KAP

BEING THE CHANGE

UNAUDITED RESULTS

FOR THE
SIX MONTHS ENDED
31 DECEMBER 2022

SALIENT FEATURES

Revenue up
12% to R15 billion
(1H22: R14 billion)

EBITDA down
2% to R2.2 billion
(1H22: R2.2 billion)

Operating profit before capital items down
8% to R1.4 billion
(1H22: R1.6 billion)

Headline earnings per share down
17% to 31.0 cents
(1H22: 37.2 cents)

Revenue, EBITDA, operating profit before capital items and headline earnings per share from continuing operations

OVERVIEW

The operating environment was very challenging for the period under review with continued political uncertainty, unreliable infrastructure, and rising interest rates and inflation in South Africa. In this context, the group remained resilient and, although lower than in the prior year, delivered a credible operational performance, supported by the diverse nature of our operations.

The group increased revenue by 12% to R15 billion, while operating profit before capital items decreased by 8% to R1.4 billion for the period. The decline in operating profit was largely due to the performances by Safripol and Restonic. Safripol's operating profit contracted by 26%, impacted by lower sales volumes due to softer local demand and a major equipment failure at the Durban plant, the result of regular unscheduled stoppages from unplanned external events. Safripol's prior period comparative also included R91 million in operating profit related to FY21. Restonic's performance remained challenged by lower sales volumes and higher raw material and operating costs. Most of KAP's other businesses delivered stable to pleasing performances.

Headline earnings per share declined by 17%, primarily due to the reduction in operating profit before capital items and a 55% increase in finance costs.

Cash flow from operations reduced by 96% due to a R2.2 billion temporary absorption of working capital, largely due to a combination of raw material cost escalations and increased inventory following lower sales volumes.

The cumulative impact of loadshedding and unreliable infrastructure and service delivery on the group's operations was more visible during the period through the secondary effects of equipment damage, reduced plant reliability, lower consumption by downstream customers, and rising crime. We are therefore accelerating our efforts to build resilience and create opportunity in this challenging environment.

OPERATIONAL REVIEW

PG BISON

Revenue up
10% to R2 659 million
(1H22: R2 422 million)

Operating profit down
1% to R489 million
(1H22: R494 million)

PG Bison delivered a satisfactory performance for the period, supported by robust demand for its products and market share gains, following a 14% expansion in total annual board capacity to 825 600 m^3, completed in March 2022. While local demand remained robust, the division continued with its strategy to build its export markets to supplement local demand and thereby facilitate optimal process efficiencies.

The division's raw board production plants operated at full planned capacity throughout the period, showing a 9% increase in production volume. Value-add production volumes were, however, lower than planned due to unscheduled maintenance at three of the division's melamine-faced board ('MFB') presses and the delayed commissioning of the division's seventh MFB press, which was originally scheduled for September 2022, due to global semiconductor chip shortages. This resulted in the value-add product ratio reducing from 66% to 62%, which restricted total sales volume growth to 2% and negatively affected the operating profit margin. The division successfully implemented price increases in June 2022 and December 2022, to offset the impact of raw material and operating cost escalations.

The division's 273 780 m^3 medium-density fibreboard ('MDF') expansion in Mkhondo is progressing according to schedule, at a total capital expenditure of R1.9 billion, with commissioning planned for July 2024. The capacity expansion is aimed at supporting growth in local demand, replacing imports, and leveraging existing export markets.

RESTONIC

Revenue up
1% to R925 million
(1H22: R917 million)

Operating profit down
57% to R41 million
(1H22: R95 million)

Restonic produced disappointing results. Customer demand was particularly soft at the start of the period, but improved ahead of the Black Friday promotions and peak trading season. Sales volumes of bedding units for the period contracted by 5% from the prior period, returning to more normalised pre-Covid (1H19) levels. Sales volumes of foam and textile products, key raw materials for the bedding and furniture manufacturing industry, declined by 8% and 11% respectively.

The division was successful in achieving selling price increases during the period to recover increased raw material costs. However, this could not offset the negative operating leverage effects of lower sales and production volumes, increased operational and distribution costs and higher marketing expenditure to support sales. The management team has recently been realigned and is in the process of restructuring operations to focus on more profitable products and market segments, improving process efficiencies, and reducing operating costs.

FELTEX

Revenue up
32% to R1 088 million
(1H22: R826 million)

Operating profit up
>100% to R97 million
(1H22: R2 million)

Feltex reported an improvement in performance for the period with operating profit increasing more than 100%, supported by the increase in new vehicle assembly and sales volumes, price adjustments to account for raw material cost escalations, and R50 million insurance income for business interruption related to the prolonged effects of the KwaZulu-Natal floods. Although new vehicle assembly volumes increased, off-take of original equipment manufacturers remained variable over the period. This presented operational challenges for the division and negatively impacted the operating profit margin.

The South African automotive sector showed a good recovery following the production constraints caused by the global supply chain disruptions and semiconductor chip shortages, and the regional impact of significant flooding in KwaZulu-Natal in April 2022. South African new vehicle assembly volumes increased by 41% and domestic light commercial and sports utility vehicle sales increased by 12% and 48% respectively.

SAFRIPOL shaping your world, responsibly

Revenue up
7% to R5 156 million
(1H22: R4 818 million)

Operating profit down
26% to R450 million
(1H22: R610 million)

Safripol's performance for the period was softer, impacted primarily by the following:

- Lower sales volumes reduced operating profit by R173 million and resulted from subdued converter demand. This was a combination of weaker consumer demand and lower off-take from certain converters due to the inability to operate effectively on a start-stop basis during stage 6 loadshedding.
- A major equipment failure at the Durban PET plant caused 38 days of lost production and some lost sales. This failure was the result of regular unscheduled stoppages from unplanned external events, including inconsistent electricity supply and quality, which caused increased wear and tear and damage to equipment. The impact of this failure is being quantified for insurance purposes.
- Higher average rand-based raw material margins increased operating profit by R80 million compared to the prior period.

The comparative period operating profit included R91 million related to retrospective ethylene price adjustments applicable to FY21.

Key metrics of the division are reported as follows:

	PET		HDPE		PP	
	1H23	1H22	1H23	1H22	1H23	1H22
Revenue (Rm)	2 337	2 052	1 509	1 508	1 274	1 258
Sales volumes (tonnes)	90 895	110 352	63 582	71 231	61 719	60 894
Production volumes (tonnes)	96 577	102 046	75 583	72 231	61 413	61 929
Average USD/R exchange rate	17.33	15.02	17.33	15.02	17.33	15.02

PET – Polyethylene terephthalate | HDPE – High-density polyethylene | PP – Polypropylene

The actual raw material margin trend for Safripol is analysed as follows:

	1H23 vs 1H22	1H23 vs 2H22
PET	32%	(22%)
HDPE	34%	3%
PP	(28%)	(35%)

Notes:

1. The actual raw material margin trend analysis includes Safripol's actual selling prices and actual raw material costs in rands.
2. The actual raw material margin trend analysis has been adjusted to account for the R91 million ethylene price adjustment in 2H21.

Although the PET operation in Durban grew operating profit by 14%, supported by higher raw material margins, higher selling prices and a weaker US dollar/rand exchange rate, it delivered an unsatisfactory operational performance due to a major equipment failure which resulted in an extended unplanned shutdown. The operation managed to maintain most of its local market share during this period through supplies from inventory; however, it was not able to fulfill its complete order book. The performance was also impacted by lower production volumes on a relative fixed cost structure, which also resulted in significantly elevated raw material inventory levels. Operating costs increased during the period, impacted by higher maintenance costs associated with the repairs at the plant and demurrage costs for raw materials ordered prior to the unplanned shutdown. Insurance income of R35 million in relation to the KwaZulu-Natal floods in April 2022 was recognised in the period.

The HDPE operation performed satisfactorily despite lower sales volumes, which resulted from softer local demand. In order to manage inventory levels, exports were pursued, although at a lower margin. Operating profit decreased by 10%, as the benefits of higher rand-based raw material margins were insufficient to offset the negative effects of lower sales volumes and lower-margin exports.

The PP operation reported a 61% contraction in operating profit, due primarily to an expected reduction in raw material margins. Customer demand was also softer during the period. Product was exported at lower margins to manage inventory levels.

Revenue up
12% to R5 428 million
(1H22: R4 832 million)

Operating profit down
3% to R334 million
(1H22: R345 million)

Unitrans performed satisfactorily for the period on a consolidated basis, with an improved performance from Unitrans Passenger and a relatively stable performance from Unitrans South Africa offsetting a disappointing performance from Unitrans Africa.

UNITRANS SOUTH AFRICA

Revenue up
4% to R2 915 million
(1H22: R2 807 million)

Operating profit down
3% to R157 million
(1H22: R162 million)

Unitrans South Africa delivered a relatively stable performance despite the challenging South African macroeconomic environment and the loss of a major food retail contract, which ended on 31 July 2022. This was supported by a robust performance in the Petrochemical and Mining operations, as well as insurance income of R17 million related to the April 2022 KwaZulu-Natal floods.

The Petrochemical and Mining operations benefited from increased ad hoc petroleum volumes and higher mining volumes at key customer sites, which supported an improvement in operating profit. The Food operations, excluding the impact of the lost food retail contract, also showed healthy growth in operating profit. The General Freight operations ended down on operating profit due to subdued volumes in general linehaul.

Given the continuing depressed general linehaul environment, the linehaul fleet will be right-sized and moved towards an owner-driver/outsourced model. In addition, with improving availability of vehicles, the assets related to the lost food retail contract will either be redeployed internally or disposed of during 2H23 to improve capital allocation. These assets were originally retained to provide fleet rental opportunities and to mitigate the risk of extended lead times and increased costs of new vehicles and trailers.

The division renewed contracts with an annualised revenue of R307 million, and secured net new contracts with an annualised revenue of R434 million.

UNITRANS AFRICA

Revenue up
23% to R1 397 million
(1H22: R1 133 million)

Operating profit down
19% to R71 million
(1H22: R88 million)

The Unitrans Africa results were disappointing, with the anticipated recoveries in the Agriculture and Road Freight operations not materialising.

The performance of the Agriculture operations was negatively impacted by above-average rainfall and wet field conditions, which significantly affected Mozambique. This resulted in challenging operating conditions and an extension of the harvesting season, with resulting increased maintenance and operating costs for relatively stable volumes. The Road Freight operations also reported a contraction in operating profit following a notable decline in fuel volumes transported, primarily due to the South African government's moratorium on diesel exports to neighbouring countries during the period. Restructuring of the Botswana and Mozambique Road Freight operations was concluded towards the end of the period. The performance of the Mining operations was pleasing with an increase in operating profit, supported by contract expansion in Madagascar.

Following the successful operation of the division's new rail business and procurement of sustainable volumes, line usage rates were raised to uneconomic levels by rail authorities in Mozambique. This business will therefore be discontinued in 2H23 and R63 million of related assets will be disposed of, with an expectation to realise full value.

The division renewed contracts with an annualised revenue of R90 million, and secured net new contracts with an annualised revenue of R197 million.

UNITRANS PASSENGER

Revenue up
24% to R1 134 million
(1H22: R911 million)

Operating profit up
12% to R106 million
(1H22: R95 million)

Unitrans Passenger produced a pleasing result, with an improvement in the Personnel operations in South Africa due to the renegotiation of certain loss-making legacy contracts. This improvement largely offset the impact of lower rates secured on the extension of Personnel operations in Mozambique and significant fuel cost increases not recovered due to onerous terms of legacy contracts in certain Commuter operations. The division made good progress in growing revenue through improved cash collections, special hires and contract renegotiations and also controlled costs and efficiency levels well.

UNITRANS GROUP RESTRUCTURE

The Unitrans operations are currently managed and disclosed according to geographic (South Africa and Africa) and functional (logistics and passenger transport) parameters. In terms of sector exposure, the three divisions operate primarily in the food, agriculture, petrochemical, mining and people transport sectors, with significant overlap across the divisions. During the period, the company initiated a process to consolidate the three Unitrans divisions into a single organisation, with a single strategy and management structure designed to increase focus, scale and expertise in the above-mentioned sectors, which are considered core to the southern African economy. The outcome of this process is expected to bring revenue growth, and cost, asset and infrastructure rationalisation opportunities, which will improve margins and returns over time. This restructuring process will be concluded during 2H23.

DriveRisk

MANAGE • MOTIVATE • MITIGATE

Revenue*
R288 million
(1H22: R28 million)

Operating profit*
R10 million
(1H22: R6 million)

** DriveRisk was acquired on 1 December 2021.*

DriveRisk's performance was below expectations, primarily due to a rapid weakening in the US dollar/rand exchange rate, which affected mainly the South African operations. The Australasian operations performed well, supported by good growth in the mining sector. The stock availability constraints encountered in 2H22, relating to the semiconductor chip shortages, have largely been resolved. Interest in the product offering and the sales pipeline remains strong.

BUSINESS RESILIENCE

In view of the unreliable and deteriorating state infrastructure and services in South Africa, the company has embarked on a business resilience strategy to avoid potential business interruption and costs associated with operating in this environment.

As part of our resilience strategy, the company has initiated an energy strategy aimed at reducing electricity consumption, mitigating cost escalations, supply interruptions and non-supply through self-generation, co-generation and storage. The construction of a 10 MW photovoltaic ('PV') plant at the Safripol Sasolburg site was completed in November 2022, but can only be commissioned in August 2023, due to outstanding upgrade requirements to Eskom's infrastructure. A 4 MW PV plant was also initiated at the PG Bison Boksburg site during the period. We are assessing further renewable energy investments across the group, which will contribute to the sustainability of the group's operations.

CORPORATE ACTIVITY

Safripol Proprietary Limited acquired a 51% shareholding in Xuba Compounders Proprietary Limited ('Xuba'), effective 1 July 2022. Xuba is a manufacturer and compounder of polymer materials that are supplied to the automotive, appliance and electrical components sectors. The acquisition is in line with Safripol's strategy to develop higher-margin, higher-specification polymers.

DriveRisk Proprietary Limited acquired a 100% shareholding of Viewmetrics Proprietary Limited and Vantage Soft Proprietary Limited, effective 1 July 2022, while SingRisk Services Private Limited acquired a 100% shareholding of AVT Cabling Solutions Proprietary Limited, effective 2 December 2022. These small bolt-on acquisitions will support the development and deployment of DriveRisk's technology solutions.

FINANCIAL REVIEW

INCOME STATEMENT

Revenue from continuing operations increased by 12% to R15 265 million (1H22: R13 649 million).

Operating profit before depreciation, amortisation and capital items ('EBITDA') from continuing operations decreased by 2% to R2 181 million (1H22: R2 223 million).

Operating profit before capital items from continuing operations decreased by 8% to R1 421 million (1H22: R1 552 million) and operating margin decreased to 9.3% (1H22: 11.4%). This includes a non-cash downward adjustment of R10 million (1H22: R66 million down) to biological assets.

The operating profit and margin performance were mainly due to Safripol trading lower than the prior period. This is reflected as follows:

Operating profit and margin %	Six months ended 31 Dec 2022 Unaudited Rm	31 Dec 2022 margin %	Six months ended 31 Dec 2021 Unaudited Rm	31 Dec 2021 margin %	Operating profit change %	Margin change %
Diversified industrial	627	13.5	591	14.2	6	(0.7)
PG Bison	489	18.4	494	20.4	(1)	(2.0)
Restonic	41	4.4	95	10.4	(57)	(6.0)
Feltex	97	8.9	2	0.2		8.7
Diversified chemical	450	8.7	610	12.7	(26)	(4.0)
Safripol	450	8.7	610	12.7	(26)	(4.0)
Diversified logistics	334	6.2	345	7.1	(3)	(0.9)
Unitrans South Africa	157	5.4	162	5.8	(3)	(0.4)
Unitrans Africa	71	5.1	88	7.8	(19)	(2.7)
Unitrans Passenger	106	9.3	95	10.4	12	(1.1)
Road safety	10	3.5	6	21.4	67	(17.9)
DriveRisk	10	3.5	6	21.4	67	(17.9)
	1 421	9.3	1 552	11.4	(8)	(2.1)

The operating profit includes R102 million insurance income related to the business interruption caused by the KwaZulu-Natal floods in April 2022. The claims are being assessed by our insurers and further income is expected as the claims are finalised. Feltex, Safripol and Unitrans South Africa recognised insurance income amounting to R50 million, R35 million and R17 million respectively in the period.

Safripol's operating profit for the prior period included R91 million related to retrospective ethylene price adjustments applicable to FY21.

The Unitrans South Africa revenue and operating profit include R18 million in relation to a R125 million termination penalty on a major food retail contract. The remaining R107 million of the penalty was recognised in 2H22.

Headline earnings per share ('HEPS') from continuing operations decreased by 17% to 31.0 cents (1H22: 37.2 cents) and basic earnings per share ('EPS') from continuing operations decreased by 17% to 31.1 cents (1H22: 37.6 cents). Both HEPS and EPS were positively impacted by a 1% reduction in the weighted average number of shares in issue, as a result of shares repurchased in the prior period.

CAPITAL ITEMS

Capital items from continuing operations of R4 million (1H22: R12 million income) include R21 million insurance income for the replacement of property, plant and equipment.

TAXATION

The effective tax rate from continuing operations of 26.7% (1H22: 28.6%) was impacted by the reduction in the South African corporate taxation rate from 28% to 27% in the current period.

STATEMENT OF FINANCIAL POSITION

The group's balance sheet remains strong despite net interest-bearing debt increasing by R2 012 million compared to the prior period, due to increased net working capital and capital expenditure. The group remained comfortably within its financial covenant ratios during the period.

The net asset value per share increased by 8% to 469 cents (1H22: 433 cents).

NET WORKING CAPITAL

Net working capital levels increased by R1 622 million compared to the prior period. Inventory increased by R967 million due to higher raw material and operating costs and lower sales volumes. Accounts receivable increased by R721 million, impacted by higher selling prices of finished goods and services, while accounts payable increased by R66 million.

Continuous focus is placed on optimising net working capital. The higher inventory levels are expected to normalise towards year-end to align inventory with demand.

CASH FLOW

Cash generated from operations of R51 million (1H22: R1 304 million) is R1 253 million less than the prior period, comprising R103 million less cash generated from trading and R1 150 million more cash invested in working capital.

The cash conversion ratio of EBITDA to cash flow from operations is expected to normalise towards year-end to achieve our internal target of 90%.

Free cash outflow (before dividends paid) of R1 625 million is R1 050 million below the prior period, mainly due to R1 253 million less cash generated from operations, and R120 million more finance costs paid, offset by R294 million less spent on investing activities.

Dividends of R741 million (1H22: R391 million) were paid during the period.

CAPITAL EXPENDITURE

Replacement capital expenditure continues to be managed over time in relation to the annual depreciation charge. Depreciation and amortisation (excluding right-of-use asset depreciation) from continuing operations for the period amounted to R695 million (1H22: R623 million), while replacement capital expenditure amounted to R408 million (1H22: R588 million) net of proceeds from disposal, insurance proceeds and government grants received. Expansion capital expenditure of R524 million (1H22: R364 million), net of government grants received, was invested in the group's asset base to drive growth and efficiency benefits.

CAPITAL STRUCTURE

Net interest-bearing debt increased by R2 012 million compared to the prior period, resulting in an increase in the net interest-bearing debt to equity (gearing) ratio to 85% from 74% in the prior period. Debt serviceability ratios for the period of net debt/EBITDA at 2.3 times and EBITDA/interest cover at 6.5 times remained well within our financial covenants of < 3.2 times and > 3.5 times, respectively. Net debt/EBITDA of 2.3 times remains within our internal target of < 2.5 times. This ratio is expected to improve towards year-end as working capital normalises, resulting in reduced net debt levels.

During the period, bonds to the value of R1 504 million were settled and new funding of R1 800 million was raised through bond issuances with maturities of up to five years and at more favourable interest rates.

Global Credit Rating Co. Proprietary Limited reviewed KAP's credit rating in November 2022, and confirmed its rating as A+(za) with a stable outlook.

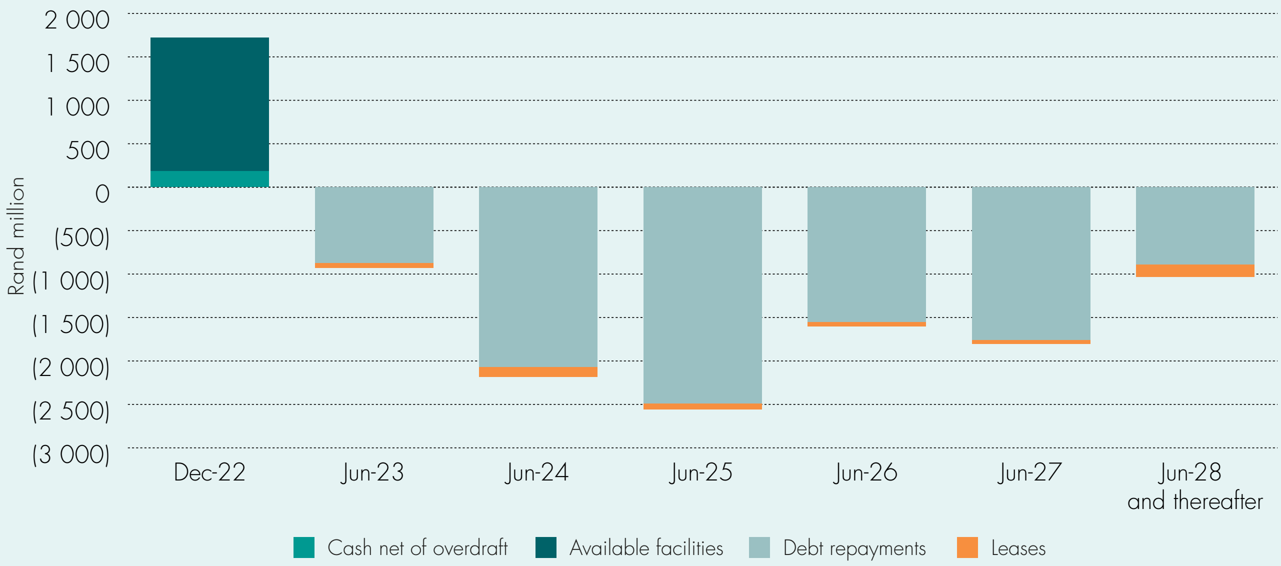
The debt structure, movement in net interest-bearing debt and financial covenant ratios are reflected as follows:

Debt structure and capacity ratios	31 Dec 2022 Unaudited Rm	31 Dec 2021 Unaudited Rm	30 Jun 2022 Audited Rm
Loans and borrowings non-current	**7 982**	5 485	6 681
Loans and borrowings current	**1 712**	2 704	2 049
Lease liabilities non-current	**364**	293	372
Lease liabilities current	**117**	94	106
Non-interest-bearing loans and borrowings	**(70)**	(47)	(57)
Bank overdrafts	**900**	126	38
Cash and cash equivalents	**(1 085)**	(747)	(1 730)
Net interest-bearing debt	**9 920**	7 908	7 459
Movement in net interest-bearing debt			
Balance at the beginning of the period excluding lease liabilities	**6 981**	6 133	6 133
Net interest-bearing loans and borrowings received	**925**	1 225	1 743
Increase in accrued interest on loans and borrowings	**20**	4	17
Net decrease/(increase) in cash and cash equivalents	**1 511**	112	(965)
Net acquisition of subsidiaries	**6**	74	74
Effects of exchange rate translations on cash and cash equivalents	**(4)**	(27)	(21)
Net interest-bearing debt excluding lease liabilities	**9 439**	7 521	6 981
Lease liabilities	**481**	387	478
Net interest-bearing debt	**9 920**	7 908	7 459
EBITDA[1][2]	**2 181**	2 223	4 340
Net finance costs including capitalised interest[2]	**379**	245	529
EBITDA: interest cover (times) > 3.5[3][4]	**6.5**	8.3	8.2
Net debt: EBITDA (times) < 3.2[3][4]	**2.3**	2.0	1.7
Gearing %	**85**	74	65

[1]Operating profit before depreciation, amortisation and capital items.
[2]From continuing operations.
[3]Rolling 12 months.
[4]Financial covenant triggers.

The group has sufficient facilities to settle near-term debt maturities. Management will continue to refinance the group's debt from time to time through a combination of bank term debt and corporate bonds.

Maturity of net interest-bearing debt as at 31 December 2022



DIVIDEND

As per historical practice, no interim dividend was declared.

OUTLOOK

We expect the challenging macroeconomic environment experienced during the period to persist for the remainder of the financial year and into FY24, with softer consumer demand across a number of sectors related to higher inflation and interest rates. In addition, infrastructure unreliability such as loadshedding and water outages, and escalating crime will continue to present the group with a complex operating environment, and potentially affect demand for our products, as it affects our customers in downstream markets that either distribute, process, or consume our products.

In a subdued economic environment, growth through market share gains and into new markets, including export markets, has been critical for KAP. Our commitment to deliver differentiated products and solutions at the lowest cost has supported market share gains in the past. We will focus on maintaining this track record. We are making good progress in developing new export markets, supported by the globally competitive nature of our manufacturing operations and the quality of our products.

We expect PG Bison to benefit from continued robust demand, with increased availability of its existing MFB presses and the commissioning of its seventh MFB line in 2H23 supporting increased value-add sales. A more stable operational performance is anticipated from Safripol. According to industry forecasts, the outlook for Safripol's raw material margins appear stable. However, near-term margins will be affected by higher cost raw materials in inventory, ordered prior to the 38-day PET plant shutdown. Feltex is expected to benefit from a continued recovery in the automotive industry. Unitrans and Restonic expect challenging market conditions in 2H23, with both divisions undergoing material restructuring to realign their businesses. We continue to invest in the growth of DriveRisk. The business has a strong sales pipeline and significant potential growth opportunities are being explored.

Cash and balance sheet management are key focus areas. Although working capital is typically higher at half-year, it is currently at inflated levels. We expect it to normalise towards year-end as inventory is more closely aligned with demand. This should support an improvement in net debt at year-end from current levels.

While the near-term outlook is challenging and uncertain, we are confident in the resilience of the group and its long-term prospects. We remain committed to enhancing shareholder value and therefore continue to focus on optimising our portfolio by allocating and reallocating capital to higher-return businesses and opportunities, and, at an operational level, to effectively deliver on our strategic priorities to grow revenue, improve margins and returns and maximise cash flows.

APPRECIATION

We extend our gratitude and appreciation to our employees for persevering in often difficult operating conditions, remaining focused on operational excellence and the execution of our strategy. We are also extremely grateful to our customers and suppliers for their loyalty and support throughout the period. We acknowledge and appreciate the ongoing trust and support of our shareholders, bondholders and banking partners in the continued funding of our operations.

On behalf of the board

Patrick Quarmby
Independent non-executive chairperson

Gary Chaplin
Chief executive officer

Frans Olivier
Chief financial officer

20 February 2023

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited Rm	% change	Year ended 30 Jun 2022 Audited Rm
Revenue	1	15 265	13 649	12	27 979
Cost of revenue		(12 575)	(10 906)		(22 465)
Gross profit		2 690	2 743	(2)	5 514
Operating profit before capital items		1 421	1 552	(8)	2 936
Capital items	2	4	12		(109)
Operating profit		1 425	1 564	(9)	2 827
Finance costs		(375)	(242)		(527)
Finance income		17	9		28
Share of profit of associate and joint venture companies		34	6		19
Profit before taxation		1 101	1 337	(18)	2 347
Taxation		(294)	(383)		(578)
Profit for the period from continuing operations		807	954	(15)	1 769
Loss for the period from discontinued operations	3	–	(8)		(3)
Profit for the period		807	946	(15)	1 766
Profit attributable to:					
Owners of the parent		769	932	(17)	1 746
Non-controlling interests		38	14		20
Profit for the period		807	946	(15)	1 766
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gain on defined benefit plans		–	–		2
Gross obligation revaluation		–	–		(10)
		–	–		(8)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		34	166		144
Total other comprehensive income for the period, net of taxation		34	166		136
Total comprehensive income for the period, net of taxation		841	1 112	(24)	1 902
Total comprehensive income attributable to:					
Owners of the parent		805	1 094		1 878
Non-controlling interests		36	18		24
Profit for the year		38	14		20
Foreign currency translation reserve transferred to non-controlling interests		(2)	4		4
Total comprehensive income for the period		841	1 112	(24)	1 902

Earnings per share attributable to owners of the parent	Cents	Cents	% change	Cents
Basic earnings	31.1	37.3	(17)	70.2
Diluted earnings	30.2	36.5	(17)	68.5
Basic earnings from continuing operations	31.1	37.6	(17)	70.3
Diluted earnings from continuing operations	30.2	36.8	(18)	68.6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 Dec 2022 Unaudited Rm	31 Dec 2021 Unaudited* Rm	30 Jun 2022 Audited Rm
Assets			
Non-current assets			
Goodwill	704	641	683
Intangible assets	2 381	2 544	2 363
Property, plant and equipment	14 483	13 582	14 130
Right-of-use assets	423	344	426
Consumable biological assets	1 502	1 501	1 491
Investments in associate and joint venture companies	231	84	183
Investments and loans receivable	16	2	25
Deferred taxation assets	54	29	48
Derivative financial instruments	140	–	55
	19 934	18 727	19 404
Current assets			
Inventories	3 851	2 884	3 411
Trade and other receivables*	5 330	4 733	4 794
Derivative financial instruments*	29	45	50
Loans receivable	15	6	6
Taxation receivable	88	53	63
Cash and cash equivalents	1 085	747	1 730
	10 398	8 468	10 054
Assets held for sale	–	47	47
	10 398	8 515	10 101
Total assets	30 332	27 242	29 505
Equity and liabilities			
Capital and reserves			
Stated share capital	7 878	7 896	7 896
Reserves	3 751	2 805	3 635
Total equity attributable to owners of the parent	11 629	10 701	11 531
Non-controlling interests	246	225	219
Total equity	11 875	10 926	11 750
Non-current liabilities			
Loans and borrowings	7 982	5 485	6 681
Lease liabilities	364	293	372
Employee benefits	18	18	15
Provisions	3	3	–
Deferred taxation liabilities	2 687	2 775	2 641
Derivative financial instruments	29	–	60
	11 083	8 574	9 769
Current liabilities			
Loans and borrowings	1 712	2 704	2 049
Lease liabilities	117	94	106
Employee benefits	278	272	473
Provisions	60	66	89
Trade and other payables*	4 241	4 241	5 197
Derivative financial instruments*	40	3	14
Taxation payable	26	236	20
Bank overdrafts	900	126	38
	7 374	7 742	7 986
Total equity and liabilities	30 332	27 242	29 505

* *Derivative financial instruments, which were previously included in trade and other receivables and trade and other payables, are reflected separately.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited Rm	Year ended 30 Jun 2022 Audited Rm
Balance at beginning of the period	11 750	10 449	10 449
Changes in stated share capital			
Ordinary shares repurchased and cancelled	–	(310)	(310)
Other movements	(18)	–	–
Changes in reserves			
Total comprehensive income for the period attributable to owners of the parent	805	1 094	1 878
Ordinary dividends paid	(717)	(379)	(378)
Share-based payments	58	50	101
Transfer to non-controlling interests	–	–	(6)
Other movements	(30)	(4)	(4)
Changes in non-controlling interests			
Total comprehensive income for the period attributable to non-controlling interests	36	18	24
Ordinary dividends paid	(24)	(12)	(16)
Shares issued to non-controlling interests	15	–	–
Shares purchased from non-controlling interests	–	(16)	(16)
Transfer from other reserves	–	–	6
Arising on the acquisition of subsidiaries	–	36	22
Balance at end of the period	11 875	10 926	11 750
Comprising:			
Stated share capital	7 878	7 896	7 896
Distributable reserves	6 881	6 044	6 859
Share-based payment reserve	677	568	619
Reverse acquisition reserve	(3 952)	(3 952)	(3 952)
Other reserves	145	145	109
Non-controlling interests	246	225	219
	11 875	10 926	11 750

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited* Rm	Year ended 30 Jun 2022 Audited Rm
Operating profit from continuing operations	1 425	1 564	2 827
Operating loss from discontinued operations	–	(10)	(10)
Adjusted for:			
Capital items (from continuing and discontinued operations)	(4)	8	129
Depreciation and amortisation	760	671	1 404
Net fair value adjustments of consumable biological assets[1]	10	66	77
Other non-cash adjustments	63	58	117
Cash generated before working capital changes	2 254	2 357	4 544
Increase in inventories	(433)	(250)	(776)
Increase in trade and other receivables	(566)	(458)	(522)
(Decrease)/increase in trade and other payables	(1 204)	(345)	835
Changes in working capital	(2 203)	(1 053)	(463)
Cash generated from operations	51	1 304	4 081
Dividends received	10	–	9
Finance income received	17	9	27
Finance costs paid	(375)	(255)	(556)
Dividends paid	(741)	(391)	(394)
Taxation paid	(278)	(289)	(803)
Net cash (outflow)/inflow from operating activities	(1 316)	378	2 364
Additions to property, plant and equipment[2]	(932)	(952)	(2 194)
Additions to intangible assets[3]	(6)	(2)	(15)
Additions to consumable biological assets	(21)	(1)	(3)
Acquisition of subsidiaries and businesses, net of cash acquired	(67)	(387)	(392)
Other investing activities	(24)	(2)	(132)
Net cash outflow from investing activities	(1 050)	(1 344)	(2 736)
Net cash outflow from operating and investing activities	(2 366)	(966)	(372)
Ordinary shares repurchased	–	(310)	(310)
Other movement in stated share capital	(18)	–	–
Transactions with non-controlling interests	8	(20)	(20)
Loans and borrowings received	2 791	1 842	3 792
Loans and borrowings repaid	(1 866)	(613)	(2 032)
Lease liabilities capital repayments	(60)	(45)	(93)
Net cash inflow from financing activities*	855	854	1 337
Net (decrease)/increase in cash and cash equivalents*	(1 511)	(112)	965
Net cash and cash equivalents at beginning of the period*	1 692	706	706
Effects of exchange rate translations on net cash and cash equivalents	4	27	21
Net cash and cash equivalents at end of the period*	185	621	1 692

* *The cash flows have been restated to offset the bank overdrafts against cash and cash equivalents as it forms an integral part of the group's cash management. The increase in bank overdrafts of R81 million was previously reflected as cash flows from financing activities.*
[1] *Includes fair value gain and decrease due to harvesting and sale of livestock.*
[2] *Net of proceeds on disposal of property, plant and equipment, insurance proceeds and government grants received.*
[3] *Net of proceeds on disposal of intangible assets.*

SEGMENTAL ANALYSIS

	Notes	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited* Rm	% change	Year ended 30 Jun 2022 Audited Rm
Continuing operations					
Revenue					
Diversified industrial		4 645	4 150	12	8 259
PG Bison		2 659	2 422	10	4 876
Restonic		925	917	1	1 612
Feltex		1 088	826	32	1 809
Interdivisional eliminations		(27)	(15)		(38)
Diversified chemical		5 156	4 818	7	10 120
Safripol		5 156	4 818	7	10 120
Diversified logistics		5 428	4 832	12	9 757
Unitrans South Africa		2 915	2 807	4	5 754
Unitrans Africa		1 397	1 133	23	2 147
Unitrans Passenger		1 134	911	24	1 895
Interdivisional eliminations		(18)	(19)		(39)
Road safety		288	28		242
DriveRisk		288	28		242
		15 517	13 828	12	28 378
Intersegmental eliminations		(252)	(179)		(399)
	1	15 265	13 649	12	27 979
Operating profit before depreciation, amortisation and capital items					
Diversified industrial		802	739	9	1 243
PG Bison		588	581	1	1 007
Restonic		70	120	(42)	120
Feltex		144	38		116
Diversified chemical		548	688	(20)	1 590
Safripol		548	688	(20)	1 590
Diversified logistics		799	785	2	1 464
Unitrans South Africa		381	389	(2)	836
Unitrans Africa		242	232	4	341
Unitrans Passenger		176	164	7	287
Road safety		29	7		38
DriveRisk		29	7		38
Corporate, consolidation and eliminations		3	4		5
		2 181	2 223	(2)	4 340
Operating profit before capital items					
Diversified industrial		627	591	6	936
PG Bison		489	494	(1)	831
Restonic		41	95	(57)	69
Feltex		97	2		36
Diversified chemical		450	610	(26)	1 400
Safripol		450	610	(26)	1 400
Diversified logistics		334	345	(3)	578
Unitrans South Africa		157	162	(3)	382
Unitrans Africa		71	88	(19)	48
Unitrans Passenger		106	95	12	148
Road safety		10	6	67	22
DriveRisk		10	6	67	22
		1 421	1 552	(8)	2 936

* *The Road safety segment, which includes the DriveRisk division, was included in the Corporate, consolidation and eliminations segment. This has been represented to agree with current and 30 June 2022 disclosure.*

	Notes	31 Dec 2022 Unaudited Rm	31 Dec 2021 Unaudited* Rm	% change	30 Jun 2022 Audited Rm
Operating assets					
Diversified industrial		11 312	10 135	12	10 805
PG Bison		7 714	6 912	12	7 381
Restonic		1 885	1 663	13	1 774
Feltex		1 715	1 563	10	1 656
Interdivisional eliminations		(2)	(3)		(6)
Diversified chemical		7 631	6 891	11	7 054
Safripol		7 631	6 891	11	7 054
Diversified logistics		9 109	8 614	6	8 949
Unitrans South Africa		5 082	4 883	4	4 994
Unitrans Africa		2 874	2 649	8	2 772
Unitrans Passenger		1 164	1 088	7	1 191
Interdivisional eliminations		(11)	(6)		(8)
Road safety		744	678	10	683
DriveRisk		744	678	10	683
Corporate, consolidation and eliminations		47	(44)		(88)
	6	28 843	26 274	10	27 403
Operating liabilities					
Diversified industrial		1 360	1 249	9	1 697
PG Bison		766	648	18	1 045
Restonic		217	257	(16)	246
Feltex		379	347	9	412
Interdivisional eliminations		(2)	(3)		(6)
Diversified chemical		1 932	2 125	(9)	2 263
Safripol		1 932	2 125	(9)	2 263
Diversified logistics		1 336	1 190	12	1 628
Unitrans South Africa		770	751	3	935
Unitrans Africa		304	233	30	388
Unitrans Passenger		273	212	29	313
Interdivisional eliminations		(11)	(6)		(8)
Road safety		77	50	54	78
DriveRisk		77	50	54	78
Corporate, consolidation and eliminations		(36)	(11)		182
	7	4 669	4 603	1	5 848
Net operating assets/(liabilities)[(1)]					
Diversified industrial		9 952	8 886	12	9 108
PG Bison		6 948	6 264	11	6 336
Restonic		1 668	1 406	19	1 528
Feltex		1 336	1 216	10	1 244
Diversified chemical		5 699	4 766	20	4 791
Safripol		5 699	4 766	20	4 791
Diversified logistics		7 773	7 424	5	7 321
Unitrans South Africa		4 312	4 132	4	4 059
Unitrans Africa		2 570	2 416	6	2 384
Unitrans Passenger		891	876	2	878
Road safety		667	628	6	605
DriveRisk		667	628	6	605
Corporate, consolidation and eliminations		83	(33)		(270)
		24 174	21 671	12	21 555

** The Road safety segment, which includes the DriveRisk division, was included in the Corporate, consolidation and eliminations segment. This has been represented to agree with current and 30 June 2022 disclosure.*
[(1)] Net operating assets/(liabilities) comprise operating assets less operating liabilities.

	Notes	31 Dec 2022 Unaudited Rm	31 Dec 2021 Unaudited* Rm	% change	30 Jun 2022 Audited# Rm
Net working capital					
Diversified industrial		1 827	1 364	34	1 266
PG Bison		1 305	1 078	21	906
Restonic		280	139	101	203
Feltex		243	147	65	157
Interdivisional eliminations		(1)	–		–
Diversified chemical		1 819	1 001	82	964
Safripol		1 819	1 001	82	964
Diversified logistics		873	683	28	425
Unitrans South Africa		421	306	38	232
Unitrans Africa		348	279	25	99
Unitrans Passenger		104	98	6	95
Interdivisional eliminations		–	–		(1)
Road safety		94	53	77	81
DriveRisk		94	53	77	81
Corporate, consolidation and eliminations		68	(42)		(274)
	8	4 681	3 059	53	2 462

 # Prior year segmental net working capital has been represented to include non-current derivative financial instruments to more accurately reflect the nature thereof.

	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited* Rm	Year ended 30 Jun 2022 Audited Rm
Replacement capital expenditure[2]			
Diversified industrial	74	214	361
PG Bison	43	133	237
Restonic	6	19	28
Feltex	25	62	96
Diversified chemical	111	42	147
Safripol	111	42	147
Diversified logistics	223	332	559
Unitrans South Africa	210	367	480
Unitrans Africa	(3)	30	77
Unitrans Passenger	16	(65)	2
	408	588	1 067

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

	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited* Rm	Year ended 30 Jun 2022 Audited Rm
Expansion capital expenditure[3]			
Diversified industrial	351	178	485
PG Bison	236	132	360
Restonic	92	24	78
Feltex	23	22	47
Diversified chemical	4	28	110
Safripol	4	28	110
Diversified logistics	145	156	515
Unitrans South Africa	71	13	104
Unitrans Africa	71	111	375
Unitrans Passenger	3	32	36
Road safety	24	1	17
DriveRisk	24	1	17
Corporate, consolidation and eliminations	–	1	–
	524	364	1 127

** The Road safety segment, which includes the DriveRisk division, was included in the Corporate, consolidation and eliminations segment. This has been represented to agree with current and 30 June 2022 disclosure.*
[3] Net of government grants received.

	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited* Rm	Year ended 30 Jun 2022 Audited Rm
Total capital expenditure[(4)]			
Diversified industrial	**425**	392	846
PG Bison	**279**	265	597
Restonic	**98**	43	106
Feltex	**48**	84	143
Diversified chemical	**115**	70	257
Safripol	**115**	70	257
Diversified logistics	**368**	488	1 074
Unitrans South Africa	**281**	380	584
Unitrans Africa	**68**	141	452
Unitrans Passenger	**19**	(33)	38
Road safety	**24**	1	17
DriveRisk	**24**	1	17
Corporate, consolidation and eliminations	**–**	1	–
	932	952	2 194

** The Road safety segment, which includes the DriveRisk division, was included in the Corporate, consolidation and eliminations segment. This has been represented to agree with current and 30 June 2022 disclosure.*
(4) Net of proceeds on disposal of property, plant and equipment, insurance proceeds and government grants received.

SELECTED EXPLANATORY NOTES

	Goods Rm	Services Rm	Rentals Rm	Total Rm
Note 1: Revenue				
Six months ended 31 December 2022				
Unaudited				
PG Bison	3 007	–	–	3 007
Restonic	1 031	–	–	1 031
Feltex	1 089	–	–	1 089
Safripol	5 220	–	–	5 220
Unitrans South Africa	66	2 849	–	2 915
Unitrans Africa	–	1 397	–	1 397
Unitrans Passenger	–	1 134	–	1 134
DriveRisk	118	139	–	257
Gross revenue	10 531	5 519	–	16 050
Variable consideration	(519)	–	–	(519)
Intergroup eliminations	(33)	(262)	–	(295)
Revenue from contracts with customers	9 979	5 257	–	15 236
DriveRisk	–	–	31	31
Intergroup eliminations	–	–	(2)	(2)
	9 979	5 257	29	15 265
Six months ended 31 December 2021*				
Unaudited				
PG Bison	2 741	–	–	2 741
Restonic	1 022	–	–	1 022
Feltex	826	–	–	826
Safripol	4 849	–	–	4 849
Unitrans South Africa	40	2 767	–	2 807
Unitrans Africa	–	1 133	–	1 133
Unitrans Passenger	–	911	–	911
DriveRisk	4	24	–	28
Gross revenue	9 482	4 835	–	14 317
Variable consideration	(455)	–	–	(455)
Intergroup eliminations	(19)	(194)	–	(213)
Revenue from contracts with customers	9 008	4 641	–	13 649
Year ended 30 June 2022				
Audited				
PG Bison	5 472	–	–	5 472
Restonic	1 793	–	–	1 793
Feltex	1 810	–	–	1 810
Safripol	10 202	–	–	10 202
Unitrans South Africa	111	5 643	–	5 754
Unitrans Africa	–	2 147	–	2 147
Unitrans Passenger	–	1 895	–	1 895
DriveRisk	58	131	–	189
Gross revenue	19 446	9 816	–	29 262
Variable consideration	(860)	–	–	(860)
Intergroup eliminations	(52)	(419)	–	(471)
Revenue from contracts with customers	18 534	9 397	–	27 931
DriveRisk	–	–	53	53
Intergroup eliminations	–	–	(5)	(5)
	18 534	9 397	48	27 979

* *DriveRisk was included in Corporate, consolidation and eliminations. This has been represented to agree with current and 30 June 2022 disclosure.*

	Notes	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited Rm	Year ended 30 Jun 2022 Audited Rm
Note 1: Revenue (continued)				
Geographical distribution				
South Africa		12 690	11 560	24 050
Rest of Africa		2 072	1 761	3 254
Middle East		185	63	129
Australasia		161	9	76
Americas		95	177	309
Europe		62	79	161
		15 265	13 649	27 979
Note 2: Capital items				
Continuing operations				
(Loss)/profit on disposal of property, plant and equipment		(12)	8	(36)
Impairments[1]		(5)	–	(111)
Insurance income		21	2	36
Gain on bargain purchase		–	2	2
		4	12	(109)
Discontinued operations				
Loss on disposal of property, plant and equipment		–	(20)	(20)
		4	(8)	(129)

[1] Impairments of goodwill, intangible assets, property, plant and equipment and right-of-use assets.

	Notes	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited Rm	Year ended 30 Jun 2022 Audited Rm
Note 3: Loss for the period from discontinued operations				
Cost of revenue		–	10	10
Gross profit		–	10	10
Operating profit before capital items		–	10	10
Capital items	2	–	(20)	(20)
Operating loss		–	(10)	(10)
Finance costs		–	(1)	(1)
Loss before taxation		–	(11)	(11)
Taxation		–	3	8
Loss for the period		–	(8)	(3)

	Cents	Cents	Cents
Note 4: Earnings/(loss)			
Basic earnings/(loss) per share	31.1	37.3	70.2
Continuing operations	31.1	37.6	70.3
Discontinued operations	–	(0.3)	(0.1)
Diluted earnings/(loss) per share	30.2	36.5	68.5
Continuing operations	30.2	36.8	68.6
Discontinued operations	–	(0.3)	(0.1)
Headline earnings per share	31.0	37.5	75.1
Continuing operations	31.0	37.2	74.4
Discontinued operations	–	0.3	0.7
Diluted headline earnings per share	30.1	36.8	73.3
Continuing operations	30.1	36.5	72.6
Discontinued operations	–	0.3	0.7
Net asset value per share	469	433	466

	Notes	Six months ended 31 Dec 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited Rm	Year ended 30 Jun 2022 Audited Rm
Note 4: Earnings/(loss) (continued)				
Headline earnings attributable to owners of the parent				
Continuing operations				
Basic and diluted earnings attributable to owners of the parent		**769**	940	1 749
Adjusted for:				
Capital items	2	**(4)**	(12)	109
Taxation effects of capital items		**1**	3	(6)
Non-controlling interests' portion of capital items, net of taxation		**–**	–	(1)
		766	931	1 851
Discontinued operations				
Basic and diluted loss attributable to owners of the parent		**–**	(8)	(3)
Adjusted for:				
Capital items	2	**–**	20	20
Taxation effects of capital items		**–**	(4)	(3)
		–	8	14
		766	939	1 865

	Million	Million	Million
Weighted average number of ordinary shares			
Issued ordinary shares at beginning of the period	**2 472**	2 531	2 531
Effect of shares repurchased and cancelled	**–**	(31)	(48)
Effect of shares issued	**–**	2	4
Weighted average number of ordinary shares	**2 472**	2 502	2 487
Potential dilutive effect of share rights granted	**71**	49	62
Diluted weighted average number of ordinary shares	**2 543**	2 551	2 549
Number of ordinary shares in issue	**2 477**	2 472	2 472

	Fair value hierarchy	Fair value as at 31 Dec 2022 Unaudited Rm	Fair value as at 31 Dec 2021 Unaudited Rm	Fair value as at 30 Jun 2022 Audited Rm
Note 5: Fair values of financial instruments				
Derivative financial assets	Level 2	**169**	45	105
Derivative financial liabilities	Level 2	**(69)**	(3)	(74)

There were no Level 1 or Level 3 financial assets or financial liabilities for 31 December 2022, 31 December 2021 and 30 June 2022.

In November 2022, the company entered into an equity derivative transaction for a total amount of R117 million to hedge the cash impact of a long-term incentive scheme. The vesting dates of the long-term incentive scheme coincide with the vesting dates of the hedge instruments on 2 November 2026, 1 November 2027 and 31 October 2028 respectively.

Level 2 financial instruments consist of derivative financial instruments that are valued using techniques where all 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 and quoted share prices.

The carrying amount for all financial instruments approximates the fair value, with the exception of loans and borrowings where the fair value at 31 December 2022 is R9 758 million (31 December 2021: R8 210 million; 30 June 2022: R8 769 million).

	31 Dec 2022 Unaudited Rm	31 Dec 2021 Unaudited Rm	30 Jun 2022 Audited Rm
Note 6: Operating assets			
Goodwill	**704**	641	683
Intangible assets	**2 381**	2 544	2 363
Property, plant and equipment	**14 483**	13 582	14 130
Right-of-use assets	**423**	344	426
Consumable biological assets	**1 502**	1 501	1 491
Inventories	**3 851**	2 884	3 411
Trade and other receivables	**5 330**	4 733	4 794
Derivative financial instruments	**169**	45	105
	28 843	26 274	27 403

	31 Dec 2022 Unaudited Rm	31 Dec 2021 Unaudited Rm	30 Jun 2022 Audited# Rm
Note 7: Operating liabilities			
Employee benefits	296	290	488
Provisions	63	69	89
Trade and other payables	4 241	4 241	5 197
Derivative financial instruments	69	3	74
	4 669	4 603	5 848
Note 8: Net working capital			
Inventories	3 851	2 884	3 411
Trade and other receivables	5 330	4 733	4 794
Employee benefits	(296)	(290)	(488)
Provisions	(63)	(69)	(89)
Trade and other payables	(4 241)	(4 241)	(5 197)
Derivative financial instruments	100	42	31
	4 681	3 059	2 462

 # Prior year net working capital has been represented to include non-current derivative financial instruments to more accurately reflect the nature thereof.

Note 9: Trading profit

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

The adjustments below regarding trading profit are not an International Financial Reporting Standards ('IFRS') measure and are shown for illustrative purposes only. It may not fairly present the issuer's financial position, changes in equity, results of operations or cash flows. It does not impact the financial position, changes in equity, results of operations or cash flows.

The 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 2022 Unaudited Rm	Six months ended 31 Dec 2021 Unaudited Rm	Year ended 30 Jun 2022 Audited Rm
Continuing operations			
Trading profit			
Operating profit before capital items	1 421	1 552	2 936
Net fair value adjustments of consumable biological assets	10	66	77
	1 431	1 618	3 013
Net fair value adjustments of consumable biological assets			
Net fair value adjustments of timber plantations	20	66	82
Fair value gain	(86)	(31)	(125)
Decrease due to harvesting	106	97	207
Net fair value adjustments of livestock	(10)	–	(5)
Fair value gain	(12)	(7)	(10)
Decrease due to disposals	2	7	5
	10	66	77
Note 10: Capital commitments			
Capital expenditure			
Contracts for capital expenditure authorised	1 737	1 293	822

Capital expenditure will be financed from cash flow from operating activities and existing borrowing facilities.

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 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 condensed 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 2022.

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 2022 was supervised by Frans Olivier CA(SA), the group's chief financial officer.

ACCOUNTING POLICIES

The accounting policies and methods of computation of the group have been consistently applied to periods presented in the condensed consolidated interim financial statements and are in accordance with IFRS.

FINANCIAL STATEMENTS

These results have not been reviewed or reported on by the group's auditors. The results were approved by the board of directors on 20 February 2023.

BUSINESS COMBINATIONS

Effective 1 July 2022, the group acquired 100% of the shares of Viewmetrics Proprietary Limited and Vantage Soft Proprietary Limited for R14 million and R14.5 million respectively. As permitted by IFRS 3 – *Business Combinations*, provisional values were accounted for at the reporting date, which resulted in intangible assets of R14 million, net of deferred taxation, being recognised and goodwill of R11 million being raised respectively.

On the same date, the group acquired 51% of the shares and loan claims of Xuba Compounders Proprietary Limited for a purchase price of R13 million.

In addition, the group also acquired 100% of the shares of AVT Cabling Solutions Proprietary Limited for a purchase price of R13 million. As permitted by IFRS 3 – *Business Combinations*, provisional values were accounted for at the reporting date, which resulted in goodwill of R10 million being raised.

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, BOARD COMMITTEES AND KEY PORTFOLIOS

At conclusion of the company's annual general meeting that was held on 21 November 2022, J de V du Toit retired and stepped down from his position as an independent non-executive director on the KAP board of directors ('board'). In terms of the board's forward-looking succession plan, a suitable candidate with the relevant experience and expertise will in due course be appointed to the board. The KAP nomination committee has reviewed the composition of the current board and is satisfied that the board collectively has the necessary skills and expertise to continue until such time as a replacement director has been appointed. Shareholders will be advised, in accordance with the provisions of the JSE Listings Requirements, as soon as such a new appointment has been made.

CORPORATE INFORMATION

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

Independent non-executive directors: PK Quarmby (Chairperson), KJ Grové (Lead), TC Esau-Isaacs, Z Fuphe, KT Hopkins, V McMenamin, SH Müller

Executive directors: GN Chaplin (Chief executive officer), FH Olivier (Chief financial officer), SP Lunga

Registration number: 1978/000181/06

Share code: KAP

ISIN: ZAE000171963

LEI code: 3789001F51BC0045FD42

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: investors@kap.co.za

Transfer secretary: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

Company secretary: KAP Secretarial Services Proprietary Limited

External auditor: KPMG Inc.

Equity sponsor: PSG Capital Proprietary Limited

Debt sponsor: Nedbank Limited

Announcement date: 21 February 2023

BEING THE CHANGE