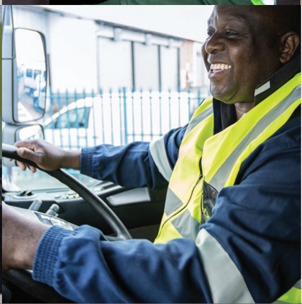
KAP.

UNAUDITED RESULTS

for the six months ended 31 December 2020



INTEGRATED INTO EVERY DAY

HIGHLIGHTS

KAP business model

proves resilient through Covid-19

Revenue down

1% to R12.1 billion

(1H20: R12.2 billion)

Trading profit[#] up

8% to R1.3 billion

(1H20: R1.2 billion)

Operating profit before capital items down

6% to R1.1 billion

(1H20: R1.2 billion)

Headline earnings per share up

2% to 23.0 cents

(1H20: 22.5 cents)

Cash generated from operations up

201% to R1.7 billion

(1H20: R571 million)

Free cash flow generation of

R508 million reduces debt

Revenue, trading profit, operating profit and headline earnings per share from continuing operations.

[#] Trading profit – operating profit before capital items and the effect of non-cash fair value adjustments of consumable biological assets.

OVERVIEW

The 2020 calendar year was dominated by the Covid-19 pandemic which initiated enormous social change and economic volatility in the world, resulting in a very complex and unpredictable business environment. The business model of KAP, with operations diversified across various sectors supplying primarily non-discretionary goods and services, proved resilient during 2020, and our decentralised management structures provided the agility to adjust rapidly in this challenging environment.

During the period under review, as Covid-19 restrictions were eased in South Africa, we experienced strong demand from the markets we serve. Management were effective in rapidly optimising the company's operations to meet this demand in spite of ongoing Covid-19-related restrictions and relevant safety protocols, global supply chain disruptions and raw material constraints. We are pleased with the performance of our management and staff and the results of the company.

In relation to these results, the comparative period represents a pre-Covid-19 environment. In this context, we are very proud that the company was able to maintain stable revenue, grow profits and trading margins as well as reduce debt during the period, which has strengthened the balance sheet.

OPERATIONAL REVIEW (for continuing operations)

DIVERSIFIED INDUSTRIAL

Integrated Timber

PG BISON

Revenue	Trading profit[#]	Operating profit
R2 069 million	**R452 million**	**R304 million**
(1H20: R1 881 million)	(1H20: R345 million)	(1H20: R364 million)

[#] Excludes the effect of non-cash fair value adjustments of consumable biological assets.

Market demand for the Integrated Timber division's particleboard, medium-density fibreboard ('MDF') and construction lumber was robust for the period. The division performed well in this environment, operating at full capacity and growing sales volumes, revenue and trading profit. Our strategy of increasing our ratio of value-added products and growing market share through product development and innovation continued to support demand for our products. Value-added products constituted 67% (1H20: 61%) of volumes sold during the period. In line with IFRS, the division adjusted the fair value of its biological assets down by R148 million (1H20: R19 million increase) primarily due to the impact of lower average sawlog prices, flat pulpwood prices and inflationary cost escalations.

DIVERSIFIED INDUSTRIAL

Automotive Components

FELTEX

Revenue	Operating profit
R957 million	**R74 million**
(1H20: R1 105 million)	(1H20: R128 million)

The Automotive Components division performed to expectation given the environment of subdued automotive retail sales and lower new vehicle assembly volumes, which decreased by 23% and 20% respectively. In the context of this environment and in anticipation of disruptions associated with a replacement model introduction, management successfully completed a significant restructure of the division's operations during the first quarter, in order to right-size operations for associated lower activity levels. This provided a lower operating cost base for the division which assisted with an improved second quarter performance.

DIVERSIFIED INDUSTRIAL

Integrated Bedding

RESTONIC®
CRAFTING QUALITY BEDS SINCE 1938

Revenue	Operating profit
R1 011 million	**R183 million**
(1H20: R843 million)	(1H20: R134 million)

Market demand for sleep products was robust during the period throughout our relevant markets. The Integrated Bedding division performed well, showing volume growth and gains in market share across most product categories. The division operated its production facilities at full capacity and was able to leverage off its recent production automation and supply chain investments and its integrated raw material supply chain to ensure sustainable supply to our customers in a severely disrupted operational environment. Our strategy of backward integration and recycling, together with associated investments, enabled us to enter new markets, thereby growing revenue and improving margins.

DIVERSIFIED CHEMICAL

Polymers

SAFRIPOL
shaping your world, responsibly

Revenue
R3 767 million
(1H20: R4 026 million)

Operating profit
R176 million
(1H20: R145 million)

Market demand for the period was strong for all product categories produced by the Polymers division. Sales volumes were however limited only by production capacity and inventory availability. The division successfully completed its scheduled five-year statutory maintenance shut and its scheduled debottlenecking project to improve efficiencies and yields at its PET facility. This resulted in 43 days of lost PET production, resulting in lower production volumes as reflected in the table below:

	PET		HDPE		PP	
	1H21	**1H20**	**1H21**	**1H20**	**1H21**	**1H20**
Sales volume (tonnes)	**96 581**	108 027	**82 919**	77 715	**56 782**	58 757
Production volume (tonnes)	**80 040**	103 572	**81 076**	79 074	**60 669**	59 825
Average R/USD exchange	**16.26**	14.69	**16.26**	14.69	**16.26**	14.69

PET – Polyethylene terephthalate I HDPE – High density polyethylene I PP – Polypropylene

PET margins improved significantly compared to the 1H20 period, while both HDPE and PP margins remained fairly stable. However, margins on all three polymers showed improvement for the period compared to 2H20. This 18-month analysis indicates a positive margin trend, which we believe will continue into 2H21.

	Margin variance 1H21 vs 1H20	Margin variance 1H21 vs 2H20
PET	61%	49%
HDPE	3%	60%
PP	4%	18%

We continued to make progress with our strategy of migrating our product range into higher specification and higher value products, which are utilised in non-single-use applications. In addition, we successfully launched our 'Let's plastic responsibly' campaign, which is directed toward educating consumers about the responsible use of plastics and promoting sustainability of the sector.

DIVERSIFIED LOGISTICS

Contractual Logistics – South Africa

UNITRANS

Revenue
R2 630 million
(1H20: R2 661 million)

Operating profit
R146 million
(1H20: R146 million)

The Contractual Logistics – South Africa division experienced a consistent improvement in activity levels and demand throughout the period, reaching full capacity in November and December during the normal peak trading period. We continued to focus on operational efficiencies and asset utilisation during the period through our technology-driven control tower, which assisted greatly in producing encouraging results for the period. Our petroleum, foods, chemical and mining operations performed better than the prior period, while our general freight and industrial operations were down on the prior period due to subdued demand. We were successful in renewing contractual work with an annualised revenue value of R419 million, and we won new contractual work with an annualised revenue value of R200 million. Regrettably, we were unable to renew contracts with an annual revenue value of R72 million.

DIVERSIFIED LOGISTICS

Contractual Logistics – Africa

UNITRANS

Revenue
R1 060 million
(1H20: R1 034 million)

Operating profit
R120 million
(1H20: R142 million)

The Contractual Logistics – Africa division performed well for the period in its agriculture, mining and road-haulage operations, with the exception of its activities in Botswana. Severe Covid-19-related restrictions in Botswana and the related border delays negatively impacted volumes and productivity levels in this territory. Cost savings implemented in this regard partially offset the impact of the decline in revenue. Relaxation of some restrictions commenced during December 2020. Recent contract renewals and new contracts secured in the agriculture and mining sectors were fully implemented and are operating well. The division also made pleasing progress in diversifying its road-haulage activities into other commodities in addition to fuel. We were successful during the period in renewing contractual work with an annualised revenue value of R130 million, and we won new contractual work with an annualised revenue value of R116 million. No contracts were lost during the period.

DIVERSIFIED LOGISTICS

Passenger Transport

UNITRANS

Revenue
R814 million
(1H20: R877 million)*

Operating profit
R101 million
(1H20: R116 million)*

** Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.*

The performance of the Passenger Transport division for the period was disappointing. Operations in South Africa were broadly impacted by Covid-19-related restrictions and associated lower passenger numbers in the personnel and commuter transport sectors. Notwithstanding the challenges management responded well and were effective in curtailing operating costs during this period. Activities in Mozambique were largely unaffected by Covid-19-related restrictions and produced a pleasing performance.

A formal sale process for the division's loss-making Intercity and Tourism operations was conducted during the period. During January 2021 this process proved unsuccessful and as a result, management initiated a process to discontinue services and consult with relevant stakeholders on the potential closure of these operations. The results of these operations are therefore disclosed as discontinued operations.

FINANCIAL REVIEW

Income statement

Revenue from continuing operations decreased by 1% to R12 114 million (1H20: R12 243 million).

Operating profit before depreciation, amortisation and capital items ('EBITDA') from continuing operations decreased by 2% to R1 762 million (1H20: R1 805 million).

Operating profit before capital items from continuing operations decreased by 6% to R1 104 million (1H20: R1 175 million), while operating margin decreased to 9.1% (1H20: 9.6%). This includes a non-cash, downward adjustment of R148 million (1H20: R19 million increase) of biological assets, as required in terms of IFRS, resulting primarily from a reduction in sawlog prices, flat pulpwood prices and inflationary operating cost increases. The exclusion of the fair value adjustment of biological assets from operating profit provides trading profit of R1 252 million (1H20: R1 156 million), an increase of 8% compared to the prior period and a trading profit margin of 10.3% (1H20: 9.4%).

Operating profit and margin %	Six months ended 31 Dec 2020 Unaudited Rm	31 Dec 2020 margin %	Six months ended 31 Dec 2019 Unaudited(*) Rm	31 Dec 2019 margin(*) %	Operating profit change %	Margin change %
Diversified industrial	**561**	**14.0**	626	16.4	(10)	(2.4)
Integrated Timber	**304**	**14.7**	364	19.4	(16)	(4.7)
Automotive Components	**74**	**7.7**	128	11.6	(42)	(3.9)
Integrated Bedding	**183**	**18.1**	134	15.9	37	2.2
Diversified chemical	**176**	**4.7**	145	3.6	21	1.1
Polymers	**176**	**4.7**	145	3.6	21	1.1
Diversified logistics	**367**	**8.2**	404	8.8	(9)	(0.6)
Contractual Logistics – South Africa	**146**	**5.6**	146	5.5	–	0.1
Contractual Logistics – Africa	**120**	**11.3**	142	13.7	(15)	(2.4)
Passenger Transport	**101**	**12.4**	116	13.2	(13)	(0.8)
	1 104	**9.1**	1 175	9.6	(6)	(0.5)

(*) Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.

Headline earnings per share from continuing operations increased by 2% to 23.0 cents (1H20: 22.5 cents). Basic earnings per share from continuing operations increased by 8% to 24.4 cents (1H20: 22.5 cents).

Capital items

Capital items from continuing operations of R38 million (1H20: R3 million loss) comprise mainly insurance income relating to accidental equipment damages.

Taxation

The effective tax rate increased to 27.4% compared to 26.5% in the prior period. There were no material permanent differences.

Statement of financial position

The company's balance sheet remains strong with management's ongoing focus on net working capital and reduction of net interest-bearing debt. The group generated sufficient EBITDA and cash to remain comfortably within its targeted debt serviceability ratios.

The net asset value per share increased by 4% to 386 cents from 372 cents at 30 June 2020.

Net working capital

Working capital levels decreased by R348 million compared to the prior period. Inventory decreased by R469 million, accounts receivables increased by R58 million and accounts payables decreased by R63 million. Polymers' inventory reduced by R398 million compared to the prior period as management focused on reducing inventory to optimal levels after the scheduled five-year maintenance shut for PET in August/ September 2020.

Cash flow

Cash generated from operations of R1 717 million improved by R1 146 million compared to the prior period, comprising R71 million additional cash generated from trading and R1 075 million less cash invested in working capital compared to the prior period. The cash conversion ratio of EBITDA to cash flow from operations of 101% exceeded our internal target of 90% for a sustainable conversion ratio.

Free cash flow (before dividends) of R527 million is R1 664 million better than the prior period mainly due to a R1 146 million increase in cash generated from operations, R93 million less cash interest paid and R428 million less spent on investing activities.

Capital expenditure

Replacement capital expenditure continues to be managed over time in relation to the annual depreciation charge. Depreciation (excluding right-of-use asset depreciation) for the period amounted to R599 million, while replacement capital expenditure amounted to R334 million net of proceeds on disposal, insurance proceeds and government grants. Expansion capital expenditure of R449 million was invested in the group's asset base to drive growth and efficiency benefits.

Capital structure

Net interest-bearing debt is R522 million lower than the prior period despite the negative impact of Covid-19 on cash flow from operations in 2H20. Net interest-bearing debt to equity (gearing) increased to 67% from 58% in the prior period, impacted by material impairments in June 2020, however it decreased from 74% at year-end.

During the period, bonds and term loans to the value of R992 million were settled, which included an uncompetitive fixed rate term loan of R450 million. In a public auction on 19 October 2020, R327 million (three-year maturity) was raised at three-month JIBAR plus 210 basis points. More capacity was available at higher rates, which was declined.

Global Credit Rating Co. (Pty) Ltd. reviewed KAP's credit rating in November 2020 and confirmed its rating as A+(za) with a stable outlook.

The debt structure, movement in net interest-bearing debt and capacity ratios are reflected as follows, together with the financial covenants which we remained comfortably within:

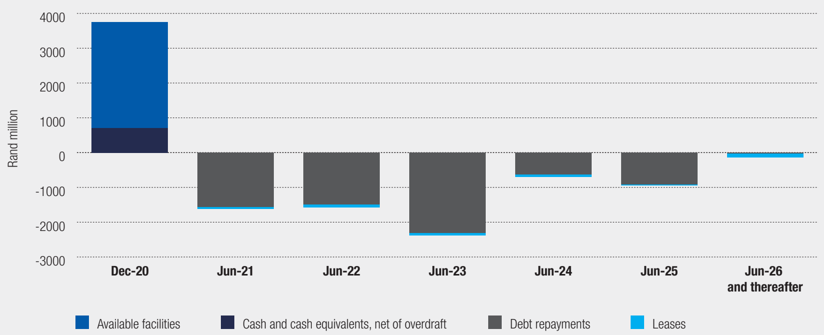
Debt structure and capacity ratios	31 Dec 2020 Unaudited Rm	31 Dec 2019 Unaudited Rm	30 Jun 2020 Audited Rm
Loans and borrowings long-term	**4 766**	5 543	5 309
Loans and borrowings short-term	**2 228**	1 487	2 295
Lease liabilities long-term	**348**	359	363
Lease liabilities short-term	**95**	104	103
Non-interest-bearing loans and borrowings	**(46)**	(39)	(45)
Bank overdrafts and short-term facilities	**92**	374	17
Cash and cash equivalents	**(844)**	(667)	(1 001)
Net interest-bearing debt	**6 639**	7 161	7 041

Debt structure and capacity ratios *continued*	31 Dec 2020 Unaudited Rm	31 Dec 2019 Unaudited[*] Rm	30 Jun 2020 Audited[*] Rm
Movement in net interest-bearing debt			
Balance at beginning of the period excluding lease liabilities	**6 575**	4 488	4 488
Interest-bearing loans and borrowings (repaid)/raised	**(611)**	714	1 284
Net decrease in cash and cash equivalents	**107**	1 114	809
Increase in bank overdrafts and short-term facilities	**75**	374	17
Net acquisition/(disposal) of subsidiaries and businesses	**–**	4	2
Effects of exchange rate translations on cash and cash equivalents	**50**	4	(25)
Net interest-bearing debt excluding lease liabilities	**6 196**	6 698	6 575
Lease liabilities	**443**	463	466
Net interest-bearing debt	**6 639**	7 161	7 041
EBITDA[(1)(2)]	**1 762**	1 805	2 708
Net finance costs[(2)]	**241**	329	654
EBITDA: interest cover (times)[(3)]	**4.7**	5.4	4.1
Net debt: EBITDA (times)[(3)]	**2.5**	2.0	2.6
Gearing %	**67**	58	74

[*] Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.
[(1)] Operating profit before depreciation, amortisation and capital items.
[(2)] From continuing operations.
[(3)] Rolling 12 months.

The company has sufficient facilities to settle upcoming debt maturities. We will continue to refinance the company's debt through a combination of bank term debt and corporate bonds from time to time. The maturity profile of net interest-bearing debt is reflected as follows:

Maturity of net interest-bearing debt as at 31 December 2020



DIVIDEND

In line with historic practice, the board of directors has not declared an interim dividend.

OUTLOOK

While Covid-19 will continue to evolve and present unprecedented social and economic uncertainty, our business model has proven to be agile and resilient. The operational leverage of our operations provides us with the ability to adjust rapidly and to grow revenue and improve margins as markets evolve.

The sectors in which the company operates have shown steady improvement as Covid-19-related restrictions have been relaxed. The temporary reinstatement of more severe Covid-19-related restrictions during December 2020 and January 2021 had a negligible impact on our operations and markets.

We believe that our government has refined its approach to managing a resurgence of Covid-19 infections and will not likely extend restrictions beyond Level 3 again. We are also hopeful that a vaccine rollout will provide increased social and economic stability. Market demand for our products remains robust and we are therefore optimistic that the company will continue to perform well during 2H21.

We are focused on a number of strategic initiatives in order to provide revenue growth, margin improvement and improved returns beyond 2021.

APPRECIATION

The rapid recovery in demand for our products during this period was matched with inbound supply chain and raw material disruptions, which at times, and despite our best efforts, constrained our product availability and customer service. We are extremely grateful to our many customers for their loyalty, support and understanding during this period.

We acknowledge and appreciate the ongoing trust and support of our shareholders, bondholders and banking partners in the continued funding of our operations.

Finally, we extend our appreciation and sincere gratitude to our many employees, who have risen above the personal challenges that we all faced during 2020 and returned to work each day with commitment and dedication to each other, the company and our many customers. And we extend our condolences to the families, friends and colleagues of those who have lost loved ones during this challenging time.

On behalf of the board

Jaap du Toit	Gary Chaplin	Frans Olivier
Independent non-executive chairman	*Chief executive officer*	*Chief financial officer*

22 February 2021

CONDENSED CONSOLIDATED INCOME STATEMENT
AND STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited(*) Rm	% change	Year ended 30 Jun 2020 Audited(*) Rm
Revenue	1	**12 114**	12 243	(1)	21 623
Operating profit before depreciation, amortisation and capital items		**1 762**	1 805	(2)	2 708
Depreciation and amortisation		**(658)**	(630)		(1 287)
Operating profit before capital items		**1 104**	1 175	(6)	1 421
Capital items	2	**38**	(3)		(3 161)
Operating profit/(loss)		**1 142**	1 172	(3)	(1 740)
Net finance costs		**(241)**	(329)		(654)
Share of profit of associate and joint venture companies		**16**	16		21
Profit/(loss) before taxation		**917**	859	7	(2 373)
Taxation		**(252)**	(229)		410
Profit/(loss) for the period from continuing operations		**665**	630	6	(1 963)
Loss for the period from discontinued operations	3	**(61)**	(26)		(182)
Profit/(loss) for the period		**604**	604	–	(2 145)
Profit/(loss) attributable to:					
Owners of the parent		**567**	575	(1)	(2 190)
Non-controlling interests		**37**	29		45
Profit/(loss) for the period		**604**	604	–	(2 145)
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		**(257)**	(1)		119
Total comprehensive income/(loss) for the period (net of taxation)		**347**	603	(42)	(2 026)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**315**	574		(2 074)
Non-controlling interests		**32**	29		48
Total comprehensive income/(loss) for the period		**347**	603	(42)	(2 026)
Earnings/(loss) per share attributable to owners of the parent					
Basic earnings/(loss) (cents)		**22.1**	21.5	3	(83.3)
Diluted earnings/(loss) (cents)		**21.9**	21.4	2	(83.2)
Headline earnings (cents)		**20.6**	21.3	(3)	13.7
Diluted headline earnings (cents)		**20.5**	21.3	(4)	13.7

(*) Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 Dec 2020 Unaudited Rm	31 Dec 2019 Unaudited Rm	30 Jun 2020 Audited Rm
Assets			
Non-current assets			
Goodwill and intangible assets	**2 674**	5 244	2 687
Property, plant and equipment and investment property	**12 658**	13 152	12 630
Right-of-use assets	**409**	441	438
Consumable biological assets	**1 607**	1 922	1 754
Investments in associate and joint venture companies	**91**	89	77
Investments and loans receivable	**1**	8	1
Deferred taxation assets	**49**	35	49
Inventories	**–**	49	35
	17 489	20 940	17 671
Current assets			
Inventories	**2 017**	2 437	2 262
Trade and other receivables	**3 895**	3 837	3 367
Loans receivable	**1**	17	2
Taxation receivable	**46**	59	58
Cash and cash equivalents	**844**	667	1 001
	6 803	7 017	6 690
Total assets	**24 292**	27 957	24 361
Equity and liabilities			
Capital and reserves			
Stated share capital	**8 364**	8 535	8 364
Reserves	**1 562**	3 885	1 202
Total equity attributable to owners of the parent	**9 926**	12 420	9 566
Non-controlling interests	**179**	222	204
Total equity	**10 105**	12 642	9 770
Non-current liabilities			
Loans and borrowings	**4 766**	5 543	5 309
Lease liabilities	**348**	359	363
Deferred taxation liabilities	**2 700**	3 469	2 715
Other liabilities and provisions	**23**	45	32
	7 837	9 416	8 419
Current liabilities			
Loans and borrowings	**2 228**	1 487	2 295
Lease liabilities	**95**	104	103
Trade and other payables	**3 456**	3 548	3 476
Other liabilities and provisions	**385**	334	245
Taxation payable	**94**	52	36
Bank overdrafts and short-term facilities	**92**	374	17
	6 350	5 899	6 172
Total equity and liabilities	**24 292**	27 957	24 361

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited[*] Rm	Year ended 30 Jun 2020 Audited[*] Rm
Operating profit before capital items	**1 104**	1 175	1 421
Depreciation and amortisation	**658**	630	1 287
Operating (loss)/profit before depreciation, amortisation and capital items from discontinued operations	**(60)**	7	(29)
Net fair value adjustments of consumable biological assets[1]	**148**	(19)	149
Other non-cash adjustments	**29**	15	(11)
Cash generated before working capital changes	**1 879**	1 808	2 817
Decrease/(increase) in inventories	**268**	(25)	170
(Increase)/decrease in trade and other receivables	**(593)**	153	649
Increase/(decrease) in trade and other payables	**163**	(1 365)	(1 560)
Changes in working capital	**(162)**	(1 237)	(741)
Cash generated from operations	**1 717**	571	2 076
Dividends received	**–**	–	16
Dividends paid	**(19)**	(647)	(674)
Net finance costs	**(252)**	(345)	(685)
Taxation paid	**(157)**	(154)	(259)
Net cash inflow/(outflow) from operating activities	**1 289**	(575)	474
Additions to property, plant and equipment and investment property[2]	**(783)**	(1 188)	(1 912)
Additions to intangible assets	**(1)**	(1)	(14)
Additions to consumable biological assets	**(1)**	(3)	(3)
Net cash outflow on acquisition/disposal of subsidiaries and businesses	**–**	(13)	(13)
Other investing activities	**4**	(4)	3
Net cash outflow from investing activities	**(781)**	(1 209)	(1 939)
Net cash inflow/(outflow) from operating and investing activities	**508**	(1 784)	(1 465)
Shares repurchased	**–**	(373)	(544)
Transactions with non-controlling interests	**(23)**	–	–
(Decrease)/increase in loans and borrowings	**(611)**	716	1 284
Decrease in lease liabilities	**(56)**	(47)	(101)
Increase in bank overdrafts and short-term facilities	**75**	374	17
Net cash (outflow)/inflow from financing activities	**(615)**	670	656
Net decrease in cash and cash equivalents	**(107)**	(1 114)	(809)
Cash and cash equivalents at beginning of period	**1 001**	1 785	1 785
Effects of exchange rate translations on cash and cash equivalents	**(50)**	(4)	25
Cash and cash equivalents at end of the period	**844**	667	1 001

[*] Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.
[1] Includes decrease due to harvesting and sale of livestock.
[2] Net of proceeds on disposal of property, plant and equipment and investment property, government grants received and insurance proceeds.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited Rm	Year ended 30 Jun 2020 Audited Rm
Balance at beginning of the period	**9 770**	13 042	13 042
Changes in stated share capital			
Net shares repurchased	**–**	(373)	(544)
Changes in reserves			
Total comprehensive income/(loss) for the period attributable to owners of the parent	**315**	574	(2 074)
Dividends paid	**–**	(619)	(619)
Share-based payments	**30**	13	(27)
Other reserve movements	**15**	–	5
Changes in non-controlling interests			
Total comprehensive income for the period attributable to non-controlling interests	**32**	29	48
Dividends paid	**(19)**	(28)	(55)
Shares purchased from non-controlling interests	**(38)**	–	(9)
Other non-controlling interests movements	**–**	4	3
Balance at end of the period	**10 105**	12 642	9 770
Comprising:			
Stated share capital	**8 364**	8 535	8 364
Distributable reserves	**5 073**	7 252	4 493
Share-based payment reserve	**487**	497	457
Reverse acquisition reserve	**(3 952)**	(3 952)	(3 952)
Other reserves	**(46)**	88	204
Non-controlling interests	**179**	222	204
	10 105	12 642	9 770

SEGMENTAL ANALYSIS

	Notes	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited(*) Rm	% change	Year ended 30 Jun 2020 Audited(*) Rm
Continuing operations					
Revenue					
Diversified industrial		**4 020**	3 821	5	6 205
Integrated Timber		**2 069**	1 881	10	3 208
Automotive Components		**957**	1 105	(13)	1 725
Integrated Bedding		**1 011**	843	20	1 286
Interdivisional eliminations		**(17)**	(8)		(14)
Diversified chemical		**3 767**	4 026	(6)	7 301
Polymers		**3 767**	4 026	(6)	7 301
Diversified logistics		**4 484**	4 565	(2)	8 424
Contractual Logistics – South Africa		**2 630**	2 661	(1)	4 954
Contractual Logistics – Africa		**1 060**	1 034	3	1 865
Passenger Transport		**814**	877	(7)	1 636
Interdivisional eliminations		**(20)**	(7)		(31)
		12 271	12 412	(1)	21 930
Intersegmental eliminations		**(157)**	(169)		(307)
	1	**12 114**	12 243	(1)	21 623
Operating profit before depreciation, amortisation and capital items					
Diversified industrial		**721**	778	(7)	894
Integrated Timber		**390**	445	(12)	488
Automotive Components		**121**	175	(31)	184
Integrated Bedding		**210**	158	33	222
Diversified chemical		**255**	237	8	344
Polymers		**255**	237	8	344
Diversified logistics		**783**	789	(1)	1 465
Contractual Logistics – South Africa		**365**	354	3	651
Contractual Logistics – Africa		**256**	256	–	444
Passenger Transport		**162**	179	(9)	370
Corporate, consolidation and eliminations		**3**	1		5
		1 762	1 805	(2)	2 708
Operating profit before capital items					
Diversified industrial		**561**	626	(10)	582
Integrated Timber		**304**	364	(16)	323
Automotive Components		**74**	128	(42)	88
Integrated Bedding		**183**	134	37	171
Diversified chemical		**176**	145	21	160
Polymers		**176**	145	21	160
Diversified logistics		**367**	404	(9)	679
Contractual Logistics – South Africa		**146**	146	–	222
Contractual Logistics – Africa		**120**	142	(15)	214
Passenger Transport		**101**	116	(13)	243
		1 104	1 175	(6)	1 421

(*) Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.

SEGMENTAL ANALYSIS continued

	Notes	31 Dec 2020 Unaudited Rm	31 Dec 2019 Unaudited Rm	% change	30 Jun 2020 Audited Rm
Operating assets					
Diversified industrial		**9 355**	9 791	(4)	9 176
Integrated Timber		**6 460**	6 656	(3)	6 382
Automotive Components		**1 374**	1 609	(15)	1 304
Integrated Bedding		**1 524**	1 528	–	1 491
Interdivisional eliminations		**(3)**	(2)		(1)
Diversified chemical		**5 916**	8 953	(34)	5 935
Polymers		**5 916**	8 953	(34)	5 935
Diversified logistics		**8 019**	8 389	(4)	8 153
Contractual Logistics – South Africa		**4 570**	4 680	(2)	4 452
Contractual Logistics – Africa		**2 224**	2 218	–	2 413
Passenger Transport		**1 244**	1 509	(18)	1 320
Interdivisional eliminations		**(19)**	(18)		(32)
Corporate, consolidation and eliminations		**(30)**	(51)		(91)
	6	**23 260**	27 082	(14)	23 173
Operating liabilities					
Diversified industrial		**1 200**	1 048	15	1 039
Integrated Timber		**559**	539	4	561
Automotive Components		**325**	296	10	293
Integrated Bedding		**319**	215	48	186
Interdivisional eliminations		**(3)**	(2)		(1)
Diversified chemical		**1 342**	1 570	(15)	1 474
Polymers		**1 342**	1 570	(15)	1 474
Diversified logistics		**1 325**	1 334	(1)	1 121
Contractual Logistics – South Africa		**769**	753	2	678
Contractual Logistics – Africa		**287**	244	18	249
Passenger Transport		**288**	355	(19)	226
Interdivisional eliminations		**(19)**	(18)		(32)
Corporate, consolidation and eliminations		**(3)**	(25)		119
	7	**3 864**	3 927	(2)	3 753

	Notes	31 Dec 2020 Unaudited Rm	31 Dec 2019 Unaudited Rm	% change	30 Jun 2020 Audited Rm
Net operating assets/(liabilities)[(1)]					
Diversified industrial		**8 155**	8 743	(7)	8 137
Integrated Timber		**5 901**	6 117	(4)	5 821
Automotive Components		**1 049**	1 313	(20)	1 011
Integrated Bedding		**1 205**	1 313	(8)	1 305
Diversified chemical		**4 574**	7 383	(38)	4 461
Polymers		**4 574**	7 383	(38)	4 461
Diversified logistics		**6 694**	7 055	(5)	7 032
Contractual Logistics – South Africa		**3 801**	3 927	(3)	3 774
Contractual Logistics – Africa		**1 937**	1 974	(2)	2 164
Passenger Transport		**956**	1 154	(17)	1 094
Corporate, consolidation and eliminations		**(27)**	(26)		(210)
		19 396	23 155	(16)	19 420

[(1)] *Net operating assets/(liabilities) comprise of operating assets less operating liabilities.*

	Notes	31 Dec 2020 Unaudited Rm	31 Dec 2019 Unaudited Rm	% change	30 Jun 2020 Audited Rm
Net working capital					
Diversified industrial		**1 070**	1 194	(10)	1 113
Integrated Timber		**1 020**	1 005	1	843
Automotive Components		**79**	117	(32)	140
Integrated Bedding		**(29)**	72	(140)	130
Diversified chemical		**786**	865	(9)	625
Polymers		**786**	865	(9)	625
Diversified logistics		**238**	394	(40)	408
Contractual Logistics – South Africa		**164**	312	(47)	161
Contractual Logistics – Africa		**61**	119	(49)	142
Passenger Transport		**13**	(36)	(136)	104
Interdivisional eliminations		**–**	(1)		1
Corporate, consolidation and eliminations		**(46)**	(57)		(235)
	8	**2 048**	2 396	(15)	1 911

SEGMENTAL ANALYSIS continued

	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited Rm	Year ended 30 Jun 2020 Audited Rm
Replacement capital expenditure[2]			
Diversified industrial	**77**	120	202
Integrated Timber	**70**	64	109
Automotive Components	**3**	52	77
Integrated Bedding	**4**	4	16
Diversified chemical	**15**	9	28
Polymers	**15**	9	28
Diversified logistics	**243**	739	1 011
Contractual Logistics – South Africa	**81**	421	564
Contractual Logistics – Africa	**117**	210	286
Passenger Transport	**45**	108	161
Corporate, consolidation and eliminations	**(1)**	–	–
	334	868	1 241

[2] *Net of proceeds on disposal of property, plant and equipment and investment property, government grants received and insurance proceeds.*

	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited Rm	Year ended 30 Jun 2020 Audited Rm
Expansion capital expenditure			
Diversified industrial	**234**	156	237
Integrated Timber	**23**	127	200
Automotive Components	**139**	3	5
Integrated Bedding	**72**	26	32
Diversified chemical	**8**	27	47
Polymers	**8**	27	47
Diversified logistics	**207**	137	387
Contractual Logistics – South Africa	**156**	81	192
Contractual Logistics – Africa	**42**	56	173
Passenger Transport	**9**	–	22
	449	320	671
Total capital expenditure			
Diversified industrial	**311**	276	439
Integrated Timber	**93**	191	309
Automotive Components	**142**	55	82
Integrated Bedding	**76**	30	48
Diversified chemical	**23**	36	75
Polymers	**23**	36	75
Diversified logistics	**450**	876	1 398
Contractual Logistics – South Africa	**237**	502	756
Contractual Logistics – Africa	**159**	266	459
Passenger Transport	**54**	108	183
Corporate, consolidation and eliminations	**(1)**	–	–
	783	1 188	1 912

ADDITIONAL INFORMATION

	Goods Rm	Services Rm	Total Rm
Note 1: Revenue			
31 Dec 2020			
Unaudited			
Integrated Timber	**2 337**	**–**	**2 337**
Automotive Components	**957**	**–**	**957**
Integrated Bedding	**1 126**	**–**	**1 126**
Polymers	**3 795**	**–**	**3 795**
Contractual Logistics – South Africa	**1**	**2 629**	**2 630**
Contractual Logistics – Africa	**–**	**1 060**	**1 060**
Passenger Transport	**–**	**814**	**814**
Gross revenue	**8 216**	**4 503**	**12 719**
Variable consideration	**(411)**	**–**	**(411)**
Intergroup eliminations	**(24)**	**(170)**	**(194)**
	7 781	**4 333**	**12 114**
31 Dec 2019			
Unaudited (*)			
Integrated Timber	2 131	–	2 131
Automotive Components	1 105	–	1 105
Integrated Bedding	953	–	953
Polymers	4 061	–	4 061
Contractual Logistics – South Africa	39	2 622	2 661
Contractual Logistics – Africa	–	1 035	1 035
Passenger Transport	–	877	877
Gross revenue	8 289	4 534	12 823
Variable consideration	(396)	–	(396)
Intergroup eliminations	(14)	(170)	(184)
	7 879	4 364	12 243
30 Jun 2020			
Audited (*)			
Integrated Timber	3 617	–	3 617
Automotive Components	1 725	–	1 725
Integrated Bedding	1 446	–	1 446
Polymers	7 381	–	7 381
Contractual Logistics – South Africa	98	4 856	4 954
Contractual Logistics – Africa	–	1 865	1 865
Passenger Transport	–	1 636	1 636
Gross revenue	14 267	8 357	22 624
Variable consideration	(649)	–	(649)
Intergroup eliminations	(30)	(322)	(352)
	13 588	8 035	21 623

(*) *Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.*

	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited[*] Rm	Year ended 30 Jun 2020 Audited[*] Rm
Note 1: Revenue *continued*			
Geographical distribution			
South Africa	**10 454**	10 426	18 047
Rest of Africa	**1 543**	1 494	2 838
Americas	**81**	277	509
Europe	**15**	33	126
Middle East	**9**	13	94
Other	**12**	–	9
	12 114	12 243	21 623
Note 2: Capital items			
Continuing operations			
Loss on disposal of property, plant and equipment and investment property	**(8)**	(7)	(32)
Impairments[1]	**–**	–	(3 134)
Insurance income	**46**	4	5
	38	(3)	(3 161)
Discontinued operations			
Profit on disposal of property, plant and equipment and investment property	**–**	1	–
Impairments[1]	**1**	5	(116)
Other	**–**	–	1
	1	6	(115)
	39	3	(3 276)

[*] Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.
[1] Impairment of goodwill, intangible assets and property, plant and equipment.

	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited(*) Rm	Year ended 30 Jun 2020 Audited(*) Rm
Note 3: Loss for the period from discontinued operations			
Revenue	**137**	438	603
Operating (loss)/profit before depreciation, amortisation and capital items	**(60)**	7	(29)
Depreciation and amortisation	**(18)**	(38)	(78)
Operating loss before capital items	**(78)**	(31)	(107)
Capital items	**1**	6	(115)
Operating loss	**(77)**	(25)	(222)
Net finance costs	**(8)**	(12)	(24)
Loss before taxation	**(85)**	(37)	(246)
Taxation	**24**	11	64
Loss for the period from discontinued operations	**(61)**	(26)	(182)

	Cents	Cents	Cents
Note 4: Earnings/(loss)			
Basic earnings/(loss) per share	**22.1**	21.5	(83.3)
Continuing operations	**24.4**	22.5	(76.3)
Discontinued operations	**(2.3)**	(1.0)	(7.0)
Diluted earnings/(loss) per share	**21.9**	21.4	(83.2)
Continuing operations	**24.3**	22.4	(76.3)
Discontinued operations	**(2.4)**	(1.0)	(6.9)
Headline earnings/(loss) per share	**20.6**	21.3	13.7
Continuing operations	**23.0**	22.5	17.5
Discontinued operations	**(2.4)**	(1.2)	(3.8)
Diluted headline earnings/(loss) per share	**20.5**	21.3	13.7
Continuing operations	**22.9**	22.4	17.5
Discontinued operations	**(2.4)**	(1.1)	(3.8)
Net asset value per share	**386**	474	372

(*) Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.

	Notes	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited(*) Rm	Year ended 30 Jun 2020 Audited(*) Rm
Note 4: Earnings/(loss) *continued*				
Headline earnings attributable to owners of the parent				
Continuing operations				
Earnings/(loss) attributable to owners of the parent		628	601	(2 008)
Adjusted for:				
Capital items	2	(38)	3	3 161
Taxation effects of capital items		2	(1)	(692)
Non–controlling interests' portion of capital items (net of taxation)		–	(1)	(1)
		592	602	460
Discontinued operations				
Loss attributable to owners of the parent		(61)	(26)	(182)
Adjusted for:				
Capital items	2	(1)	(6)	115
Taxation effects of capital items		–	1	(32)
		(62)	(31)	(99)
		530	571	361

(*) *Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.*

	Million	Million	Million
Weighted average number of shares			
Issued ordinary shares at beginning of the period	2 571	2 704	2 704
Effect of shares repurchased and cancelled	–	(10)	(47)
Effect of shares repurchased and held as treasury shares	–	(18)	(27)
Weighted average number of ordinary shares	2 571	2 676	2 630
Potential dilutive effect of share rights granted	13	7	2
Diluted weighted average number of ordinary shares in issue	2 584	2 683	2 632
Number of ordinary shares in issue	2 571	2 622	2 571

	Fair value hierarchy	Fair value as at 31 Dec 2020 Unaudited Rm	Fair value as at 31 Dec 2019 Unaudited Rm	Fair value as at 30 Jun 2020 Audited Rm
Note 5: Fair values of financial instruments				
Derivative financial assets	Level 2	**2**	5	32
Derivative financial liabilities	Level 2	**(59)**	(52)	(23)

Level 2 financial instruments consist of foreign exchange contracts that are valued using techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. These inputs include foreign exchange rates.

	31 Dec 2020 Unaudited Rm	31 Dec 2019 Unaudited Rm	30 Jun 2020 Audited Rm
Note 6: Operating assets			
Goodwill and intangible assets	**2 674**	5 244	2 687
Property, plant and equipment and investment property	**12 658**	13 152	12 630
Right-of-use assets	**409**	441	438
Consumable biological assets	**1 607**	1 922	1 754
Inventories	**2 017**	2 486	2 297
Trade and other receivables	**3 895**	3 837	3 367
	23 260	27 082	23 173
Note 7: Operating liabilities			
Trade and other payables	**3 456**	3 548	3 476
Other liabilities and provisions	**408**	379	277
	3 864	3 927	3 753
Note 8: Net working capital			
Inventories	**2 017**	2 486	2 297
Trade and other receivables	**3 895**	3 837	3 367
Trade and other payables	**(3 456)**	(3 548)	(3 476)
Other liabilities and provisions	**(408)**	(379)	(277)
	2 048	2 396	1 911

Note 9: Trading profit

The company considers trading profit to be a key benchmark to measure performance and to allow for meaningful year-on-year comparison, as it excludes the effect of the non-cash fair value adjustments of consumable biological assets.

The pro forma adjustments below regarding trading profit are shown for illustrative purposes only and does not impact the financial position, changes in equity, results of operations or cash flows.

The pro forma financial information is the responsibility of the directors and has not been reviewed or reported on by the company's external auditors.

	Six months ended 31 Dec 2020 Unaudited Rm	Six months ended 31 Dec 2019 Unaudited(*) Rm	Year ended 30 Jun 2020 Unaudited(*) Rm
Continuing operations			
Trading profit			
Operating profit before capital items	**1 104**	1 175	1 421
Non-cash fair value adjustments of biological assets	**148**	(19)	149
	1 252	1 156	1 570
Non-cash fair value adjustments of biological assets			
Non-cash fair value adjustments of timber plantations	**152**	(15)	148
Fair value loss/(gain)	**61**	(107)	2
Decrease due to harvesting	**91**	92	146
Non-cash fair value adjustments of livestock	**(4)**	(4)	1
Fair value gain	**(6)**	(4)	(8)
Decrease due to sale	**2**	–	9
	148	(19)	149

(*) Prior period disclosure has been restated to reflect the Intercity and Tourism operations as discontinued operations.

SELECTED EXPLANATORY NOTES

Statement of compliance

The condensed consolidated interim financial information has been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the financial pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited, the information as required by IAS 34 – *Interim Financial Reporting* and the requirements of the South African Companies Act, No. 71 of 2008. The consolidated interim financial information has been prepared using accounting policies that comply with IFRS, which are consistent with those applied in the consolidated financial statements for the year ended 30 June 2020.

Basis of preparation

The condensed consolidated interim financial statements are prepared in millions of South African rand (Rm) on the historical-cost basis, except for certain assets and liabilities, which are carried at amortised cost, and derivative financial instruments and consumable biological assets, which are stated at their fair values. The preparation of the condensed consolidated interim financial statements for the six months ended 31 December 2020 was supervised by Frans Olivier CA(SA), the group's chief financial officer.

Changes to comparative results

The prior period's income statement has been represented to reflect the discontinued operations of the Intercity and Tourism operations that form part of the Passenger Transport division.

Accounting policies

The accounting policies and methods of computation of the group have been consistently applied to periods presented in the summarised consolidated financial statements.

Financial statements

These results have not been reviewed or reported on by the company's auditors. The results were approved by the board of directors on 22 February 2021.

Post-balance sheet events

No significant events have occurred in the period between the end of the period under review and the date of this report.

Changes to the board and board committees

KT Hopkins replaced PK Quarmby as chairman of the audit and risk committee with effect from 1 September 2020.

PK Quarmby remained a member of the audit and risk committee, and was appointed in the role of lead independent non-executive director, effective 18 November 2020.

SH Nomvete was not available for re-election at the company's annual general meeting on 18 November 2020 as a member of the audit and risk committee and was consequently not reappointed. Subsequent to the annual general meeting, Mr Nomvete retired from the board after 17 years of service. This vacancy on the board has not yet been filled.

CORPORATE INFORMATION

KAP Industrial Holdings Limited ('KAP' or 'the company' or 'the group')

Independent non-executive directors: J de V du Toit (Chairman), KJ Grové (Deputy chairman), PK Quarmby (Lead), Z Fuphe, KT Hopkins, V McMenamin, IN Mkhari, SH Müller
Executive directors: GN Chaplin (Chief executive officer), FH Olivier (Chief financial officer)
Registration number: 1978/000181/06 **Share code:** KAP **ISIN:** ZAE000171963
Registered address: 3rd Floor, Building 2, The Views, Founders Hill Office Park, 18 Centenary Street, Modderfontein, Johannesburg 1645
Postal address: PO Box 2766, Edenvale 1610 **Telephone:** 010 005 3000 **Facsimile:** 010 005 3050 **E-mail:** info@kap.co.za
Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
Company secretary: KAP Secretarial Services Proprietary Limited **Auditors:** Deloitte & Touche **Sponsor:** PSG Capital Proprietary Limited
Announcement date: 23 February 2021