Total number of members	**45**	46
Expected rate of return on reimbursement rights (%)	**7,60**	7,90
Average expected remaining working lifetime (years)	**2,10**	2,75
Discount rate (estimated corporate bond yield) (%)	**10,70**	11,40
Medical contribution inflation rate (%)	**8,70**	9,40

22. RETIREMENT BENEFIT OBLIGATION continued

Defined contribution plan: Retirement fund

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

	GROUP		COMPANY	
	2021 Number	2020 Number	2021 Number	2020 Number
The number of members of the provident funds at year-end:				
Hospitality and General Provident Fund	**243**	194	**–**	–
York Timbers Provident Fund	**1 874**	2 034	**–**	–
Alexander Forbes Provident Fund	**283**	566	**–**	–

Defined contribution plan: Pension fund and Retirement annuity

	GROUP		COMPANY	
	2021 Number	2020 Number	2021 Number	2020 Number
The Group has two pension funds and one retirement annuity, with the following number of members at year-end:				
Alexander Forbes Pension Fund	**7**	7	**–**	–
Momentum Pension Fund	**108**	–	**–**	–
Allan Gray Retirement Annuity	**7**	–	**–**	–

Defined contribution plan: Medical aid fund

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Contributions towards defined contribution funds				
Hospitality and General Provident Fund	**1 810**	1 373	**–**	–
York Timbers Provident Fund	**21 180**	19 897	**–**	–
Alexander Forbes Provident Fund	**11 424**	11 650	**–**	–
Alexander Forbes Pension Fund	**550**	817	**–**	–
Momentum Pension Fund	**376**	–	**–**	–
Allan Gray Retirement Annuity	**130**	–	**–**	–
	35 470	33 737	**–**	–
Expected contributions for the next year				
Hospitality and General Provident Fund	**1 919**	1 455	**–**	–
York Timbers Provident Fund	**22 451**	21 091	**–**	–
Alexander Forbes Provident Fund	**12 110**	12 349	**–**	–
Alexander Forbes Pension Fund	**583**	866	**–**	–
Momentum Pension Fund	**398**	–	**–**	–
Allan Gray Retirement Annuity	**138**	–	**–**	–
	37 599	35 761	**–**	–

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

22. RETIREMENT BENEFIT OBLIGATION continued

Defined benefit plan: Medical aid fund continued

Below is the undiscounted maturity analysis of the defined benefit obligation. The weighted average duration is 17 years for pensioners and 2,1 years for the active members (2020: 18,5 years for pensioners and two years for the active members).

	Pensioners R'000	Active members R'000	Total R'000
2021			
Less than a year	**2 570**	**27**	**2 597**
One to two years	**2 695**	**21**	**2 716**
Two to five years	**8 759**	**17**	**8 776**
More than five years	**76 987**	**2**	**76 989**
	91 011	**67**	**91 078**
2020			
Less than a year	2 606	53	2 659
One to two years	2 759	20	2 779
Two to five years	9 156	26	9 182
More than five years	97 564	3	97 567
	112 085	102	112 187

23. PROVISIONS

	GROUP			
	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
2021				
Reconciliation of provisions				
Environmental rehabilitation	**16 249**	**653**	**(70)**	**16 832**
2020				
Reconciliation of provisions				
Environmental rehabilitation	15 738	598	(87)	16 249

	GROUP	
	2021 R'000	2020 R'000
Non-current liabilities	**16 576**	16 249
Current liabilities	**256**	–
	16 832	16 249

Environmental liability

The provision of R16,6 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 reassessed. The expected timing of the outflow of economic benefits is estimated to be during the next two to five years. The reassessment in the current year comprises an inflation adjustment only. The inflation rate applied during the year was 4,1% (2020: 3,9%).

R0,3 million originated at the closure of a treating facility in the 2019 financial year. The expected timing of the outflow of economic benefits is estimated to be within the next 12 months.

24. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Financial instruments				
Trade payables	**210 934**	142 837	**51**	131
Payroll-related accruals	**108 690**	83 081	**1 761**	1 281
Solidarity Fund and TERS payments	**–**	3 507	**–**	–
Accruals	**5 398**	587	**–**	–
Deposits received	**328**	82	**–**	–
Other payables	**4 296**	976	**–**	–
Non-financial instruments				
VAT	**7 888**	3 699	**–**	138
	337 534	234 769	**1 812**	1 550

Exposure to liquidity risk

Refer to note 41 Financial instruments and financial risk management for details of liquidity risk exposure and management. The carrying amount reasonably approximates its fair value.

25. REVENUE

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Revenue from contracts with customers				
Sale of goods	**1 825 365**	1 428 840	**–**	–
Rendering of services	**24 300**	8 849	**4 775**	4 606
Rental income	**1 005**	1 136	**–**	–
	1 850 670	1 438 825	**4 775**	4 606

25. REVENUE continued

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Sale of goods				
Food and beverage sales	**7 296**	2 120	**–**	–
Lumber sales[1]	**989 589**	887 144	**–**	–
Plywood sales[1]	**702 656**	456 846	**–**	–
Fruit and nut sales	**2 110**	–	**–**	–
Sundry income[1]*	**57 959**	29 720	**–**	–
Log sales[2]	**65 755**	53 010	**–**	–
	1 825 365	1 428 840	**–**	–
Rendering of services				
Administration and management fees received	**–**	–	**4 775**	4 606
Transport income[1, 2 and 3]	**8 561**	2 672	**–**	–
Treating income[1]	**3 841**	4 313	**–**	–
Accommodation income	**1 472**	1 864	**–**	–
Income from fruit packed	**10 426**	–	**–**	–
	24 300	8 849	**4 775**	4 606
Other revenue				
Rental income	**1 005**	1 136	**–**	–
	1 005	1 136	**–**	–
Total revenue from contracts with customers	**1 850 670**	1 438 825	**4 775**	4 606

[1] 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, Agricultural and Wholesale operating segments in note 36.

[2] 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 36.

[3] In some instances, the customer requires the Company to arrange transport with the sale of goods. The performance obligation on the sale of goods is then satisfied when the goods are delivered to the customer.

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

Timing of revenue recognition

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
At a point in time				
Sale of goods	**1 825 365**	1 428 840	**–**	–
Rendering of services	**22 828**	6 985	**4 775**	4 606
	1 848 193	1 435 825	**4 775**	4 606
Over time				
Rendering of services	**1 472**	1 864	**–**	–
Other revenue	**1 005**	1 136	**–**	–
	2 477	3 000	**–**	–
Total revenue from contracts with customers	**1 850 670**	1 438 825	**4 775**	4 606

Refer to note 36 for revenue per geographical area.

26. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Profit on sale of assets	**18**	216	**–**	–
Other rental income[1]	**4 300**	4 849	**–**	–
Bad debts recovered	**1**	44	**–**	–
Sundry income	**3 952**	3 524	**–**	–
Insurance claims[2]	**17 904**	5 532	**–**	–
Scrap sales	**2 568**	884	**–**	–
	28 743	15 049	**–**	–

[1] *Other rental income relates to income derived from rental income on telecommunication infrastructure placed on York's property and other property rental.*
[2] *Insurance claim received relates to an insurance claim for business interruption in the 2018 financial year.*

27. OTHER OPERATING (LOSSES)/GAINS

		GROUP		COMPANY	
	Note	**2021 R'000**	**2020 R'000**	**2021 R'000**	**2020 R'000**
(Losses)/gains on disposals and scrappings					
Property, plant and equipment	3	**(1 549)**	3 749	**–**	–
Foreign exchange (losses)/gains					
Net foreign exchange (losses)/gains		**(8 820)**	4 538	**–**	–
Fair value gains (losses)					
Biological assets: unharvested fruit	5	**1 215**	–	**–**	–
Total other operating (losses)/gains		**(9 154)**	8 287	**–**	–

28. OPERATING PROFIT/(LOSS)

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

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Auditor's remuneration – external				
Audit fees	**4 221**	3 649	**–**	–
Other consultation services	**–**	40	**–**	–
Total auditor's remuneration	**4 221**	3 689	**–**	–
Remuneration, other than to employees				
Administrative and managerial services	**4 965**	3 805	**632**	517
Consulting and professional services	**14 108**	9 613	**–**	–
Total remuneration, other than to employees	**19 073**	13 418	**632**	517

28. OPERATING PROFIT/(LOSS) continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Employee costs				
Salaries, wages, bonuses and other benefits	**160 897**	146 371	**3 371**	2 823
Employee costs included in cost of sales	**229 688**	196 858	**–**	–
Other short-term costs	**1**	–	**–**	–
Retirement benefit plans: defined benefit expense	**3 129**	2 770	**–**	–
Equity-settled share-based payment expense	**2 371**	1 532	**–**	–
Total employee costs	**396 086**	347 531	**3 371**	2 823
Leases				
Variable lease payments	**–**	(358)	**–**	–
Short-term leases	**1 759**	724	**–**	–
	1 759	366	**–**	–
Depreciation and amortisation				
Depreciation of property, plant and equipment	**101 163**	93 456	**–**	–
Amortisation of intangible assets	**127**	144	**–**	–
Total depreciation and amortisation	**101 290**	93 600	**–**	–
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	**114**	155	**–**	–

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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Changes in inventories of finished goods and work in progress	**910 127**	983 900	**–**	–
Employee costs	**396 086**	347 531	**3 371**	2 823
Operating lease charges	**1 759**	366	**–**	–
Depreciation, amortisation and impairment (excluding impairment on goodwill)	**101 404**	93 755	**–**	–
Other expenses	**235 608**	118 717	**1 400**	1 779
Total expenses by nature	**1 644 984**	1 544 269	**4 771**	4 602

29. INVESTMENT INCOME

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 Restated R'000**
Interest income				
Investments in financial assets				
Bank and other cash	**498**	570	**1**	2
Other financial assets	**3 120**	2 447	**–**	–
Loans to Group companies				
Subsidiaries	**–**	–	**3 450**	37 370
Total interest income	**3 618**	3 017	**3 451**	37 372

Interest was generated from financial assets at amortised cost.

Refer to note 38 for details on the restatement.

30. FINANCE COST

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Trade and other payables	**420**	2	**–**	–
Lease liabilities	**908**	1 622	**–**	–
Interest on borrowings held at amortised cost	**43 093**	55 404	**–**	–
Loan raising fee – amortised	**524**	425	**–**	–
Other interest paid	**3 502**	3 596	**–**	–
Total finance cost	**48 447**	61 049	**–**	–

31. OTHER NON-OPERATING GAINS/(LOSSES)

		GROUP		COMPANY	
	Note	**2021 R'000**	**2020 R'000**	**2021 R'000**	**2020 R'000**
Biological assets: pine and eucalyptus trees	5	**12 958**	(159 301)	**–**	–
Bargain purchase		**4 413**	–	**–**	–
Investment property	4	**3 040**	–	**–**	–
Impairment of goodwill	6	**(1 184)**	–	**–**	–
Total other non-operating gains/(losses)		**19 227**	(159 301)	**–**	–

32. TAXATION

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Major components of the tax expense/(income)				
Current				
Local income tax: current period	**25 737**	2	**1**	2
Deferred				
Deferred tax: current period	**32 989**	(81 806)	**–**	–
Deferred tax: prior periods	**299**	–	**–**	–
	33 288	(81 806)	**–**	–
Total	**59 025**	(81 804)	**1**	2

	GROUP		COMPANY	
	2021 %	**2020 %**	**2021 %**	**2020 Restated %**
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	**28,00**	(28,00)	**28,00**	28,00
Legal fees, fines, penalties, inter-group interest and impairment of goodwill	**1,50**	0,20	**(27,97)**	(27,99)
Learnership agreements and bargain purchase	**(1,18)**	(0,78)	**–**	–
Assessed loss not recognised	**1,24**	1,34	**–**	–
Prior year under provision	**0,15**	–	**–**	–
Capital gains tax	**–**	(0,09)	**–**	–
	29,71	(27,33)	**0,03**	0,01
The corporate income tax rate of 28% remains unchanged.				
Taxation related to components of other comprehensive income	**R'000**	R'000		
Remeasurements of defined benefit liability (R'000)	**(560)**	(101)	**–**	–

Refer to note 38 for details on the restatement.

33. CASH GENERATED FROM/(USED IN) OPERATIONS

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 Restated R'000
Profit/(loss) before taxation	**198 669**	(299 441)	**3 455**	37 376
Adjustments for:				
Depreciation and amortisation	**101 290**	93 600	**–**	–
Loss/(gains) on disposal of assets	**1 549**	(3 749)	**–**	–
Loss/(gains) on foreign exchange	**8 820**	(4 538)	**–**	–
Interest income	**(3 618)**	(3 017)	**(3 451)**	(37 372)
Finance cost	**48 447**	61 049	**–**	–
Fair value (gains)/losses	**(20 442)**	159 301	**–**	–
Impairments of property, plant and equipment and goodwill	**114**	155	**–**	–
Purchase of biological assets	**(935)**	(44 880)	**–**	–
Harvesting of purchased biological assets	**47 739**	133 246	**–**	–
Movements in retirement benefit liabilities	**256**	507	**–**	–
Movements in provisions	**583**	129	**–**	–
Share-based payment expenses: equity-settled	**2 371**	1 532	**–**	–
Changes in working capital:				
Inventories	**48 238**	145 362	**–**	–
Trade and other receivables	**(107 137)**	56 443	**18**	(107)
Trade and other payables	**102 576**	(199 508)	**262**	(127)
Deferred income	**502**	–	**–**	–
	429 022	96 191	**284**	(230)

Refer to note 38 for details on the restatement.

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

Changes in liabilities arising from financing activities	GROUP Borrowings R'000	Lease liabilities R'000	Total R'000
Balance as at 1 July 2020	**583 898**	**12 302**	**596 200**
Cash flow movements			
Proceeds from borrowings	**101 097**	**–**	**101 097**
Repayment of borrowings	**(170 786)**	**–**	**(170 786)**
Lease payments	**–**	**(8 140)**	**(8 140)**
Non-cash flow movements			
Loan raising fee	**524**	**–**	**524**
Finance cost	**–**	**908**	**908**
Disposal	**–**	**14**	**14**
Balance as at 30 June 2021	**514 733**	**5 084**	**519 817**
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

34. TAX (PAID)/REFUNDED

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Net balance at the beginning of the year	**475**	10 983	**(2)**	(17)
Current tax recognised in profit or loss	**(25 737)**	(2)	**(1)**	(2)
Net balance at the end of the year	**1 862**	(475)	**–**	2
Total	**(23 400)**	10 506	**(3)**	(17)

35. BUSINESS COMBINATIONS

	GROUP 2021 R'000	GROUP 2020 R'000
Aggregated business combinations		
Property, plant and equipment (including bearer plants)	**83 182**	–
Biological assets: unharvested fruit	**3 892**	–
Deferred tax	**(8 163)**	–
Inventories	**2 312**	–
Trade and other payables	**(189)**	–
Total identifiable net assets	**81 034**	–
Goodwill	**1 184**	–
Bargain purchase gain in a business combination	**(4 413)**	–
Consideration paid	**77 805**	–
Funded through:		
Cash	**(2 805)**	–
Borrowing facility	**(75 000)**	–
	(77 805)	–
Net cash outflow on acquisition		–
Cash consideration paid	**(77 805)**	–

Twycross

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

The acquisition will enable the Group to diversify its earnings.

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

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

Acquisition costs of R618 970 were incurred for legal fees and due diligence costs. The costs have been included as part of the other operating expenses in the statements of profit or loss and other comprehensive income as well as cash flow from operating activities in the statement of cash flow for the period ended 30 June 2021.

	GROUP 2021 R'000	GROUP 2020 R'000
Fair value of assets acquired and liabilities assumed		
Property, plant and equipment (including bearer plants)	**69 682**	–
Biological assets: unharvested fruit	**3 471**	–
Deferred tax	**(6 558)**	–
Inventories	**2 312**	–
Trade and other payables	**(189)**	–
Total identifiable net assets	**68 718**	–
Gain on a bargain purchase in a business combination	**(4 413)**	–
Consideration paid	**64 305**	–

35. BUSINESS COMBINATIONS continued

Tropicado

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

The acquisition will enable the Group to diversify its earnings.

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

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

Acquisition costs of R68 122 were incurred for legal fees. The costs have been included as part of the other operating expenses in the statements of profit or loss and other comprehensive income as well as cash flow from operating activities in the statement of cash flow for the period ended 30 June 2021.

	GROUP	
	2021 R'000	2020 R'000
Fair value of assets acquired and liabilities assumed		
Property, plant and equipment (including bearer plants)	**13 500**	–
Biological assets: unharvested fruit	**421**	–
Deferred tax	**(1 605)**	–
Total identifiable net assets	**12 316**	–
Goodwill	**1 184**	–
	13 500	–

Revenue and profit contribution

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

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

36. OPERATING SEGMENTS

The Group has four reportable segments (2020: three reportable segments) due to the inclusion of the businesses acquired as per note 35, 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 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 annual 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:** Three sawmills located in close proximity to Sabie, Graskop and Warburton that produce and sell a broad range of structural and industrial sawn timber products.
  - **Plywood:** A plywood plant in Sabie that manufactures and sells plywood timber products.
- **Forestry and Fleet:** The Group owns plantations in the Mpumalanga province on which it grows pine and eucalyptus trees that are cultivated and managed on a rotational basis. The segment sells its products to its Processing segment and to external customers. Fleet Solutions owns heavy motor vehicles used to transport logs.
- **Wholesale:** The Group has five distribution centres located in Germiston, Polokwane, Gqeberha, Durban and Cape Town, that sell timber-related products from the sawmills, plywood plant and external suppliers.
- **Agricultural:** The Group owns land with avocado, citrus and macadamia orchards, a fruit packing facility and a sawmill that produces lumber and pallets in the Mpumalanga province.

The Group operates in three geographical areas, namely South Africa, SADC countries and non-SADC regions. Refer to the section on credit risk in note 41 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 annual 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 2021:

	GROUP				
	Processing plants R'000	Wholesale R'000	Forestry and Fleet R'000	Agriculture R'000	Total R'000
2021					
Revenue: external sales	**1 219 940**	**542 601**	**66 512**	**19 021**	**1 848 074**
Revenue: inter-segment sales	**304 732**	**–**	**812 168**	**3 420**	**1 120 320**
	1 524 672	**542 601**	**878 680**	**22 441**	**2 968 394**
Depreciation, amortisation and impairments	**(70 630)**	**(7 093)**	**(19 389)**	**(1 685)**	**(98 797)**
Reportable segment profit/(loss)[1]	**150 486**	**34 163**	**145 117**	**4 492**	**334 258**
Other non-cash item:					
– Fair value adjustment to biological assets (pine and eucalyptus trees)	**–**	**–**	**12 958**	**–**	**12 958**
Capital expenditure	**41 482**	**282**	**25 156**	**12 079**	**78 999**

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

36. OPERATING SEGMENTS continued

	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)[1]	8 187	9 147	(4 977)	12 357
Other non-cash item:				
– Fair value adjustment to biological assets	–	–	(159 301)	(159 301)
Capital expenditure	27 457	409	13 379	41 245

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

	GROUP	
	2021 R'000	2020 R'000
Reconciliation of reportable segment revenue and profit		
Revenue		
Total revenue for reportable segments	**2 968 394**	2 299 631
Other revenue	**10 425**	12 797
Elimination of inter-segment revenue	**(1 128 149)**	(873 603)
Consolidated revenue	**1 850 670**	1 438 825
Profit		
Total EBITDA for reportable segments	**334 258**	12 357
Depreciation and amortisation for reportable segments	**(98 797)**	(88 283)
Depreciation, amortisation and impairment for non-reporting segments	**(2 607)**	(5 472)
Non-reporting segments EBITDA	**(8 583)**	(710)
Operating profit/(loss)	**224 271**	(82 108)

Refer to note 41 where sales to the three largest customers are disclosed. Refer also to note 28 where the components of operating profit are disclosed.

	GROUP	
	2021 R'000	2020 R'000
Revenue per geographical area		
South Africa	**1 538 666**	1 177 936
SADC	**204 375**	167 823
International (non-SADC)[2]	**107 629**	93 066
Total	**1 850 670**	1 438 825

[2] *International sales refer to plywood sales to the United Kingdom, Belgium, Canada, Italy and the United States of America.*

37. COMMITMENTS

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Authorised capital expenditure				
Already contracted for but not provided for				
– Property, plant and equipment	**16 749**	20 322	**–**	–
Not yet contracted for				
– Property, plant and equipment	**49 315**	91 694	**–**	–

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.

38. PRIOR PERIOD ERROR

In the 2019 financial year, the loans to Group companies in York Timber Holdings Limited's separate annual financial statements were not restated to amortised cost on the adoption of IFRS 9 and subsequently investment income was not recorded. This restatement relates to the Company only and has no impact on the consolidated numbers due to the restatement only affecting inter-company transactions. The comparative amounts for the 2020 financial year have been restated.

The effect on the annual financial statements is summarised below:

	COMPANY		
	Balance as previously stated R'000	Adjustment R'000	Restated balance R'000
2020			
Loans to Group companies	1 345 428	(88 276)	1 257 152
Retained income	(939 898)	88 276	(851 622)
Investment income	–	(37 370)	(37 370)
2019			
Loans to Group companies	1 345 673	(125 646)	1 220 027
Retained income	(939 894)	125 646	(814 248)

39. RELATED PARTIES

Relationships

Subsidiaries	York Timbers Proprietary Limited Agentimber Proprietary Limited Sonrach Properties Proprietary Limited Global Forest Products Proprietary Limited* Madiba Forest Products Proprietary Limited Madiba Timbers Proprietary Limited South African Plywood Proprietary Limited* York Timbers Energy (RF) Proprietary Limited York Fleet Solutions Proprietary Limited York Timbers Chile Limitada Mbulwa Estates Proprietary Limited York Power (RF) Proprietary Limited York Carbon Proprietary Limited** Stadsrivier Vallei Proprietary Limited
Other related entities	York Timbers Community Proprietary Limited York Timber Staff Proprietary Limited
Directors	Refer to note 40.

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

** *The non-controlling interest in the subsidiary amounts to 49% for York Carbon Proprietary Limited (equivalent to an amount of R49 (2020: R49)). The non-controlling interest is not disclosed in the Group's consolidated annual financial statements as this amount is less than one thousand Rand.*

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

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

Related party balances

Refer to note 9.

Related party transactions

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Recoveries received				
York Timbers Proprietary Limited	**–**	–	**(4 775)**	(4 606)
Investment income from loan to Group companies				
York Timbers Proprietary Limited	**–**	–	**(3 450)**	(37 370)

The directors hold 5 117 276 shares (2020: 4 519 410 shares) in York Timber Holdings Limited.

40. DIRECTORS' EMOLUMENTS

	Emoluments R'000	Other benefits* R'000	Total R'000
Executive			
2021			
GCD Stoltz	**2 312**	**1 886**	**4 198**
PP van Zyl	**5 253**	**1 073**	**6 326**
	7 565	**2 959**	**10 524**
2020			
GCD Stoltz	2 322	210	2 532
PP van Zyl	5 145	1 050	6 195
	7 467	1 260	8 727

* *Other benefits relate to performance-related payments, expense allowance and pension fund contributions.*

	Directors' fees R'000	Total R'000
Non-executive		
2021		
AW Brink	**443**	**443**
Dr AP Jammine	**442**	**442**
HM Mbanyele-Ntshinga	**362**	**362**
SAU Meer	**238**	**238**
DM Mncube	**477**	**477**
Dr JP Myers	**1 024**	**1 024**
KM Nyanteh	**385**	**385**
	3 371	**3 371**
2020		
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

40. DIRECTORS' EMOLUMENTS continued

Equity-settled share-based payment

	Awards held at the beginning of the year Units '000	Awards awarded/ (vested) during the year Units '000	Awards held at the end of the year Units '000	Fair value of options as at the grant date R	Total value provided at the end of the year R'000
2021					
PP van Zyl	**–**	**3 000**	**3 000**	**2,34**	**589**
GCD Stoltz	**752**	**(752)**	**–**	**–**	**–**
2020					
GCD Stoltz	752	–	752	2,60	889

41. 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 20, 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.

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

		Group	
	Note	2021 R'000	2020 R'000
Borrowings repayable within one year	20	**167 461**	165 976
Borrowings repayable after one year	20	**347 330**	417 922
Total borrowings		**514 791**	583 898
Cash and cash equivalents	15	**(71 180)**	(3 013)
Net borrowings		**443 611**	580 885
Equity		**3 024 328**	2 880 872
Gearing ratio (%)		**15**	20

41. 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 risk and the Company's management of capital. Furthermore, quantitative disclosures are included throughout the annual financial statements.

The Board 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 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 forecast 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 forecast economic conditions.

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

The Group and Company's forecast 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 prepayment basis. The Group does not require collateral in respect of trade and other receivables.

Credit guarantee insurance is purchased from CGIC. The total credit limit guaranteed by CGIC is R100 million, with a deductible annual aggregate of R0,5 million.

41. 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:

		2021			2020		
	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	**97 583**	**–**	**97 583**	53 331	–	53 331
Trade and other receivables	13	**269 012**	**(10 057)**	**258 955**	167 889	(13 547)	154 342
Cash and cash equivalents	15	**108 030**	**–**	**108 030**	48 430	–	48 430
		474 625	**(10 057)**	**464 568**	269 650	(13 547)	256 103
COMPANY							
Loans to Group companies[1]	9	**1 256 070**	**–**	**1 256 070**	1 257 152	–	1 257 152
Trade and other receivables	13	**198**	**(178)**	**20**	198	(178)	20
Cash and cash equivalents	15	**1**	**–**	**1**	–	–	–
		1 256 269	**(178)**	**1 256 091**	1 257 350	(178)	1 257 172

[1] *Refer to note 38 for details on the restatement.*

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 30% (2020: 29%) of the Group's revenue is attributable to sales transactions with three (2020: three) multinational customers. These are customers of the processing plants and wholesale.

	GROUP		COMPANY	
	2021 %	2020 %	2021 %	2020 %
Customer				
A	**13**	12	**–**	–
B	**9**	9	**–**	–
C	**8**	8	**–**	–
	30	29	**–**	–

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	38 883
Standard Bank	P -2	69
Absa Bank	P -3	32 085
		71 037

41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting their obligations associated with their 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 they will always have sufficient liquidity to meet their 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 manage 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**
2021						
Non-current liabilities						
Borrowings	20	**–**	**77 871**	**270 432**	**438**	**348 741**
Current liabilities						
Trade and other payables	24	**329 646**	**–**	**–**	**–**	**329 646**
Borrowings	20	**167 461**	**–**	**–**	**–**	**167 461**
Bank overdraft	15	**36 850**	**–**	**–**	**–**	**36 850**
		533 957	**77 871**	**270 432**	**438**	**882 698**
2020						
Non-current liabilities						
Borrowings	20	–	160 638	193 749	64 321	418 708
Current liabilities						
Trade and other payables	24	231 070	–	–	–	231 070
Borrowings	20	165 976	–	–	–	165 976
Bank overdraft	15	45 417	–	–	–	45 417
		442 463	160 638	193 749	64 321	861 171

		COMPANY	
	Note	**Less than 1 year R'000**	**Total R'000**
2021			
Current liabilities			
Trade and other payables	24	**1 812**	**1 812**
2020			
Current liabilities			
Trade and other payables	24	1 412	1 412

41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

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, SADC countries and non-SADC regions. All transactions with customers in the SADC countries are denominated in South African 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 South African Rand. Certain engineering machinery and equipment denominated in USD was, however, purchased during the year. This exposed the Company to changes in foreign exchange rates. Sales denominated in foreign currency provide 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. An unrealised net loss of R8,8 million (2020: profit of R4,5 million) was realised.

The Company's borrowings and cash deposits are all denominated in South African Rand and USD.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency, of the above exposure were as follows:

	GROUP	
	2021 USD'000	2020 USD'000
USD exposure		
Current assets		
Cash and cash equivalents	**4 326**	2 047

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			
	2021		2020	
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	**619**	**(619)**	373	(373)

Interest rate risk

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

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

Sensitivity analysis of interest is disclosed in note 20.

41. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate profile

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

		GROUP			
		Average effective interest rate		Carrying amount	
	Note	2021 %	2020 %	2021 R'000	2020 R'000
Liabilities					
Borrowings	20	**6 – 7,75**	6 – 9	**516 202**	584 684

42. 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**	**2021 R'000**	**2020 R'000**	**2021 R'000**	**2020 R'000**
Recurring fair value measurements					
Assets					
Investment property	4				
Investment property		**34 180**	30 740	**–**	–
Total		**34 180**	30 740	**–**	–

		GROUP		COMPANY	
Level 3	**Note**	**2021 R'000**	**2020 R'000**	**2021 R'000**	**2020 R'000**
Recurring fair value measurements					
Assets					
Biological assets	5				
Pine and eucalyptus trees		**2 875 903**	2 906 890	**–**	–
Unharvested fruit		**2 248**	–	**–**	–
Total biological assets		**2 878 151**	2 906 890	**–**	–
Goodwill	6				
Goodwill		**357 630**	357 630	**–**	–
Total		**3 235 781**	3 264 520	**–**	–

43. GOING CONCERN

The South African economy was affected by the news of the first confirmed cases of the COVID-19 virus whereafter the country was placed in lockdown. The entity was affected by the lockdown implemented by the South African Government and 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. All the operations were back to capacity from 1 July 2020 to meet the change in market demand. The total comprehensive income for the period was R141,1 million compared to a loss of R217,4 million in the preceding year.

Management has assessed the appropriateness of the use of the going concern assumption in the preparation of these annual financial statements through a review of the 2022 budget and cash flow forecast and, based on the assessment performed, there is no material uncertainty nor conditions that may cast doubt on the Company's ability to continue as a going concern.

44. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the rules of the 2015 Share Plan, the late CEO's restricted shares have vested and will be settled to his estate. The number of shares that vested on 19 July 2021 have a deemed value of R6 430 730.

45. EARNINGS PER SHARE

	GROUP		COMPANY	
	2021 Cents	**2020 Cents**	**2021 Cents**	**2020 Cents**
Basic earnings/(loss) per share and diluted basic earnings/(loss) per share				
Basic earnings/(loss) per share	**44**	(69)	**1**	11
Diluted basic earnings/(loss) per share	**44**	(69)	**1**	11

The bonus element of the share-based payment did not have a dilutive effect on the shares (2020: did not have a dilutive effect).

	GROUP		COMPANY	
	2021 R'000	**2020 R'000**	**2021 R'000**	**2020 R'000**
Reconciliation of profit/(loss) for the year to basic earnings				
Profit/(loss) for the year attributable to equity holders of the Parent	**139 644**	(217 637)	**3 454**	37 374
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	**316 416**	316 048	**331 241**	331 241
Adjusted for:				
Bonus element of share-based payment	**664**	2 825	**664**	2 825
	317 080	318 873	**331 905**	334 066

45. EARNINGS PER SHARE continued

	GROUP		COMPANY	
	2021 Cents	2020 Cents	2021 Cents	2020 Cents
Headline earnings/(loss) and diluted headline earnings/(loss) per share				
Headline earnings/(loss) per share (cents)	**43**	(70)	**1**	11
Diluted headline earnings/(loss) per share (cents)	**43**	(70)	**1**	11

The bonus element of the share-based payment did not have a dilutive effect on the shares (2020: did not have a dilutive effect).

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Reconciliation between earnings/(loss) and headline earnings/(loss)				
Basic earnings/(loss)	**139 644**	(217 637)	**3 454**	37 374
Adjusted for:				
Loss/(profit) on sale of assets	**1 549**	(3 749)	**–**	–
Tax on profit on sale of assets	**(434)**	1 050	**–**	–
Impairment of property, plant and equipment	**114**	155	**–**	–
Tax on impairment of property, plant and equipment	**(32)**	(43)	**–**	–
Fair value adjustment on investment property	**(3 040)**	–	**–**	–
Tax on fair value adjustment on investment property	**851**	–	**–**	–
Bargain purchase	**(4 413)**	–	**–**	–
Impairment of goodwill	**1 184**	–	**–**	–
Headline earnings/(loss)	**135 423**	(220 224)	**3 454**	37 374

	GROUP		COMPANY	
	2021 Cents	2020 Cents	2021 Cents	2020 Cents
Core earnings/(loss) per share and diluted core earnings/(loss) per share				
Core earnings/(loss) per share (cents)	**41**	(33)	**1**	11
Diluted core earnings/(loss) per share (cents)	**41**	(33)	**1**	11

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Reconciliation between basic earnings/(loss) and core earnings/(loss)				
Basic earnings/(loss)	**139 644**	(217 637)	**3 454**	37 374
Adjusted for:				
Fair value adjustment on biological assets	**(14 173)**	159 301	**–**	–
Tax on fair value adjustment on biological assets	**3 968**	(44 604)	**–**	–
Core earnings/(loss)	**129 439**	(102 940)	**3 454**	37 374

04

SHAREHOLDERS' INFORMATION

Shareholders' profile

As at 30 June 2021

	Number of shareholder accounts	% of total shareholder accounts	Number of shares	% of issued shares
SHAREHOLDER SPREAD				
1 – 1 000 shares	1 797	65,97	282 435	0,09
1 001 – 10 000 shares	507	18,61	2 202 840	0,67
10 001 – 100 000 shares	325	11,93	10 957 927	3,31
100 001 – 1 000 000 shares	68	2,50	19 366 904	5,85
1 000 001 shares and more	27	0,99	298 430 491	90,08
Total shareholders	**2 724**	**100,00**	**331 240 597**	**100,00**
SHAREHOLDER TYPE				
Assurance companies	1	0,04	26 885 192	8,12
Close corporations	15	0,55	736 746	0,22
Collective investment schemes	9	0,33	71 895 689	21,70
Custodians	4	0,15	4 609 033	1,39
Foundations and charitable funds	3	0,11	23 632	0,01
Hedge funds	1	0,04	8 958 333	2,70
Insurance companies	1	0,04	19 125	0,01
Investment partnerships	4	0,15	711 956	0,21
Managed funds	1	0,04	750 000	0,23
Private companies	61	2,24	65 714 632	19,84
Public companies	1	0,04	100	–
Public entities	1	0,04	95 136 513	28,73
Retail shareholders	2 542	93,29	30 832 348	9,31
Retirement benefit funds	2	0,07	11 581 598	3,50
Share schemes	1	0,04	48 200	0,01
Stockbrokers and nominees	9	0,33	5 274 464	1,59
Trusts	67	2,46	8 061 615	2,43
Unclaimed scrip	1	0,04	1 421	–
Total	**2 724**	**100,00**	**331 240 597**	**100,00**
KEY SHAREHOLDERS				
Directors and associates (excluding employee share schemes)	2	0,07	5 117 276	1,54
Strategic holdings (more than 10%)	1	0,03	95 136 513	28,73
Empowerment	4	0,15	72 927 802	22,02
Share schemes	1	0,04	48 200	0,01
Non-public shareholders	8	0,29	173 229 791	52,30
Public shareholders	2 716	99,71	158 010 806	47,70
Total	**2 724**	**100,00**	**331 240 597**	**100,00**
BENEFICIAL SHAREHOLDERS HOLDING >3% OF ISSUED SHARES				
Industrial Development Corporation			95 136 513	28,72
Lereko Investments			32 155 010	9,71
Old Mutual Group			45 487 064	13,73
Bridge Creek Trading 10 Proprietary Limited			29 356 410	8,86
Agentimber Proprietary Limited			13 720 552	4,14
Auburn Avenue Trading 55 Proprietary Limited			11 416 382	3,45
Sentinel Mining Industry Retirement Funds			11 521 598	3,48
			238 793 529	**72,09**

Notice of annual general meeting

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 the annual general meeting (**AGM**) of shareholders of the Company will be held remotely on Thursday, 11 November 2021 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, 1 October 2021, 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, 5 November 2021. The last day to trade in order to be entitled to participate in and vote at the AGM will be Tuesday, 2 November 2021.

Meeting participants (including shareholders and proxies) are required to provide satisfactory identification before being entitled to electronically attend or participate in 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 20 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 2021

"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 2021, 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 2021, 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/downloads/annualreport2021.pdf

ORDINARY RESOLUTIONS NUMBERS 2.1 TO 2.7

Re-election and appointment 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 Dr Jim Myers;
2.2 Dr Azar Jammine; and
2.3 Dinga Mncube.

It is further resolved that the shareholders ratify the appointment of the following directors:

2.4 Adrian Zetler;
2.5 Andre van der Veen (alternate director to Adrian Zetler);
2.6 Lindani Dhlamini; and
2.7 Election of Andre van der Veen as a non-executive director of the Company with effect from the date of the AGM."

Adrian Zetler is a qualified chartered accountant (South Africa) (CA(SA)) and CFA® Charterholder. Mr Zetler started his career at PricewaterhouseCoopers Inc. where he first completed his articles and then spent two years as a valuation specialist in their UK corporate finance team. For the past 12 years, Mr Zetler was an analyst and portfolio manager at Coronation Fund Managers where he co-managed Coronation's Houseview strategies and the Coronation Industrial Fund. Mr Zetler is currently a partner at A^2 Investment Partners Proprietary Limited (A^2 Investment) – a recently incorporated active investment partnership.

Andre van der Veen is a CA(SA), Chartered Global Management Accountant and CFA® Charterholder. During his 30-year career, he has invested in and managed several companies across a wide range of industries. He has served as a director of numerous companies including Tsogo Sun Holdings Limited, Clover Industries Limited, Hosken Consolidated Investments (HCI) and Montauk Energy Holdings Limited. Mr van der Veen was the chief executive officer (CEO) of Johnnic Holdings Limited, KWV Holdings Limited, Niveus Investments Limited and E-Media Holdings Limited, the parent company of ETV. He established and served as chairman of HCI Coal Proprietary Limited. Mr van der Veen is currently a partner at A^2 Investment and is the chairman of Alphawave Holdings, a specialised technology holding company. Following A^2 Investment's investment in Novus Holdings Limited (Novus) he was recently appointed a director of Novus.

Lindani Dhlamini holds a bachelor of science degree in Computer Science, a bachelor of commerce and postgraduate diploma in Accounting from the University of Cape Town, a Master in Business Administration from Liverpool University and is a qualified CA(SA). Having completed her articles at Deloitte and Touche, she joined its corporate finance division specialising in transaction support services. Ms Dhlamini has over 25 years' experience in corporate finance, financial management and auditing and is well informed in governance and risk. Ms Dhlamini currently serves as the CEO and co-founder of SkX Protiviti and previously served as a member of the boards of Mustek Limited, Afrocentric Limited, Old Mutual Alternative Solutions, Old Mutual Investment Group SA and the Industrial Development Corporation.

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 the re-election of Dr Azar Jammine as a director in terms of ordinary resolution number 2.2, 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 15 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 23 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 pages 23 to 28 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 104; and
- Share capital of the Company on page 104.

Litigation statement

The directors, whose names appear on page 15 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 15 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 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 RESOLUTION NUMBER 2

Financial assistance in terms of sections 44 and 45 of the Companies Act

"Resolved that the Board be and is hereby authorised, subject to sections 44 and 45 of the Companies Act, the MOI and the JSE Listings Requirements, to authorise the Company to provide direct or indirect financial assistance, to the Company's wholly owned subsidiaries and their respective subsidiaries which assistance is done at commercial arm's-length terms, provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution number 2."

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 2

The reason for and effect of the special resolution referred to above, is to permit the Company to provide direct or indirect financial assistance to the entities referred to above.

SPECIAL RESOLUTIONS NUMBERS 3.1 TO 3.4

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 2022 to December 2022 as follows:

	January 2022 to December 2022	
	Annual retainer R	Fee per meeting R
Chairman of the Board	384 462	78 316
Board members	98 462	20 057
Chairman of the subcommittee	86 595	22 050
Subcommittee members	46 838	11 926

The annual scheduled meetings for the Board and Audit Committee are four meetings. The Remuneration and Nomination Committee, Risk and Opportunity Committee and Social and Ethics Committee have two annual scheduled meetings. If more meetings are required and held by the Board and/or other subcommittees, the chairman and members are paid a fee per meeting as set out above."

The fees for the period from January 2022 to December 2022 have been split into an annual retainer fee and a fee per meeting, which constitutes a 4,9% increase from the approved non-executive director fees for January 2021 to December 2021.

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 3.1 to 3.4

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 in 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 Tuesday, 9 November 2021 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 Tuesday, 9 November 2021 at 09:00 or be submitted to the Chairman of the AGM or the meeting facilitator, TMS, as set out in this notice of AGM, 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 Explanatory notes to the notice of AGM on page 110.

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

27 September 2021

Meeting facilitator
The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square, 2 Gwen Lane
Sandown, 2196
PO Box 62043, Marshalltown, 2107
+27 (0)11 520 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 2.7: RE-ELECTION AND APPOINTMENT 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 last election or appointment, he 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 retires. The retiring directors may be re-elected provided that they are eligible. Dr Jim Myers, Dr Azar Jammine and Dinga Mncube offer themselves for re-election.

Paragraph 5.1.12 of the MOI provides that the appointment of a director, whether to fill a casual vacancy or as an addition to the Board (or otherwise), must be confirmed by shareholders at the AGM following such appointment. Adrian Zetler was appointed as a non-executive director and Andre van der Veen as an alternate director to Adrian Zetler, by the Board, with effect from 1 September 2021. Lindani Dhlamini was appointed as an independent non-executive director, with effect from 21 September 2021. Their appointments require ratification by shareholders at the AGM.

Andre van der Veen's experience covers a broad range of industries, and his track record reflects an ability to deliver substantial returns for shareholders. His experience includes operational experience in managing businesses and as a director of listed companies. He has experience in improving the returns of companies that are not performing and has successfully completed a number of turnaround investments. The York share price reflects a large discount to NAV and a wide range of shareholders have indicated their dissatisfaction with the discount and the capital allocation process at York. Mr van der Veen's experience will assist the Board to reassess their plans to deliver returns to shareholders, manage operational efficiencies, allocate capital and to communicate effectively with the market. The passing of ordinary resolution 2.7 will result in the appointment of Mr van der Veen to the board of directors of York.

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. In addition, notwithstanding the provisions of section 90(6) of the Companies Act, the Audit Committee has ensured that the appointment of the external auditor (including the designated external audit partner) is presented and included as a resolution at the AGM pursuant to section 61(8) 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: ELECTION OF 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 non-executive directors as 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.

The Board will, however, 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 RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

This general authority would assist the Company with, inter alia, making inter-company loans to wholly owned subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general shareholder authority would avoid the need to refer each instance to shareholders for approval which might impede the negotiations and add time and expense. If approved, this general authority will expire at the end of two years from the date of the passing of the resolution.

The Board must, when considering such assistance, either for the specific recipient or generally for a category, ensure that:
- the Company will satisfy the solvency and liquidity test immediately after providing the financial assistance; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

SPECIAL RESOLUTIONS NUMBERS 3.1 TO 3.4: REMUNERATION TO NON-EXECUTIVE DIRECTORS

In terms of sections 66(8) to (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 her or his 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

in the York Timber Holdings Limited (Company) virtual AGM to be held on 11 November 2021 at 09:00

YORK TIMBERS

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 2021 at 09:00

ANNUAL GENERAL MEETING

- Shareholders or their proxies who wish to participate in the AGM via electronic communication (participants), must apply to the Company's meeting scrutineers to do so by emailing the form below (the application) to the email address of the Company's meeting scrutineers, TMS, by no later than 09:00 on Tuesday, 9 November 2021. The email 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 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.
- Participants will be able to vote during the AGM through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the AGM, must provide TMS with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between 9 November and 10 November 2021 via email/cell phone with a unique link to allow them to participate in the virtual AGM.
- 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.
- The cut-off time, for administrative purposes, to participate in the meeting will be 09:00 on 11 November 2021.
- 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 and consent to the processing of my personal information above for the purpose of participation in the AGM.

Electronic participation

in the York Timber Holdings Limited (Company) virtual AGM to be held on 11 November 2021 at 09:00 continued

Terms and conditions for participation at York Timber Holdings Limited's AGM to be held on 11 November 2021 at 09:00 via electronic communication

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the AGM 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 the Company 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 the Company 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 AGM.
- Participants will be able to vote during the AGM through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the AGM, must act in accordance with the requirements set out above.
- The AGM 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 AGM. 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 AGM.
- 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 application form has been fully completed and signed by the participant and delivered or emailed 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 the application.

Form of proxy

YORK TIMBERS

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 on Thursday, 11 November 2021 at 09:00 held remotely 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 attend the AGM and request their CSDP to issue them with the necessary authorisation to attend the AGM in person or provide their CSDP or broker with their voting instructions should they not wish to 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 Thursday, 11 November 2021 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 resolution number 2:** Re-election of directors who retire by rotation (by separate resolutions):			
2.1	Dr Jim Myers			
2.2	Dr Azar Jammine			
2.3	Dinga Mncube			
2.4	To ratify the appointment of the following directors who were appointed by the Board as non-executive directors of the Company: Adrian Zetler (with effect from 1 September 2021)			
2.5	Andre van der Veen (alternate director with effect from 1 September 2021)			
2.6	Lindani Dhlamini (with effect from 21 September 2021)			
2.7	Election of Andre van der Veen as a non-executive director of the Company with effect from the date of the AGM			
3.	**Ordinary resolution number 3:** Re-appointment of the external auditor (with Mr Schalk Barnard being the designated external audit partner)			

Form of proxy continued

		For	Against	Abstain
4.	**Ordinary resolution number 4**: Re-election of Audit Committee members (by separate resolutions):			
4.1	Andries Brink			
4.2	Dr Azar Jammine			
4.3	Max Nyanteh			
5.	**Ordinary resolution number 5:** 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:** Financial assistance in terms of sections 44 and 45 of the Companies Act			
3.	**Special resolution number 3:** Remuneration of non-executive directors (by separate resolutions):			
For the period January 2022 to December 2022				
3.1	Chairman of the Board			
3.2	Board members			
3.3	Chairman of the subcommittee			
3.4	Subcommittee members			

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.

Signed at on 2021

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 deems fit.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat 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 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 Tuesday, 9 November 2021 at 09:00 or be submitted to the Chairman of the AGM or the meeting facilitator, TMS, as set out in this notice of AGM, before the appointed proxy exercises any of the relevant shareholder's rights.

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

Additional forms of proxy are available from the transfer secretaries and/or TMS on request.

Shareholders' diary

Financial year-end	30 June
Announcement of annual results	28 September 2021
Annual report posted	13 October 2021
Annual general meeting	11 November 2021
Announcement of interim results	March 2022

Original water colour illustrations on pages 10, 12, 14, 21 and 29 by Libby Bell.

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 2021

PricewaterhouseCoopers Inc.
Chartered Accountants (SA)
Registered Auditors

Transfer secretaries

Computershare Investor Services
Proprietary Limited

Sponsor

One Capital

York Timbers registered office and business address

York Corporate Office
3 Main Road, Sabie, 1260
Mpumalanga, South Africa

Postal address
PO Box 1191, Sabie, 1260
Mpumalanga, South Africa

Tel: +27 (0)13 764 9200
Fax: +27 (0)13 764 1027

Directors

Executive director
Gabriël Stoltz *(Chief Financial Officer and interim Chief Executive Officer)*

Non-executive directors
Dr Jim Myers* *(Chairman, USA)*
Dr Azar Jammine*
Dinga Mncube*
Max Nyanteh*
Hetisani Mbanyele-Ntshinga*
Andries Brink*
Lindani Dhlamini*
Adrian Zetler
Andre van der Veen *(alternate director to Adrian Zetler)*
** Independent*

Company Secretary

Sue Hsieh

www.york.co.za

YORK TIMBERS

www.york.co.za