CONSOLIDATED AND COMPANY ANNUAL FINANCIAL STATEMENTS 2024

kap

BEING THE CHANGE

CONTENTS

The consolidated and company annual financial statements for KAP Limited have been prepared under the supervision of the chief financial officer, Frans Olivier CA(SA) and were published on 30 August 2024.

DIRECTORS' RESPONSIBILITY AND APPROVAL

It is the directors' responsibility to ensure that the consolidated and company annual financial statements of KAP Limited ('the company') and its subsidiaries ('the group') fairly present the state of affairs of the group and company. The group's external auditors, KPMG Inc., are engaged to express an independent opinion on these financial statements which is presented on pages 5 to 8.

The directors are also responsible for the systems of internal controls. These are designed to provide reasonable, but not absolute, assurance on the reliability of the consolidated and company annual financial statements, to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained employees with an appropriate segregation of authority and duties. Except for the circumstance that led to the restatement of the prior year in the consolidated annual financial statements, nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

The consolidated and company annual financial statements were prepared by management on the basis of appropriate accounting policies, which were consistently applied, except where stated otherwise. The consolidated and company annual financial statements were prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ('IASB') ('IFRS Accounting Standards') and its interpretations adopted by the IASB in issue and effective for the group at 30 June 2024, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act No. 71 of 2008 of South Africa.

The consolidated and company annual financial statements were prepared on the going concern basis since the directors have every reason to believe that the group and company have adequate resources in place to continue operating in the foreseeable future based on forecasts and available cash resources.

The consolidated and company annual financial statements for the year ended 30 June 2024 were approved by the board of directors on 29 August 2024 and are signed on its behalf by:

Patrick Quarmby
Independent non-executive chairperson
29 August 2024

Gary Chaplin
Chief executive officer

Frans Olivier
Chief financial officer

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

In line with paragraph 3.84(k) of the JSE Limited Listings Requirements, each of the directors whose names are stated below, hereby confirm that:

- the consolidated and company annual financial statements set out on pages 9 to 92, fairly present in all material respects the financial position, financial performance and cash flows of KAP Limited and its subsidiaries in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated and company annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the company and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated and company annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies or taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Gary Chaplin
Chief executive officer
29 August 2024

Frans Olivier
Chief financial officer

COMPANY SECRETARY'S CERTIFICATE

The company secretary certified, in accordance with section 88(2)(e) of the Companies Act, that the company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

KAP Secretarial Services Proprietary Limited
Company secretary
29 August 2024

3rd Floor, Building 2
The Views, Founders Hill Office Park
18 Centenary Street
Modderfontein, Johannesburg
1645

INDEPENDENT AUDITOR'S REPORT

To the shareholders of KAP Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of KAP Limited (the group and company) set out on pages 16 to 92 which comprise:

- the group and company statements of financial position as at 30 June 2024;
- the group income statement for the year then ended;
- the group statement of comprehensive income for the year then ended;
- the company income statement and statement of comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group and company statements of cash flows for the year then ended;
- segmental analysis for the year then ended;
- material accounting policy information; and
- the notes to the group and company financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of KAP Limited as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards') and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* ('IRBA Code') and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters set out below relate to our audit of the consolidated financial statements. We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

Key audit matter	How the matter was addressed in the audit
Impairment assessment of goodwill and intangible assets with indefinite useful lives *Refer to the goodwill and intangible asset material accounting policies, the impairment of non-financial assets accounting policy, note 1 significant judgements and estimates and notes 12 and 13 to the consolidated financial statements.*	
As at 30 June 2024, the group held goodwill of R659 million. Included in intangible assets are patents and trademarks of R587 million and supplier relationships of R1 054 million respectively, both of which have indefinite useful lives. Annual impairment tests are conducted to assess the recoverability of the carrying value of these assets. In performing the impairment tests, the carrying amount of each cash generating unit ('CGU') is compared to the recoverable amount of the respective CGU. The recoverable amount of each CGU is determined based on the higher of fair value less estimated costs to sell and value in use using the discounted cash flow method. Patents and trademarks are tested using the relief of royalty method; however, are also tested for impairment as part of the applicable CGU. Management has applied significant judgement in determining the recoverable amount given the key assumptions applied in performing the impairment assessments.	Our audit procedures focused on evaluating the appropriateness of the key assumptions used in management's determination of the recoverable amount of each CGU. We involved our internal valuation specialists, with specialised skills and knowledge, to assist with performing the audit procedures relating to the appropriateness of the valuation models and the evaluation of the key assumptions applied. The primary procedures we performed to address this key audit matter included the following: • Gaining an understanding of the process followed by management to assess the goodwill and intangible assets for impairment and testing the design and implementation of key controls related to this assessment, including management's controls related to the review of inputs included in the fair value less estimated costs to sell or value in use calculations. • Critically evaluating whether the discounted cash flow models used by management comply with acceptable industry standards and the requirements of IAS 36: *Impairment of Assets* ('IAS 36') and IFRS 13: *Fair Value Measurement* ('IFRS 13'). • Evaluating the appropriateness of the group's key assumptions used in calculating the discount rates by independently recalculating these discount rates.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Impairment assessment of goodwill and intangible assets with indefinite useful lives (continued)
Refer to the goodwill and intangible asset material accounting policies, the impairment of non-financial assets accounting policy, note 1 significant judgements and estimates and notes 12 and 13 to the consolidated financial statements.</td></tr>
<tr><td>Key assumptions include:
• projected future cash flows;
• discount rates applied to the projected future cash flows;
• terminal growth rates;
• polymer margins; and
• royalty rates applicable to the patent and trademark valuations.

As a result of the significant audit effort required to assess the judgements made by management with regard to the inputs into the discounted cash flows and the degree of complexity involved in determining the recoverable amounts of each CGU, the impairment assessment of goodwill, patents and trademarks and supplier relationships, was considered a key audit matter in our audit of the consolidated financial statements.</td><td>• Evaluating the appropriateness of the group's royalty rates, by comparing these royalty rates against industry benchmarks within the particular industry in which the underlying CGU operates.
• Assessing the appropriateness of the forecast cash flows by comparing the group's historical forecast performance with the actual results over the same period, approved budgets, and peer companies' benchmarking and industry data to determine whether they are reasonable and supportable.
• Performing sensitivity analyses over management's key assumptions regarding the forecast cash flows, discount rates, terminal growth rates, polymer margins, and royalty rates to assess the impact of changes in these key assumptions on the recoverable amount of each CGU.
• Recalculating the fair value less estimated costs to sell or value in use of the CGUs, and comparing the calculated recoverable amount against the carrying value of each CGU to confirm whether an impairment, or potential reversal of previous impairments, was required to be recognised.
• Assessing the appropriateness of the disclosures included in the consolidated financial statements against the requirements of IAS 36 and IFRS 13.</td></tr>
<tr><td colspan="2">Valuation of timber plantations
Refer to the consumable biological assets material accounting policy, note 1, significant judgements and estimates and note 16 to the consolidated financial statements.</td></tr>
<tr><td>As at 30 June 2024, the group held timber plantations of R1 534 million, included in the financial statement caption consumable biological assets.

Timber plantations are measured at fair value less estimated costs to sell in accordance with IAS 41: Agriculture ('IAS 41') and IFRS 13.

During the year ended 30 June 2024, a fair value gain of R316 million was recognised in profit or loss relating to timber plantations, while R262 million was harvested, resulting in an overall increase in the value of the biological assets of R54 million year on year.

The fair value of younger standing timber is determined using the discounted cash flow method applying a risk-adjusted discount rate.

The fair value of mature standing timber is based on the estimated market value of recoverable timber volumes, net of harvesting costs.

The principal assumptions in respect of the fair values, consistently applied in the current and prior year, include the discount rates, standing volumes, market prices and operating costs.

As a result of the significant audit effort required to assess the judgements made by management with regard to the inputs into the discounted cash flows in respect of younger standing timber, and the fair value of the mature standing timber, the valuation of timber plantations was considered a key audit matter in our audit of the consolidated financial statements.</td><td>Our audit procedures focused on evaluating the appropriateness of the key assumptions used in management's determination of the fair value of timber plantations.

The procedures we performed to address this key audit matter included the following:
• Critically evaluating whether the valuation methodology applied by management to calculate the fair value of the timber plantations complies with acceptable industry standards and the requirements of IAS 41 and IFRS 13.
• Challenging management with respect to the expected yields per log class, operating costs and forecast market prices underlying the cash flow forecasts by comparing these inputs against external, observable industry data, where applicable, as well as comparing the group's historical forecast measurements with the actual results over the same period to determine whether they are consistent, reasonable and supportable.
• Assessing the reasonableness of the group's fair value estimates and the related sensitivity analysis disclosures included in the consolidated financial statements by independently performing our own sensitivity analyses over the timber plantation valuations.
• Comparing the actual harvested volumes for the year against the anticipated volumes in order to assess the reasonability of the forecast growth rates applied by management.
• Assessing the reasonability of the underlying forestry data used in the valuation models.
• Assessing the appropriateness of the disclosures included in the consolidated financial statements against the requirements of IAS 41 and IFRS 13.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "KAP Limited consolidated and company annual financial statements 2024", which includes the Company secretary's certificate, Report of the audit and risk committee, and the Directors' report, as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the 2024 Integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG Inc.

KPMG Inc.
Registered auditor
Per IM Engels
Chartered accountant (SA)
Registered auditor
Director
29 August 2024

The Halyard
4 Christiaan Barnard Street
Foreshore
Cape Town
8001

REPORT OF THE AUDIT AND RISK COMMITTEE

INTRODUCTION

The audit and risk committee ('the committee') of KAP Limited ('the company' or 'KAP') is pleased to present its report for the financial year ended 30 June 2024, as recommended by the King IV Report on Corporate Governance™ for South Africa, 2016 ('King IV™')[1], the Companies Act, No. 71 of 2008 of South Africa ('the Companies Act'), and the JSE Limited ('JSE') Listings Requirements.

The committee is an independent statutory committee, whose duties are guided by a formal charter that is in line with the Companies Act, the JSE Listings Requirements and the recommendations of King IV™. The charter was reviewed and updated in May 2024, and the revised charter was subsequently approved by the board of directors ('the board'). The committee has discharged all its responsibilities as contained in the charter.

This report aims to provide details on how the committee satisfied its various statutory obligations during the year, and addressed significant matters that arose, to assist in ensuring the integrity of the group's financial reporting and the group's control environment.

COMPOSITION AND GOVERNANCE

Throughout the financial year, the committee comprised four independent non-executive directors, all of whom satisfied the independence requirements of section 94(4) of the Companies Act and King IV™. The committee members for the 2024 financial year are set out below:

- KT Hopkins (chairperson)
- TC Esau-Isaacs
- Z Fuphe
- SH Müller

The nomination committee of the company and the board are satisfied that these members have the required knowledge and experience, as set out in section 94(5) of the Companies Act and regulation 42 of the Companies Regulations, 2011, to serve on an audit committee of a public, listed company. On recommendation by the nomination committee, the committee members have been nominated by the board for election by shareholders at the company's forthcoming annual general meeting ('AGM').

The committee met on four scheduled occasions in line with its charter.

The chief audit executive ('CAE') is the lead partner of the outsourced internal audit function. The CAE, representatives from the external auditors, other assurance providers and professional advisors may attend the committee meetings by invitation only. All directors who are not members of the committee have a standing invitation to attend meetings of the committee as observers. The chief executive officer ('CEO'), the chief financial officer ('CFO') and other executives attend as permanent invitees. The company secretary acts as secretary for the committee.

The chairperson has regular contact with the KAP management team to discuss relevant matters directly. The CAE and the external auditors have direct access to the committee on any matter that they regard as relevant to the fulfilment of their duties in relation to the committee's responsibilities. The chairperson will meet independently with the CAE and the external auditors as required and at times considered necessary by either party. In addition, the committee meeting agenda allows for meetings without the presence of management.

The committee is supported by various corporate committees that deal with combined assurance, compliance, information and technology ('IT') and tax compliance, among others.

The committee performed the duties required of it by section 94(7) of the Companies Act by holding meetings with key role players on a regular basis and granting unrestricted access to the external auditors.

SUBSIDIARY COMPANIES AND DIVISIONS

The committee is supported by six divisional subcommittees, in place for all subsidiary companies to assist the committee in fulfilling its functions, duties and obligations.

The members of the divisional subcommittees include divisional executives responsible for assurance. Certain KAP corporate services executives and internal and external auditors attend by invitation. These divisional subcommittees meet quarterly and deal with all audit and risk matters arising at divisional level. The divisional subcommittees escalate any unresolved matters of concern to the committee. The committee retains ultimate accountability for all statutory and other formal obligations of the company and its subsidiaries. Each divisional subcommittee met at least three times during the year under review. The April 2024 meetings were replaced with a risk and combined assurance workshop focused on alignment between risk identification, internal controls and combined assurance. From time to time, the committee chairperson and other committee members attend these divisional subcommittee meetings as observers to gain a full understanding of the business and to substantiate the assurance measures that are applied at operational level.

OBJECTIVE AND SCOPE

The overall objectives of the committee are as follows:

- To review the principles, policies and practices adopted in the preparation of the annual financial statements of companies in the group and to ensure that the annual financial statements and any other formal announcements relating to the financial performance comply with all applicable statutory and regulatory requirements.
- To ensure that the interim condensed financial statements and the consolidated and company annual financial statements comply with all applicable statutory and regulatory requirements.
- To ensure that all financial information contained in any consolidated submissions to the board is accurate and complete.
- To assess annually the appointment of the external auditors and confirm their independence, recommend their appointment at the AGM and approve their fees.
- To review the work of the group's external and internal auditors to ensure the adequacy and effectiveness of the group's financial, operating, compliance and risk management controls.
- To review the management of risk and the monitoring of compliance effectiveness within the group.
- To oversee the appropriateness of the governance structures relating to IT, in its support of the business to execute the business strategy and day-to-day operations.
- To ensure that appropriate financial reporting controls and procedures exist and are effective for the company and its subsidiaries.

[1] *Copyright and trade marks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

- To ensure that the directors have access to all the financial information of the group to allow them to approve the consolidated and company annual financial statements.
- To perform duties that are attributed to it by its mandate from the board, the Companies Act, the JSE Listings Requirements, King IV™ and other applicable regulatory requirements.

During the year under review, the committee:

- Received and reviewed reports from the internal auditors concerning the effectiveness of the internal control environment, systems and processes.
- Reviewed the reports of both internal and external auditors detailing their concerns arising from their audits and reviewed the responses from management to ensure that their concerns were addressed.
- Made appropriate recommendations to the board regarding the corrective actions to be taken as a result of audit findings.
- Considered the independence and objectivity of the external auditors and ensured that the scope of any additional services provided was not of such a nature that they could be seen to have impaired their independence.
- Reviewed and recommended, for adoption by the board, such financial information that is publicly disclosed which, for the year, included:
  - the consolidated and company annual financial statements for the year ended 30 June 2024; and
  - the interim results for the six months ended 31 December 2023.
- Considered the JSE's monitoring activities reports listed below and took appropriate action to apply the findings and improve disclosures where required:
  - reporting back on proactive monitoring of financial statements in 2023; and
  - combined findings of the JSE proactive monitoring of financial statements (issued October 2023).
- Considered the effectiveness of internal audit, approved the one-year internal audit plan and monitored the adherence of internal audit to its annual plan.
- Reviewed reports of the IT steering committee and IT executive concerning the effectiveness, suitability and reliability of the IT systems and processes and made appropriate recommendations to the board regarding the corrective actions to be taken.
- Considered reports provided by management regarding compliance with applicable legal and regulatory requirements, environmental compliance, as well as open legal matters, to ensure that all matters which could have a material impact on the group have been reported to the board.
- Considered and, where required, investigated information received via the group's fraud reporting service.

The committee is of the opinion that the objectives were met during the year under review and that the committee operated effectively.

SPECIFIC 2024 FOCUS AREAS

During the year under review, the committee focused specifically on the following areas:

- Restatement of the results attributable to a failure in controls in relation to the pricing of a key supplier contract at the Safripol division, including the circumstance that led to the restatement and the controls that were implemented to prevent the reoccurrence of such a restatement.
- Review of the group's going concern assessment and solvency and liquidity position, including compliance with financial covenants.
- Impairment assessment of goodwill, indefinite useful life intangible assets and property, plant and equipment.
- Ensuring the effectiveness of the internal audit function following its first full year of providing internal audit services in accordance with the internal audit charter.
- Oversight of the internal financial controls, effectiveness thereof and remedial actions implemented by management.
- Oversight of IT risks, the IT internal control framework and the IT assurance plan.
- Improvement of enterprise risk management through specific focus on resilience capabilities, including electricity interruption and other infrastructure failures, such as the potential shortage of gas supplies from 2026.
- Improvement of the combined assurance framework, model and processes.
- Developed a materiality framework for financial reporting, integrated reporting, sustainability reporting and governance reporting.

INTERNAL AUDIT

The group's internal auditors, outsourced to Deloitte, operate under the direction of the committee, which approves the scope of the work to be performed.

Significant findings are reported to both executive management and the committee, and corrective action is taken to address the identified internal control deficiencies.

During the year under review, internal audit findings were reported on against an approved internal audit coverage plan. The group utilises an internal audit finding tracker (digital platform), which monitors significant unresolved internal audit findings against management's proposed corrective actions.

The internal audit function and the CAE were evaluated during the year, and the committee has satisfied itself that the internal audit function is operating effectively.

EXTERNAL AUDIT

KPMG Inc. ('KPMG'), a registered and accredited auditor, was appointed as the independent auditor of the group (3rd term) from 21 November 2023 and IM Engels, a registered and accredited auditor and member of KPMG, was appointed to lead the audit for the financial year ended 30 June 2024 (3rd term).

The committee has satisfied itself through enquiry that the external auditors of the company and its subsidiaries are independent as defined by the Companies Act and other applicable legislation. The committee assessed the suitability of KPMG, in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements and paragraph 7.3(e)(iii) of the Debt Listings Requirements. After consideration of the inspection reports and ancillary documentation, as well as confirmation of their independence, accreditation and eligibility to serve as auditors, it was confirmed that KPMG as the audit firm, and IM Engels as the lead audit partner, were considered to be fit, proper and suitable to be appointed as KAP's external auditors. The committee has satisfied itself that the audit firm and designated auditor do not appear on the JSE list of disqualified auditors.

In consultation with executive management, the committee approved the audit fee for the 2024 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 7 to the consolidated annual financial statements.

There is a formal policy in place that governs the process to approve the appointment of the external auditor for the provision of non-audit services. This policy is reviewed every two years or when necessary. Each engagement letter for such work is reviewed in accordance with this set policy and attendant procedures. The fees for non-audit services rendered were insignificant in value and did not affect the external auditor's independence.

The external auditor was given the opportunity at each meeting to engage with the committee members without management being present. No matters of concern were raised.

The committee has reviewed and was satisfied with the performance of the external auditor.

Key audit matters

The committee noted the key audit matters set out in the independent auditor's report:

- Impairment assessment of goodwill and intangible assets with indefinite useful lives; and
- Valuation of timber plantations.

The committee has considered and evaluated these matters and is satisfied that they are represented correctly in the annual financial statements.

ACCOUNTING PRACTICES AND INTERNAL CONTROLS

Internal controls and systems have been designed to provide reasonable assurance as to the integrity and reliability of the financial information presented in the consolidated and company annual financial statements, and to safeguard, verify and maintain the assets of the group.

During October 2023, management detected that a major supplier had incorrectly invoiced Safripol Proprietary Limited, a subsidiary of the company, for the period 1 February 2022 to 30 September 2023. This resulted in Safripol being overcharged, with a resultant overstatement in raw material purchases amounting to R183 million, of which R163 million related to the period prior to 1 July 2023.

The committee has considered the circumstances that led to the restatement and has implemented the necessary steps to prevent the reoccurrence of such a restatement.

Except for the failure in control described above, nothing has come to the attention of the committee to indicate that any material breakdown in the functioning of the group's key internal control systems has occurred during the year under review. Internally, the CEO, the CFO and the internal auditors have reviewed the controls specifically designed to address risks related to financial reporting and presented their findings to the committee. Where weaknesses were identified in specific controls, management undertook to implement appropriate corrective actions to address these, as well as to ensure that weaknesses identified previously had been corrected.

All material deficiencies either had alternative mitigating controls or were remediated by year-end. Other remedial actions are expected to be completed in accordance with a formalised plan. The committee further considered the written assessment prepared by the internal auditors, which provided reasonable assurance that the overall system of internal controls in the group is acceptable. The committee believes the group's internal controls can be relied on as a reasonable basis for the preparation of the consolidated and company annual financial statements.

FRAUD PREVENTION

The group's anonymous and confidential fraud reporting service was efficient in identifying cases of suspected fraud at an early stage. No significant fraud was identified.

RISK MANAGEMENT

The committee received quarterly reports provided as part of the company's enterprise risk management framework and effectively monitored those risks that fell within its mandate. Furthermore, the committee also noted the risk registers of the different divisions. The committee was satisfied that the enterprise risk management processes were integrated into the company's business and strategic processes, and that KAP accordingly derived appropriate value from this approach. This enables management to take appropriate risks to create value, as well as to respond to and mitigate risks appropriately. In line with this, the committee recommended the risk management policy to the board for approval and approved the enterprise risk management framework.

COMBINED ASSURANCE

The committee understands that a well-executed combined assurance approach helps to optimise and maximise the level of governance and control oversight over the risk landscape, therefore providing stakeholders with an increased level of confidence and assurance.

The committee progressed with the improvement of the combined assurance model and process. The combined assurance framework was reviewed and approved during the year under review.

The committee will continue to play a strategic oversight role to ensure that the advantages of combined assurance are leveraged.

EVALUATION OF CHIEF FINANCIAL OFFICER

As required by paragraph 3.84(g)(i) of the JSE Listings Requirements and paragraph 7.3(e)(i) of the Debt Listings Requirements, and the recommended practices of King IV™, the committee has assessed the competence and performance of the CFO and believes that he possesses the appropriate expertise and experience to meet the responsibilities of his position. The committee is satisfied with the expertise and adequacy of resources within the finance function and the experience of staff in this function.

PERFORMANCE ASSESSMENT OF THE COMMITTEE

The committee undertook a formal performance self-assessment by means of a questionnaire. No matters of material concern were identified, and the committee was assessed to be effective in rendering its oversight service to the board in terms of its charter and the statutory obligations.

ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the consolidated and company annual financial statements for the year ended 30 June 2024, and considers that they comply, in all material aspects, with the requirements of the Companies Act, IFRS Accounting Standards and the JSE Listings Requirements. The committee has therefore recommended the consolidated and company annual financial statements to the board for approval. The board has subsequently approved the consolidated and company annual financial statements, which will be presented to shareholders at the forthcoming AGM.

Ken Hopkins
Audit and risk committee chairperson
29 August 2024

DIRECTORS' REPORT

for the year ended 30 June 2024

The directors are pleased to present the audited consolidated and company annual financial statements for KAP Limited ('KAP' or 'the company') and its subsidiaries ('the group') for the year ended 30 June 2024.

NATURE OF BUSINESS

KAP Limited is incorporated in South Africa and is the ultimate holding company of the group. The company's shares are listed on the JSE Limited. KAP is a diversified group consisting of leading industrial, chemical and logistics businesses. The group operates in the below-mentioned six divisions:

PG Bison	PG Bison produces wood-based decorative panels, which are used for interior applications to inspire and enable beautiful living spaces.
Safripol	Safripol produces polymers that are used in a broad range of applications in sectors such as packaging, infrastructure, agriculture and homeware. Safripol is leading the 'Let's plastic responsibly' campaign, which aims to prevent plastics entering the environment.
Unitrans	Unitrans is a supply chain and operational services business providing customised solutions to clients in a diverse range of sectors, including food, agriculture, petrochemical, mining and passenger transport.
Feltex	Feltex manufactures automotive components designed to enhance the comfort and style of new vehicles.
Restonic	Restonic is an integrated manufacturer of sleep products under the Restonic, iDream and Green Coil brands, as well as retail house brands for major South African furniture and bedding retailers.
Optix	Optix utilises leading global video telematics and predictive analytics to prevent road accidents and improve road safety in over 40 countries. Its unique user interfaces provide real-time event-based interventions, business intelligence tools and driver support to improve fleet efficiency and reduce risk.

There have been no material changes to the group's business from the prior year.

FINANCIAL RESULTS

The South African operating environment was challenging during the year, despite the easing of electricity loadshedding in the second half of the financial year. Generally, economic activity was subdued, exacerbated by political uncertainty ahead of the May 2024 elections and pressure on consumer disposable income, which persisted due to elevated interest rates and inflation. Infrastructure disruptions, not related to loadshedding, continued to challenge businesses.

KAP was resilient in this environment, with five of our six divisions delivering an improved performance compared with the prior year. However, this was offset by a weaker performance from Safripol, which was affected by a cyclical low in the global polymers industry. Overall, the group's performance was supported by market share gains, cost savings and the benefits realised from various restructuring initiatives. Additionally, our major capital projects, which stretched over a number of years with a total expenditure of c. R2.5 billion, were all completed and commissioned during the second half of the financial year.

During October 2023, management detected that a major supplier had incorrectly invoiced Safripol Proprietary Limited, a subsidiary of the company, for the period 1 February 2022 to 30 September 2023. This resulted in Safripol being overcharged, with a resultant overstatement in raw material purchases amounting to R183 million, of which R163 million related to the period prior to 1 July 2023. The error was immediately corrected, and the overcharges recovered from the supplier. The prior year has been restated to correct the impact of the error. The details of the restatement are disclosed in note 39 in the consolidated annual financial statements.

Group revenue declined by 2% to R29 062 million (2023: R29 628 million), operating profit before depreciation, amortisation and capital items ('EBITDA') decreased by 8% to R3 694 million (2023: R4 020 million), while operating profit before capital items decreased by 11% to R2 250 million (2023: R2 523 million) for the year, with the decline mostly attributable to Safripol.

Headline earnings per share ('HEPS') declined by 4% to 45.3 cents (2023: 47.3 cents), mainly due to the decline in operating profit before capital items and a 4% increase in net finance costs, which resulted primarily from higher interest rates. HEPS was supported by a lower effective taxation rate of 15.0% (2023: 37.0%) related to the tax allowance incentive associated with the commissioning of PG Bison's Mkhondo medium-density fibreboard ('MDF') project.

Basic earnings per share increased by 106% to 43.8 cents (2023: 21.3 cents), as the prior year included a R570 million non-cash impairment of intangibles, net of taxation, related to Unitrans.

Cash generated from operations decreased by 10% to R3 491 million (2023: R3 889 million), largely due to the lower EBITDA.

Net interest-bearing debt only increased by 4% to R8 326 million (2023: R8 027 million) despite the significant capital investments made during the year. The net debt to EBITDA ratio increased from 2.0 times to 2.3 times, which was comfortably within our 2024 covenant of 3.0 times.

The group raised a R3 billion revolving credit facility to refinance upcoming maturities. This facility also provides more favourable interest rates and certain financial covenants, which are described in the borrowing facilities and liquidity section below.

While we anticipate that the operating environment may remain challenging, we are confident that the execution of the following material items provides compelling prospects for the group over the near to medium term, as discussed in the outlook:

- value-realisation from our major capital projects;
- further streamlining of Unitrans and repositioning the division for growth; and
- increasing free cash flow and reducing debt.

In addition to the above, we remain focused on enhancing group performance by pursuing market share gains, lowering costs, improving operational efficiencies and optimising assets in each of our divisions.

The results for the year under review are disclosed comprehensively in the consolidated and company annual financial statements.

IMPAIRMENTS OF GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The group performs annual impairment assessments on all assets in terms of the requirements of the IFRS Accounting Standards. No material impairment was recognised during the year. Refer to note 6 in the consolidated annual financial statements.

The prior year impairment comprised a R51 million impairment of goodwill and a R662 million impairment of trademarks in the Unitrans division. This was as a result of the muted outlook for South African economic growth, structural changes in the South African logistics industry, the loss of a major food retail contract and the resultant decline in Unitrans' performance. In addition, in terms of the rationalisation process taking place at Unitrans involving the closure of underperforming operations and contracts and the disposal of related assets, Unitrans impaired affected logistics assets in property, plant and equipment by R74 million in the prior year.

STATED SHARE CAPITAL

The authorised share capital of KAP remains unchanged from the prior year and consists of 6 000 000 000 ordinary shares of no par value ('the ordinary shares').

At the annual general meeting ('AGM') held on 21 November 2023, shareholders placed 123 000 000 cumulative, non-redeemable, non-participating preference shares of no par value and 50 000 000 perpetual preference shares of no par value (collectively, 'the preference shares'), each equating to less than 5% of the company's ordinary shares in issue at the date of the AGM, under the control of the directors. No preference shares have been issued as at the date of this report. Shareholders did not place any of the company's unissued ordinary shares under the control of the directors for purposes of a cash issue.

At the AGM held on 14 November 2012, the shareholders approved the adoption of the KAP Performance Share Rights Scheme. In accordance with the mandate from the human capital and remuneration committee, it was determined that 30 222 544 rights to KAP shares vested on 1 December 2023. Refer to note 25 in the consolidated annual financial statements for further details in this regard.

BORROWING FACILITIES AND LIQUIDITY

During the year, a new revolving credit facility of R3 billion was raised to refinance a combination of the previous revolving credit facility, term debt and bonds. The facility comprises R2 billion in three-year and R1 billion in five-year tenures, both at lower interest rates than existing facilities, and with favourable covenants. This facility provided refinancing certainty during a period of earnings volatility, specifically related to Safripol, in an uncertain local and global macroeconomic environment and the completion of our major capital projects. The R1 billion unutilised portion at 30 June 2024 was utilised after year-end (July 2024) to refinance maturing bonds.

A key risk mitigation of the new facility is a covenant ratchet in respect of the interest cover ratio for the next three financial years. The previous interest cover covenant required greater than 3.5 times. The new facility provides for greater than 3.0 times at 30 June 2024, greater than 3.25 times at 30 June 2025 and greater than 3.5 times at 30 June 2026. The net debt to EBITDA ratio reduced to less than 3.0 times (previously less than 3.2 times). This revolving credit facility replaces the previous R750 million revolving credit facility.

In addition, during the year, bonds and term debt to the value of R1 852 million were settled and new funding of R500 million was raised through a bond issuance with a maturity of three years, at more favourable interest rates.

Net interest-bearing debt of R8 326 million increased by R299 million compared to the prior year, while the net interest-bearing debt to equity (gearing) ratio decreased to 67% from 70% in the prior year.

Debt serviceability ratios for the year of net debt to EBITDA at 2.3 times and EBITDA to interest cover at 3.7 times remained within our financial covenants of less than 3.0 times and greater than 3.0 times, respectively. The net debt to EBITDA ratio is below our internal target of 2.5 times; however, the EBITDA to interest cover is less than our internal target of 4.5 times. As noted above, with the major expansion projects now complete, management plans to reduce debt from 2025. This debt reduction will only materialise from the second half of 2025, due to the seasonal increase in net working capital in the first half of the financial year.

Global Credit Rating Co. Proprietary Limited reviewed KAP's credit rating in November 2023, and confirmed its rating as A+(za), but revised the outlook from stable to negative.

The group's financial and cash flow forecasts continue to indicate that it will remain within its existing banking facilities and will not breach relevant financial covenant ratios for the foreseeable future.

The group's borrowing facilities and usage thereof are set out in note 27 to the consolidated annual financial statements. In terms of the memorandum of incorporation of the company and its subsidiaries, there is no limitation on the group's borrowing powers.

CORPORATE ACTIVITY

The group continued with strategic corporate activities to enhance the group's quality of earnings and its sustainability into the future. In line with its key investment criteria, effective 1 March 2024, KAP Automotive Proprietary Limited acquired 100% of the shares in Imvusa Interior Trim Proprietary Limited ('Imvusa') for R86 million. Imvusa is a supplier of soft trim components that are supplied to the automotive industry.

Refer to note 34 in the consolidated annual financial statements for more details on the acquisition of subsidiaries.

SUBSIDIARY COMPANIES

The material subsidiaries of the group are reflected in note 37 of the consolidated annual financial statements.

DIVIDENDS

KAP completed a number of major capital projects during the year, which have extended over several years. The board is confident that these investments will be value-accretive to shareholders over the medium to long term. However, they have resulted in increased net debt levels in the short term. Considering KAP's debt levels within the context of the subdued and uncertain macroeconomic environment, and elevated interest rates, the board believes it prudent to focus on debt reduction. A dividend was therefore not declared for the 2024 financial year.

DIRECTORS' REPORT (CONTINUED)

CONTINGENT LIABILITY

The group has a contingent liability relating to a Competition Commission ('the Commission') investigation into the activities of PG Bison Proprietary Limited ('PG Bison') and the referral of a complaint to the Competition Tribunal. PG Bison has applied for immunity from prosecution in terms of the Commission's Corporate Leniency Policy and has cooperated fully with the Commission throughout its investigation. While the Commission has declined PG Bison's application for immunity, the directors are of the opinion that PG Bison has a compelling case. As a result, PG Bison has taken the Commission's decision on review to the High Court. There has been no material development on this matter since the previous year. Refer to note 32 in the consolidated annual financial statements for further detail in this regard.

EVENTS AFTER THE REPORTING DATE

The directors are not aware of any significant events after the reporting date that will have a material effect on the group's results or financial position as presented in these annual financial statements.

DIRECTORATE

At the conclusion of the company's AGM held on 21 November 2023, KJ (Jo) Grové retired and stepped down from his position as lead independent non-executive director on the board. JA Holtzhausen was appointed as lead independent non-executive director in Jo's stead on 18 December 2023.

V McMenamin stepped down as a member of the sustainability, social and ethics and the human capital and remuneration committees, effective 1 September 2023, but retained her position as an independent non-executive director on the board.

TC Esau-Isaacs stepped down as a member of the investment committee, effective 18 December 2023.

AFB Mthembu was appointed as an independent non-executive director to the board on 15 January 2024. He also serves as a member of the human capital and remuneration and the investment committees.

SN Maseko was appointed as an independent non-executive director to the board on 15 March 2024. He also serves as a member of the sustainability, social and ethics and the investment committees.

Following these changes, the nomination committee has reviewed the composition of the board and its committees, and is satisfied that the board and its committees are well-balanced, and collectively comprise individuals with the necessary skills, expertise and diversity to fulfil their obligations effectively.

At 30 June 2024, the directors of the company and their committee membership are as follows:

Directors	Committee membership
Executive directors	
GN Chaplin (chief executive officer)	Investment committee, Sustainability, social and ethics committee
FH Olivier (chief financial officer)	Investment committee
SP Lunga	None
Non-executive independent directors	
PK Quarmby (chairperson of the board)	Investment committee, Nomination committee (*chairperson*)
TC Esau-Isaacs	Audit and risk committee, Sustainability, social and ethics committee
Z Fuphe	Audit and risk committee, Nomination committee, Sustainability, social and ethics committee (*chairperson*)
JA Holtzhausen	Human capital and remuneration committee, Investment committee, Nomination committee
KT Hopkins	Audit and risk committee (*chairperson*)
SN Maseko	Investment committee, Sustainability, social and ethics committee
V McMenamin	None
AFB Mthembu	Human capital and remuneration committee, Investment committee
SH Müller	Audit and risk committee, Human capital and remuneration committee (*chairperson*), Investment committee (chairperson), Sustainability, social and ethics committee

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' SHAREHOLDING (INCLUDING THEIR ASSOCIATES)

As at 30 June 2024, the directors of the company held no direct or indirect interests in the company's issued ordinary shares other than:

	2024 Number of shares	2023 Number of shares
GN Chaplin	5 820 540	4 054 679
FH Olivier	1 892 939	819 105
SP Lunga	1 059 660	485 935
TC Esau-Isaacs	22 000	22 000
Z Fuphe	111 100	111 100
KJ Grové[1]	–	4 500 000
JA Holtzhausen[2]	338 000	–
SH Müller	225 004	225 004
PK Quarmby	500 000	500 000
	9 969 243	10 717 823

[1] KJ Grové resigned effective 21 November 2023.
[2] JA Holtzhausen acquired shares on 29 February 2024.

In aggregate, the directors of the company and its subsidiaries held 25 893 898 (2023: 27 489 716) of the company's ordinary shares at 30 June 2024, equating to 1.04% (2023: 1.11%) of the ordinary shares in issue.

The details of the number of shares that vested in terms of the KAP Performance Share Rights Scheme relating to executive directors are disclosed in note 38.2 to the consolidated annual financial statements. Other than the above movements in shareholdings, there were no dealings in the company's ordinary shares by directors during the year under review. From 1 July 2024 to the date of approval of the company's annual financial statements, there were no dealings by directors in the company's ordinary shares.

DIRECTORS' DECLARATIONS OF PERSONAL FINANCIAL INTERESTS

No contracts were entered into during the year in which any director and/or officer of the company had an interest and which significantly affected the affairs and business of the group, which were not disclosed. In the course of business, the directors have disclosed their personal financial interests (including intergroup directorships) and, where any conflict of interests was identified, the conflicted director did not participate in the decision-making process.

DISCLOSURE OF BENEFICIAL INTEREST OF MAJOR SHAREHOLDERS

	2024 %	2023 %
Shareholders with a beneficial interest above 5%		
Government Employees Pension Fund	19.97	19.13
Allan Gray	16.37	16.88

REPORT OF THE AUDIT AND RISK COMMITTEE

The report of the audit and risk committee, as required in terms of section 94(7)(f) of the Companies Act, No. 71 of 2008 of South Africa, is set out on pages 9 to 11 of these annual financial statements. The audit and risk committee is satisfied that it has fulfilled its statutory and other prescribed obligations for the financial year under review.

EXTERNAL AUDITORS

KPMG Inc. ('KPMG') was reappointed as the independent auditor of the group for their third term on 21 November 2023, at the company's AGM (3rd term). IM Engels, a registered and accredited auditor and director of KPMG, was appointed to lead the audit for the financial year ended 30 June 2024 (3rd term).

Patrick Quarmby
Independent non-executive chairperson
29 August 2024

INCOME STATEMENT
for the year ended 30 June 2024

	Notes	2024 Rm	Restated* 2023 Rm
Revenue	3	29 062	29 628
Cost of revenue		(23 921)	(24 546)
Gross profit		5 141	5 082
Selling and distribution expenses		(938)	(891)
Administrative and other expenses		(2 400)	(2 270)
Other income	4	207	430
Other net gains	5	240	172
Operating profit before capital items		2 250	2 523
Capital items	6	(46)	(816)
Operating profit	7	2 204	1 707
Finance costs	8	(901)	(833)
Finance income	9	76	39
Share of profit of associate and joint venture companies	17	38	39
Profit before taxation		1 417	952
Taxation	10	(213)	(352)
Profit for the year		1 204	600
Profit attributable to:			
Owners of the parent		1 090	528
Non-controlling interests	26	114	72
Profit for the year		1 204	600
Earnings per share attributable to owners of the parent	11	Cents	Cents
Basic earnings		43.8	21.3
Diluted earnings		43.2	20.9

** Refer to note 39 for the details on the restatement.*

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

	2024 Rm	Restated* 2023 Rm
Profit for the year	1 204	600
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(191)	230
Total other comprehensive (loss)/income for the year, net of taxation	(191)	230
Total comprehensive income for the year, net of taxation	1 013	830
Total comprehensive income attributable to:		
Owners of the parent	901	753
Non-controlling interests	112	77
Profit for the year	114	72
Foreign currency translation reserve transferred to non-controlling interests	(2)	5
Total comprehensive income for the year	1 013	830

**Refer to note 39 for the details on the restatement.*

STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Notes	2024 Rm	Restated* 2023 Rm
Assets			
Non-current assets			
Goodwill	12	659	662
Intangible assets	13	1 790	1 728
Property, plant and equipment	14	16 043	15 094
Right-of-use assets	15	300	390
Consumable biological assets	16	1 586	1 536
Investments in associate and joint venture companies	17	250	237
Investments and loans receivable	18	4	16
Deferred taxation assets	19	81	89
Derivative financial instruments	20	58	57
		20 771	19 809
Current assets			
Inventories	21	3 807	3 467
Trade and other receivables	22	4 996	4 814
Derivative financial instruments	20	10	111
Loans receivable	18	23	13
Taxation receivable		93	50
Cash and cash equivalents		1 398	1 453
		10 327	9 908
Assets held for sale	23	–	53
		10 327	9 961
Total assets		31 098	29 770
Equity and liabilities			
Capital and reserves			
Total equity attributable to owners of the parent		12 475	11 542
Non-controlling interests	26	300	277
Total equity		12 775	11 819
Non-current liabilities			
Loans and borrowings	27	6 710	6 849
Lease liabilities	28	273	323
Employee benefits	29	39	20
Provisions	30	2	2
Deferred taxation liabilities	19	2 511	2 533
Derivative financial instruments	20	–	8
		9 535	9 735
Current liabilities			
Loans and borrowings	27	2 710	2 247
Lease liabilities	28	82	126
Employee benefits	29	415	430
Provisions	30	38	41
Trade and other payables	31	5 458	5 224
Derivative financial instruments	20	36	80
Taxation payable		49	68
		8 788	8 216
Total equity and liabilities		31 098	29 770

** Refer to note 39 for the details on the restatement.*

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

	Notes	Stated share capital (note 24) Rm	Distributable reserves Rm	Share-based payment reserve Rm	Reverse acquisition reserve Rm	Other reserves[1] Rm	Total equity attributable to owners of the parent Rm	Non-controlling interests Rm	Total Rm
Balance at 1 July 2022		7 896	6 859	619	(3 952)	109	11 531	219	11 750
Total comprehensive income for the year		–	528	–	–	225	753	77	830
Profit for the year (restated)[2]		–	528	–	–	–	528	72	600
Other comprehensive income for the year		–	–	–	–	225	225	5	230
Ordinary dividends paid		–	(717)	–	–	–	(717)	(34)	(751)
Share-based payments		–	–	19	–	–	19	–	19
Share-based payment expense	25	–	–	34	–	–	34	–	34
Deferred taxation	19	–	–	(15)	–	–	(15)	–	(15)
Transfer between reserves		–	16	(16)	–	–	–	–	–
Gross obligation under non-controlling put option		–	–	–	–	4	4	–	4
Transactions with non-controlling interests		–	(30)	–	–	–	(30)	15	(15)
Other movements		–	–	(18)	–	–	(18)	–	(18)
Restated[2] balance at 30 June 2023		7 896	6 656	604	(3 952)	338	11 542	277	11 819
Total comprehensive income for the year		–	1 090	–	–	(189)	901	112	1 013
Profit for the year		–	1 090	–	–	–	1 090	114	1 204
Other comprehensive loss for the year		–	–	–	–	(189)	(189)	(2)	(191)
Ordinary dividends paid		–	–	–	–	–	–	(79)	(79)
Share-based payments		–	–	59	–	–	59	–	59
Share-based payment expense	25	–	–	58	–	–	58	–	58
Deferred taxation	19	–	–	1	–	–	1	–	1
Transfer between reserves		–	1	(1)	–	–	–	–	–
Gross obligation under non-controlling put option		–	–	–	–	12	12	–	12
Transactions with non-controlling interests	26	–	(6)	–	–	–	(6)	(10)	(16)
Other movements		–	–	(33)	–	–	(33)	–	(33)
Balance at 30 June 2024		7 896	7 741	629	(3 952)	161	12 475	300	12 775

[1] *Mainly comprising of foreign currency translation reserve and actuarial reserve.*
[2] *Refer to note 39 for the details on the restatement.*

STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
Cash flows from operating activities			
Cash generated from operations	33	3 491	3 889
Dividends received		10	10
Finance income received		76	39
Finance costs paid		(1 092)	(847)
Dividends paid		(79)	(751)
Taxation paid	33	(307)	(467)
Other		–	(18)
Net cash inflow from operating activities		2 099	1 855
Cash flows from investing activities			
Additions to property, plant and equipment	14	(2 571)	(2 557)
Additions to intangible assets	13	(19)	(19)
Additions to consumable biological assets	16	(1)	(21)
Proceeds from disposal of property, plant and equipment		323	300
Acquisition of subsidiaries, net of cash acquired	34	(77)	(37)
Acquisition of investment in associate company		–	(23)
Associate company loan repayment received		19	–
Loans receivable advanced		–	(4)
Loans receivable repayment received		3	3
Government grants received	14	54	15
Insurance proceeds		12	45
Net cash outflow from investing activities		(2 257)	(2 298)
Cash flows from financing activities			
Transactions with non-controlling interests	26	(19)	(22)
Loans and borrowings received	27	3 547	2 612
Loans and borrowings repaid	27	(3 183)	(2 303)
Lease liabilities capital repayments	28	(138)	(120)
Other		(33)	–
Net cash inflow from financing activities		174	167
Net increase/(decrease) in cash and cash equivalents		16	(276)
Cash and cash equivalents at beginning of the year		1 453	1 692
Effects of exchange rate translations on net cash and cash equivalents		(71)	37
Cash and cash equivalents at end of the year		1 398	1 453

SEGMENTAL ANALYSIS
for the year ended 30 June 2024

BASIS FOR SEGMENTATION
The group operates businesses within six operating segments, mainly in sub-Saharan Africa. The segments reflect how the results are reported to the executive directors.

The segmental analysis has been adjusted to disclose the results of the group's now six operating segments which give information to investors and stakeholders regarding the financial results and financial position of the operating segments that are used by the group's chief operating decision-makers. This is a result of the consolidation of Unitrans, previously disclosed in three divisions (Unitrans South Africa, Unitrans Africa and Unitrans Passenger), into a single business, with a single strategy and management structure, which commenced during the 2023 financial year.

During the year, the fibre recycling business, Connacher, was transferred from the Restonic to the Feltex segment as the bulk of its products is utilised in the automotive sector, with Feltex being a major customer. The comparative information has been re-presented.

OPERATIONAL SEGMENTS

PG Bison	PG Bison contains the group's forestry and timber manufacturing operations and incorporates timber plantations, a sawmill, a pole plant and production facilities for wood-based decorative panel products.
Safripol	Safripol manufactures polyethylene terephthalate ('PET'), high-density polyethylene ('HDPE') and polypropylene ('PP').
Unitrans	Unitrans is a supply chain and operational services business providing customised solutions to customers in a diverse range of sectors, including consumer, agriculture, petrochemical, mining, and passenger transport.
Feltex	Feltex manufactures automotive components used primarily in new vehicle assembly and manufactures aftermarket accessories.
Restonic	Restonic is an integrated manufacturer of sleep products, including foam and sprung mattresses, together with mattress fabric and a range of industrial foams.
Optix	Optix provides technology-enabled driver behaviour management solutions.

The group mainly operates in South Africa, with the exception of Unitrans and Restonic, which also operates businesses in the rest of sub-Saharan Africa and Optix, which also has operations in Australasia. Most of the group's non-current assets are located in South Africa. The geographic distribution of revenue is disclosed in note 3.1.

SEGMENT PERFORMANCE
Segment revenue includes the elimination of interdivisional revenue. Intersegmental sales are made on a commercial basis and are eliminated for group revenue. Segment operating profit before capital items represents segment revenue, segment expenses, other income and other net gains or losses, excluding capital items included in note 6. Segment expenses include cost of revenue, selling and distribution expenses and administrative and other expenses. Depreciation and amortisation have been allocated to the segments to which they relate.

The segment operating assets comprise all assets that are employed by the segment and that are either directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

The segment operating liabilities comprise all liabilities that are used in the operations of the segment and that are either directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

SEGMENTAL ANALYSIS (CONTINUED)

for the year ended 30 June 2024

	2024 Rm	Restated* 2023 Rm
Operating assets includes the following:		
Goodwill	659	662
Intangible assets	1 790	1 728
Property, plant and equipment	16 043	15 094
Right-of-use assets	300	390
Consumable biological assets	1 586	1 536
Inventories	3 807	3 467
Trade and other receivables	4 996	4 814
Derivative financial instruments	68	168
	29 249	27 859
Operating liabilities includes the following:		
Employee benefits	454	450
Provisions	40	43
Trade and other payables	5 458	5 224
Derivative financial instruments	36	88
	5 988	5 805
Net working capital includes the following:		
Inventories	3 807	3 467
Trade and other receivables	4 996	4 814
Employee benefits	(454)	(450)
Provisions	(40)	(43)
Trade and other payables	(5 458)	(5 224)
Net derivative financial instruments	32	80
	2 883	2 644
Total capital expenditure includes the following:		
Additions to property, plant and equipment	2 571	2 557
Proceeds from disposal of property, plant and equipment	(323)	(300)
Government grants received	(54)	(15)
Insurance proceeds	(12)	(45)
	2 182	2 197

** Refer to note 39 for the details on the restatement.*

SEGMENTAL ANALYSIS (CONTINUED)

for the year ended 30 June 2024

	Revenue		Personnel expenses		Operating profit before depreciation, amortisation and capital items		Amortisation and depreciation		Operating profit before capital items		Capital items		Operating profit	
	2024 Rm	2023[2] Rm	2024 Rm	2023[2] Rm	2024 Rm	Restated[1] 2023[2] Rm	2024 Rm	2023[2] Rm	2024 Rm	Restated[1] 2023[2] Rm	2024 Rm	2023 Rm	2024 Rm	Restated[1] 2023[2] Rm
PG Bison	5 758	5 349	(672)	(615)	1 220	1 139	(219)	(206)	1 001	933	(3)	13	998	946
Safripol	9 312	10 310	(390)	(359)	527	1 099	(175)	(179)	352	920	(18)	(4)	334	916
Unitrans	9 689	10 052	(3 060)	(3 048)	1 344	1 294	(836)	(909)	508	385	(9)	(795)	499	(410)
Feltex	2 654	2 338	(535)	(486)	374	325	(110)	(99)	264	226	(7)	(2)	257	224
Restonic	1 720	1 590	(381)	(351)	180	121	(55)	(55)	125	66	(7)	(27)	118	39
Optix	595	523	(151)	(125)	42	35	(42)	(42)	–	(7)	(2)	(1)	(2)	(8)
Corporate, consolidation and eliminations	–	–	(110)	(130)	7	7	(7)	(7)	–	–	–	–	–	–
	29 728	30 162	(5 299)	(5 114)	3 694	4 020	(1 444)	(1 497)	2 250	2 523	(46)	(816)	2 204	1 707
Intersegmental eliminations	(666)	(534)	–	–	–	–	–	–	–	–	–	–	–	–
	29 062	29 628	(5 299)	(5 114)	3 694	4 020	(1 444)	(1 497)	2 250	2 523	(46)	(816)	2 204	1 707

	Operating assets		Operating liabilities		Net operating assets/(liabilities)[3]		Net working capital		Replacement capital expenditure[4&5]		Expansion capital expenditure[6]		Total capital expenditure[4&5]	
	2024 Rm	Restated[1] 2023[2] Rm	2024 Rm	Restated[1] 2023[2] Rm	2024 Rm	Restated[1] 2023[2] Rm	2024 Rm	Restated[1] 2023[2] Rm	2024 Rm	2023 Rm	2024 Rm	2023[2] Rm	2024 Rm	2023[2] Rm
PG Bison	9 922	8 261	1 417	1 124	8 505	7 137	944	970	63	98	1 374	733	1 437	831
Safripol	7 410	7 278	2 173	2 174	5 237	5 104	1 103	1 076	179	271	100	61	279	332
Unitrans	7 379	7 775	1 338	1 372	6 041	6 403	709	427	81	386	172	224	253	610
Feltex	2 036	2 000	478	560	1 558	1 440	200	189	105	90	5	85	110	175
Restonic	1 736	1 749	272	229	1 464	1 520	136	158	(5)	16	22	178	17	194
Optix	857	813	84	104	773	709	127	99	–	10	86	44	86	54
Corporate, consolidation and eliminations	(91)	(17)	226	242	(317)	(259)	(336)	(275)	–	–	–	1	–	1
	29 249	27 859	5 988	5 805	23 261	22 054	2 883	2 644	423	871	1 759	1 326	2 182	2 197

[1] Refer to note 39 for the details on the restatement.
[2] The comparatives have been re-presented as described under the basis of segmentation in this note.
[3] Net operating assets/(liabilities) comprise operating assets less operating liabilities.
[4] Net of proceeds from disposal of property, plant and equipment, insurance proceeds and government grants received.
[5] Unitrans proceeds from disposal of assets totalled R319 million (2023: R296 million) mainly due to the disposal of underutilised vehicles and trailers.
[6] Net of government grants received.

ACCOUNTING POLICIES

for the year ended 30 June 2024

The consolidated annual financial statements of KAP Limited ('the company') for the year ended 30 June 2024 comprise the company, its subsidiaries and the group's interest in associate and joint venture companies (collectively referred to as 'the group').

STATEMENT OF COMPLIANCE

The consolidated and company annual financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB') ('IFRS Accounting Standards'), its interpretations adopted by the IASB, the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, No. 71 of 2008 of South Africa, the Listings Requirements of the JSE Limited, and have been audited in compliance with all the requirements of section 29(1) of the Companies Act, as required.

BASIS OF PREPARATION

The consolidated and company financial statements for the year ended 30 June 2024 were authorised for issue by the board of directors on 29 August 2024.

The consolidated and company annual 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 value at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated and company annual financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 – *Share-based Payments*, leasing transactions that are within the scope of IFRS 16 – *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 – *Inventories* or value in use in IAS 36 – *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies applied by the group, as well as accounting policies where IFRS allows choice, are set out below and have been applied consistently to the periods presented in the consolidated and company financial statements, except where stated otherwise.

The accounting policies have been applied consistently by all group entities unless indicated otherwise.

BASIS OF CONSOLIDATION

Business combinations

Acquisition of businesses is accounted for using the acquisition method.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the consideration transferred over the net acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Subsidiaries

Subsidiaries are entities controlled by the group. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Non-controlling interests ('NCI') are measured initially at their proportionate share of the acquiree's identifiable assets at the date of acquisition. NCI consist of the amount of those interests at the date of the original business combination and the NCI's share of changes in equity since the date of the combination.

Any increases or decreases in ownership interest in subsidiaries without a change in control are recognised as equity transactions.

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All intragroup transactions and balances are eliminated on consolidation. Unrealised profits that arise between group entities are also eliminated.

Investment in associate and joint venture companies

An associate company is an entity over which the group has significant influence, through participation in the financial and operating policy decisions of the entity, but which it does not control or jointly control. A joint venture is defined as an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Interests in associates and joint venture companies are accounted for using the equity method. The interest is initially measured at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture company. Distributions received from associates and joint venture companies reduce the carrying amount of the investment.

The profit or loss on transactions with associate and joint venture companies is not eliminated.

ACCOUNTING POLICIES (CONTINUED)
for the year ended 30 June 2024

GOODWILL
Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill arising from a business combination is allocated to cash generating units ('CGUs') or group of CGUs that are expected to benefit from the synergies of the combination. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS
Intangible assets are stated at cost less accumulated amortisation and impairment losses. If an intangible asset is acquired in a business combination, the cost of that intangible asset is measured at its fair value on the acquisition date.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. The gain or loss arising from the derecognition of an intangible asset is recognised in profit or loss when the asset is derecognised.

Subsequent expenditure
Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised as an expense in profit or loss as incurred.

Amortisation
Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over the assets' estimated useful lives unless such lives are indefinite. An intangible asset is regarded as having an indefinite useful life when, based on analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Other intangible assets are amortised from the date they are available for use. Estimated useful lives are disclosed in note 13 of the consolidated annual financial statements.

The amortisation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the costs that are directly attributable to bringing an asset to use, such as the cost of materials, direct labour, an appropriate proportion of production overheads and borrowing costs capitalised. Capitalisation of costs ceases when the assets are substantially ready for their intended use and in their intended location.

Subsequent expenditure
Subsequent expenditure is only capitalised if it is probable that additional future economic benefits embodied within the item will flow to the group and the cost of such item can be measured reliably. All other expenditure is recognised as an expense in profit or loss as incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight-line basis at rates that will reduce the carrying amount to estimated residual values over the estimated useful lives of the assets.

Land is not depreciated. Leasehold improvements are written off over their expected useful lives or, where shorter, the term of the relevant lease. Estimated useful lives are disclosed in note 14 of the consolidated annual financial statements.

The depreciation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

LEASES
At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group as lessee
The group recognises a right-of-use asset and a corresponding lease liability with regard to all lease arrangements in which it is the lessee, except short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the group recognises the lease payment as an operating expense over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is recognised when the asset is available for use and comprises the initial measurement of the corresponding lease liability, less any lease incentives received and including any initial direct costs. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the lease term from the commencement date of the lease.

Variable lease payments, other than those that depend on an index or rate, are excluded from the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in profit or loss in the period in which the event or condition that triggers those payments occurs.

The group as lessor
Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income for transactions that are part of the group's ordinary activities (primarily

ACCOUNTING POLICIES (CONTINUED)
for the year ended 30 June 2024

leases of video telematics devices) is recognised as revenue. The group uses IFRS 15 – *Revenue from Contracts with Customers* to allocate the consideration in contracts between any lease and non-lease components. Rental income that does not form part of the group's ordinary activities is recognised as other income. Initial direct costs incurred in negotiating and arranging an operating lease are expensed as incurred.

CONSUMABLE BIOLOGICAL ASSETS
The group's timber plantations and livestock are classified as consumable biological assets. These assets are measured on initial recognition and at each reporting date at their fair value less estimated costs to sell. Gains and losses arising from changes in the fair value of the assets less estimated costs to sell are recognised in other net gains and losses in profit or loss. At point of harvest, the carrying value of timber plantations is transferred to inventory and recognised as a decrease in fair value of the biological assets.

BORROWING COSTS
Borrowing cost is recognised as an expense in the period in which it is incurred, except to the extent that it is directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period to prepare for their intended use. Borrowing costs directly attributable to these qualifying assets are capitalised as part of the costs of the assets.

The capitalisation rate applied is the weighted average of the borrowing costs applicable to the borrowings of the group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use.

IMPAIRMENT OF NON-FINANCIAL ASSETS
The carrying amounts of the group's non-financial assets, other than assets carried at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. In addition, goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, are assessed for impairment annually.

Calculation of recoverable amount
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. The impairment loss is first allocated to reduce the carrying amount of any goodwill attributed to the CGU, and then pro rata to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

Reversal of impairment losses
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in previous years. A reversal of an impairment loss is recognised in profit or loss.

GOVERNMENT GRANTS
Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants with a primary condition that the group should purchase, construct or otherwise acquire assets are recognised by deducting the grant in calculating the carrying amount of the asset. In this case, the grant is recognised in profit or loss over the life of the depreciable asset by way of a reduced depreciation expense.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

TAXATION
Income taxation on profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity. In that case, it is recognised directly in other comprehensive income or equity.

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

Deferred taxation
Deferred taxation is provided for temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used in the computation of taxable income. The following temporary differences are not provided for:

- goodwill not deductible for taxation purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current taxation assets and liabilities on a net basis.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the taxation rates (and taxation laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred taxation liabilities and assets reflects the taxation consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

ACCOUNTING POLICIES (CONTINUED)
for the year ended 30 June 2024

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset will be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs are determined on either a first-in, first-out method or weighted average cost method.

The cost of harvested timber is its fair value less estimated costs to sell at the date of harvest. Any change in fair value subsequent to the date of harvest is recognised in profit or loss. The cost of other inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of overheads based on normal operating capacity.

Where necessary, the carrying amounts of inventory are adjusted for obsolete, slow-moving and defective inventories.

SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled

The fair value of the share rights granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions on which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of the share rights that vest.

Cash-settled

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period in which the employees become unconditionally entitled to payment with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

PROVISIONS AND CONTINGENT LIABILITIES

The amount recognised as a provision is the best estimate of the full consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are not recognised in the statement of financial position except for certain contingent liabilities assumed in a business combination. A contingent liability assumed in a business combination is recognised if it is a present obligation and its fair value can be measured reliably, however an outflow of resources is not probable. Contingent liabilities are reviewed continuously to assess whether an outflow of resources has become probable. If the recognition criteria are met, then a liability is recognised in the statement of financial position in the period in which the change in probability occurs.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in currencies other than the functional currency of entities within the group are initially recognised at the rates of exchange ruling on the dates of the transactions.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at rates of exchange ruling at the reporting date. The revenues and expenses of foreign operations are translated at rates approximating the foreign exchange rates ruling at the date of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and aggregated in the foreign currency translation reserve ('FCTR'). The FCTR applicable to a foreign operation is released to profit or loss on disposal of that foreign operation. If the group disposes of part of its interest in a foreign operation but retains control, then the relevant proportion of the cumulative amount of FCTR is reattributed to non-controlling interests.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. All financial instruments are initially measured at fair value, including transaction costs that are incremental to the group and directly attributable to the acquisition or issue of the financial asset or financial liability, except for those classified as fair value through profit or loss ('FVTPL'), where the transaction costs are recognised immediately in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Financial assets are classified as either amortised cost or at FVTPL. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing it. The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows or selling the financial assets.

ACCOUNTING POLICIES (CONTINUED)
for the year ended 30 June 2024

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL.

Financial liabilities
Financial liabilities are classified as either measured at amortised cost or FVTPL. Financial liabilities are classified at FVTPL when the financial liability is:

- held for trading;
- a derivative; or
- designated at FVTPL.

Subsequent measurement
Financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period.

Fair value through profit or loss
Financial instruments classified as at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains and losses recognised in profit or loss. For financial assets, the net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and short-term bank deposits and bank overdrafts with an original maturity of three months or less.

Impairment of financial assets
The group recognises a loss allowance for expected credit losses ('ECL') on financial assets that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments. The group considers the use of reasonable and supportable information that is relevant and available without undue cost or effort when assessing whether the credit risk of a financial asset has increased. This includes both quantitative and qualitative information based on the group's historical experience, as well as forward-looking information. Where the group concludes that the credit risk of a financial instrument has not increased significantly since initial recognition, the loss allowance is measured using a 12-month ECL. The group recognises lifetime ECL for trade receivables.

Write-off policy
The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL
The measurement of ECL is a function of the probability of default ('PD'), loss given default ('LGD') (i.e. the magnitude of the loss if there is a default) and the exposure at default ('EAD'). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. The EAD for financial assets is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive.

Derecognition
The group derecognises a financial asset when the rights to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when, and only when, the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

REVENUE RECOGNITION
Revenue comprises income arising in the course of the group's ordinary activities. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer as the transfer of control coincides with the fulfilment of performance obligations. Revenue is disclosed net of sales taxes, returns, discounts and other allowances.

The group bases its estimates of variable consideration, such as settlement discounts and other allowances on historical experience, and it is calculated by applying percentages determined to actual sales for the period.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. Therefore, the group does not adjust any of the transaction prices for the time value of money.

Sale of goods
Sale of goods relates to both local sales and export sales and comprises mainly the sale of manufactured goods, goods purchased for resale and farming produce. Each item sold represents a separate performance obligation. Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer are satisfied at the point in time when control is transferred. Goods sold generally include delivery and each of these sales is identified as being a single performance obligation which is satisfied when the group has delivered the goods to the customer and the customer has accepted delivery. To the extent that the group acts as an agent and the group makes use of a transport provider, transport is regarded as a separate performance obligation. The revenue from these transport services is therefore recognised at the net amount of consideration retained after paying the service provider, if any.

ACCOUNTING POLICIES (CONTINUED)
for the year ended 30 June 2024

Services provided
Services comprise mainly transport of goods or passengers, warehousing services, mining services and agricultural services. These services represent separate performance obligations (except for delivery services included in sale of goods as referred to under the Sale of goods above). Revenue from services is recognised over time as services are rendered. In the event that services comprise a fixed and variable portion, the variable portion is recognised when the performance obligations arising from the contract with a customer are satisfied.

Sale of goods and related services
In addition, the group sells goods to customers with related services included. Depending on the nature of the contract, the group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two or more separate performance obligations. Where the group sells goods and related services to customers and these goods and services are not distinct, i.e. not separately identifiable, the contracts are treated as a single performance obligation. However, where the goods and services are distinct, i.e. separately identifiable, and the customer can benefit from the goods and services either on its own or together with other resources that are readily available, then the goods and services are treated as separate performance obligations. The sale of goods is recognised when the group has delivered the goods to the customer and the customer has accepted delivery. The related services sold, when considered to be distinct, are recognised over time when the services are rendered to the customer.

INTEREST
Interest is recognised on the time proportion basis, taking account of the principal amount outstanding and the effective rate over the period to maturity.

SEGMENTAL REPORTING
A segment is a distinguishable component of the group that is engaged in providing products or services that are subject to risks and rewards that are different from those of other segments. The basis of segmental reporting is representative of the internal structure used for management reporting, as well as the structure in which the executive directors review the information.

The basis of segmental allocation is determined as follows:

- Segmental revenue includes revenue that can be directly attributed to a segment and the relevant portion of the profit that can be allocated on a reasonable basis to a segment.
- Segmental assets are those assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segmental assets exclude investments in equity-accounted companies, investments and loans, cash and cash equivalents, assets held for sale, deferred taxation assets and taxation assets.
- Segmental liabilities are those liabilities that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segmental liabilities exclude loans and borrowings, lease liabilities, deferred taxation liabilities, taxation payable and bank overdrafts and short-term facilities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2024

1. Judgements made by management and key sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

1.1 Significant judgements and estimates

Impairment of goodwill, intangible assets and property, plant and equipment

The carrying amounts of assets, other than assets carried at fair value, are assessed for impairment when there is an indication of impairment. Goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet ready for use, are assessed for impairment annually. The significant assumptions and estimates used in the determination of the recoverable amount are detailed in notes 12 to 14.

Consumable biological assets

The fair value of standing timber, which has become marketable, is based on the market price of the estimated recoverable timber volumes, net of harvesting costs. The fair value of younger standing timber is determined using a discounted cash flow method. The key assumptions used in the calculation of the fair value is detailed in note 16.

1.2 Other judgements and estimates

Useful lives and residual values

The depreciation methods, estimated remaining useful lives and residual values of property, plant and equipment and the useful lives of finite intangible assets are reviewed at least annually. The estimation of the useful lives is based on historic performance as well as expectations about future use and, therefore, requires a degree of judgement to be applied by management. The estimated useful lives for intangible assets with a finite life and property, plant and equipment are detailed in notes 13 to 14.

Valuation of equity compensation benefits

Management classifies its share-based payment scheme as either equity-settled or cash-settled based on the assessment of its role and that of the employees in the transaction. In applying its judgement, management consulted with external expert advisors in the accounting and share-based payment advisory industry. The critical assumptions used in the valuation model are detailed in note 25.

Control

Management assesses whether it controls an entity based on whether the investor has power over the relevant activities of the investee. Relevant activities include the activities of the investee that significantly affect the investee's returns; the investor is exposed to variable returns from its involvement with the investee; and the investor is able to use its power to affect its returns from the investee. Control is reassessed if the facts and circumstances impacting the assessment change.

2. New or revised accounting pronouncements

During the current year, the group adopted all the new and revised standards issued by the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2023.

2.1 New or revised IFRS Accounting Standards applied with no material effect on the annual financial statements

- Disclosure Initiative: Accounting Policies – Amendments to IAS 1 and IFRS Practice statement 2 *Making Materiality Judgements*
- Amendments to IAS 8 – Definition of accounting estimates
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendment to IAS 12 – International tax reform – Pillar Two model rules

2.2 IFRS Accounting Standards and interpretations in issue but not yet effective

A number of amendments to standards are effective for annual periods beginning on or after 1 July 2024 and earlier application is permitted. However, the group has not early adopted the amended standards in preparing these financial statements. The following amended standards are not expected to have a material impact on the financial statements:

- Amendment to IAS 1 – Classification of Liabilities as Current and Non-current
- Amendment to IAS 1 – Non-current liabilities with covenants
- Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements
- Amendment to IAS 21 – Lack of exchangeability
- Amendment to IFRS 16 – Lease liability in a sale and leaseback
- IFRS 18 – Presentation and disclosure in financial statements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Goods Rm	Services Rm	Rentals Rm	Total Rm
3. Revenue				
2024				
PG Bison	6 445	–	–	6 445
Safripol	9 400	–	–	9 400
Unitrans	147	9 543	–	9 690
Feltex	2 657	–	–	2 657
Restonic	1 926	–	–	1 926
Optix	131	396	–	527
Gross revenue	20 706	9 939	–	30 645
Variable consideration	(984)	(1)	–	(985)
Intergroup eliminations	(139)	(519)	–	(658)
Revenue from contracts with customers	19 583	9 419	–	29 002
Optix	–	–	68	68
Intergroup eliminations	–	–	(8)	(8)
	19 583	9 419	60	29 062
2023*				
PG Bison	6 010	–	–	6 010
Safripol	10 431	–	–	10 431
Unitrans	66	9 986		10 052
Feltex	2 340	–	–	2 340
Restonic	1 764	–	–	1 764
Optix	132	322	–	454
Gross revenue	20 743	10 308	–	31 051
Variable consideration	(958)	–	–	(958)
Intergroup eliminations	(52)	(476)	–	(528)
Revenue from contracts with customers	19 733	9 832	–	29 565
Optix	–	–	69	69
Intergroup eliminations	–	–	(6)	(6)
	19 733	9 832	63	29 628

** The comparatives have been re-presented as described in the segmental analysis note.*

The following customer payment terms are generally applicable in the group:

- Sale of goods: 0 to 90 days; and
- Sale of services: 0 to 60 days.

	2024 Rm	2023 Rm
3.1 Geographic distribution		
South Africa	24 432	24 290
Rest of Africa	3 722	3 886
Australasia	338	227
Americas	322	599
Europe	156	254
Middle East	91	370
Asia	1	2
	29 062	29 628

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
3. Revenue (continued)			
3.2 Unsatisfied performance obligations			
The following table includes revenue expected to be recognised within the next year and thereafter relating to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:			
Services			
Next year		1 870	857
Within two to five years		1 897	832
Thereafter		88	–
		3 855	1 689

In the event that consideration from long-term contracts comprise a fixed and variable portion, the fixed portion of the consideration is included in the amounts presented above. The variable portion of these contracts depends on usage and is constrained. The group does not disclose information about remaining performance obligations in a contract that has an original expected durations of one year or less.

	Notes	2024 Rm	2023 Rm
4. Other income			
Insurance income[1]		64	343
Government grants		24	26
Bad debts recovered		37	7
Rental of properties		19	21
Scrap sales		16	13
Warranty claim		16	–
Tooling income		13	–
Rebates		3	4
Other		15	16
		207	430

[1] *The 2024 insurance income can be attributed to PG Bison (R15 million), Unitrans (R29 million), Feltex (R19 million) and Restonic (R1 million). The 2023 insurance income can be attributable to PG Bison (R4 million), Safripol (R216 million), Unitrans (R33 million), Feltex (R80 million) and Restonic (R10 million), and comprises mainly R178 million related to the business interruption caused by the KwaZulu-Natal floods in April 2022 and R148 million related to plant stoppages at Safripol Durban in January and February 2022.*

	Notes	2024 Rm	2023 Rm
5. Other net gains			
Net impairment of financial assets	36.2.2	(5)	(38)
Reversal of impairment/(impairment) of loans receivable		1	(2)
Impairment of trade and other receivables		(6)	(36)
Fair value gain on consumable biological assets	16	324	237
Fair value gain on timber plantations		316	223
Fair value gain on livestock		8	14
Net foreign exchange (losses)/gains		(81)	44
Net (losses)/gains on foreign currency derivative financial instruments		(60)	36
Net losses on conversion of monetary assets and liabilities – realised		(16)	(13)
Net (losses)/gains on conversion of monetary assets and liabilities – unrealised		(5)	21
Net fair value gain/(loss) on equity derivative		2	(71)
		240	172
6. Capital items			
Income/(expense) items of a capital nature are:			
Impairment of:		(16)	(813)
Goodwill	12	–	(51)
Intangible assets	13	–	(665)
Property, plant and equipment	14	(16)	(97)
Loss on disposal of property, plant and equipment		(42)	(48)
Insurance income		12	45
		(46)	(816)

Capital items reflect and affect the resources committed in producing operating performance and are not the performance itself. These items deal with the capital base of the group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
7. Operating profit			
Operating profit is stated after taking account of the following items:			
7.1 Amortisation and depreciation			
Amortisation	13	28	27
Depreciation		1 416	1 470
Property, plant and equipment	14	1 281	1 343
Right-of-use assets	15	135	127
		1 444	1 497
Recognised in:			
Cost of revenue		1 317	1 377
Selling and distribution expenses		18	17
Administrative and other expenses		109	103
		1 444	1 497
7.2 Auditor's remuneration			
Audit fees		40	36
Fees for other services		1	1
		41	37
7.3 Personnel expenses			
Salaries and wages		4 849	4 730
Retirement benefit contributions		375	342
Defined contribution plans		359	325
State-managed plans		16	17
Share-based payments – equity-settled	25.1	58	34
Share-based payments – cash-settled	25.2	17	8
		5 299	5 114
Recognised in:			
Cost of revenue		3 727	3 646
Selling and distribution expenses		212	194
Administrative and other expenses		1 360	1 274
		5 299	5 114
7.4 Lease expenses			
Short-term leases		101	194
Low value assets		5	8
Variable lease payments		1	1
		107	203
8. Finance costs			
Bank overdraft and short-term facilities		77	56
Lease liabilities	28	34	38
Receiver of revenue		6	–
Revolving credit loan		90	26
Senior unsecured listed notes		640	543
Term loans		69	69
Vehicle and asset finance		140	144
Related-party	35	5	5
Other		13	9
Less: Borrowing cost capitalised	14	(173)	(57)
		901	833

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Notes	2024 Rm	Restated* 2023 Rm
9. Finance income			
Bank balances and short-term deposits		53	23
Overdue debtor accounts		17	9
Related-party	35	4	5
Other		2	2
		76	39
10. Taxation			
10.1 Taxation expense			
South African normal taxation		120	458
Current year		159	457
Prior year		(39)	1
Foreign taxation		88	54
Current year		76	55
Prior year		12	(1)
Withholding taxation		29	20
		237	532
Deferred taxation			
Current year		(61)	(177)
Prior year		37	(3)
	19	(24)	(180)
		213	352

	%	%
10.2 Reconciliation of rate of taxation		
South African normal tax rate	27.0	27.0
Foreign rate differential	–	(0.1)
Reduction in rate of taxation	(18.6)	(5.3)
Government incentives[1]	(15.7)	–
Learnership allowances	(0.7)	(1.0)
Share of profits of equity accounted investments	(0.7)	(1.2)
Tax-exempt income	(0.6)	(1.0)
Utilisation of foreign tax credits	(0.2)	(0.1)
Utilisation of taxation losses not previously recognised	(0.1)	(1.7)
Prior year adjustments	–	(0.3)
Other	(0.6)	–
Increase in rate of taxation	6.6	15.4
Taxation losses not recognised	2.4	2.3
Withholding taxes	2.0	2.2
Disallowed expenditure	1.4	3.4
Prior year adjustments	0.7	–
Impairments	0.1	5.1
Net fair value loss on equity derivatives	–	2.1
Other	–	0.3
Effective rate of taxation	15.0	37.0

** Refer to note 39 for the details on the restatement.*
[1] Included in government incentives is an amount of R790 million in relation to section 12I tax allowance incentive which relates to the PG Bison MDF project completed and brought into use during June 2024.

For detail on deferred taxation assets/(liabilities) refer to note 19.

The KAP group is subject to the Pillar Two rules with effect from 1 July 2024 as a result of the Income Inclusion Rule envisaged in the draft South African Global Minimum Top-up Tax Bill. The group operates in 14 jurisdictions of which four jurisdictions have announced their intention to introduce Pillar Two legislation namely Australia (2024), Mauritius (2025), Singapore (2025) and South Africa (2024) (proposed effective date in brackets). In preparation for the effective date, the group has applied the OECD's three Transitional Safe Harbour ('TSH') tests and in all 14 of the jurisdictions, at least one of the TSH tests has been met. As a result, the group does not anticipate that it will be subject to Pillar Two top-up tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Rm	2023 Rm
10. Taxation (continued)		
10.3 Taxation losses		
Taxation losses available for offset against future taxable income:		
South African taxation losses	3 076	1 543
Foreign taxation losses	269	381
	3 345	1 924
Taxation losses recognised	2 920	1 602
Taxation losses unrecognised	425	322
	3 345	1 924

Deferred taxation assets have not been recognised in respect of unrecognised taxation losses because it is not yet certain that future taxable profits will be available against which the group can realise the benefits. Deferred taxation assets are assessed at each statutory entity level.

The taxation losses do not expire under current taxation legislation, except for Unitrans Zambia, where taxation losses expire after five years. Losses of R7 million expired in the current year. At 30 June 2024, Unitrans Zambia had estimated losses of R26 million, R4 million expires in 2025 and the remaining R22 million by 2029.

	2024 Cents	Restated* 2023 Cents
11. Earnings		
The calculation of per share numbers uses the exact unrounded numbers, which may result in differences when compared to calculating the numbers using the rounded number of shares and earnings as disclosed below:		
Basic earnings per share	43.8	21.3
Diluted earnings per share	43.2	20.9
Headline earnings per share	45.3	47.3
Diluted headline earnings per share	44.6	46.4
Net asset value per share	500	466

** Refer to note 39 for the details on the restatement.*

Basic earnings per share are calculated by dividing the basic earnings attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share are calculated by dividing the diluted earnings attributable to owners of the parent by the diluted weighted average number of ordinary shares in issue during the year. The calculation assumes conversion of all dilutive potential shares.

Headline earnings per share are calculated by dividing the headline earnings by the weighted average number of ordinary shares in issue during the year.

Diluted headline earnings per share are calculated by dividing the diluted headline earnings by the diluted weighted average number of shares in issue during the year. The calculation assumes conversion of all dilutive potential shares.

Net asset value per share is calculated by dividing the net asset value attributable to owners of the parent by the number of ordinary shares in issue at year-end.

	2024 Million	2023 Million
11.1 Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	2 477	2 472
Effect of shares issued	9	3
Weighted average number of ordinary shares	2 486	2 475
Potential dilutive effect of share rights granted	35	44
Diluted weighted average number of ordinary shares	2 521	2 519

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2024

		Note	2024 Rm	Restated* 2023 Rm
11.	**Earnings (continued)**			
11.2	**Headline and diluted headline earnings attributable to owners of the parent**			
	Basic and diluted earnings attributable to owners of the parent		1 090	528
	Adjusted for:			
	Capital items	6	46	816
	Taxation effects of capital items		(12)	(174)
	Non-controlling interests' portion of capital items, net of taxation		1	–
			1 125	1 170
11.3	**Net asset value**			
	Attributable to owners of the parent		12 475	11 542

** Refer to note 39 for the details on the restatement.*

12. Goodwill

	2024 Rm	2023 Rm
Carrying amount at beginning of the year	662	683
Arising on business combinations	–	21
Impairments	–	(51)
Exchange differences on translation of foreign operations	(3)	9
Carrying amount at end of the year	659	662

Goodwill impairment testing

Goodwill is allocated to the cash generating unit ('CGU') that is expected to benefit from that business and is assessed for impairment annually, unless an impairment indicator exists, in which case it will be assessed when the impairment indicator arises.

The impairment test compares the carrying amount of the CGU, including goodwill, to the recoverable amount of the CGU. The recoverable amount of the CGU is determined based on a value in use or fair value less estimated costs to sell calculation using the discounted cash flow method. The cash flow projections are derived from the most recent financial budgets approved for the next year and detailed forecasts prepared by management for the following four years. Cash flows beyond the period covered by the budgets and forecasts are extrapolated using the terminal growth rate. The specific forecast assumptions relating to sales and direct costs are unique for each CGU. Selling prices and direct costs are based on historical experience and expectations of future changes in the market. Key assumptions used in the calculation include those regarding the discount rates and terminal growth rates.

Key assumptions	Approach used to determine values
Discount rates	Discount rates are based on a weighted average pre-tax cost of capital, incorporating the specific risks applicable to the CGU.
Terminal growth rates	Terminal growth rates are based on management's experience and expectations, taking into consideration the industry trends and opportunities. Growth rates used do not exceed the long-term average growth rate for the industry in which the CGU operates.

All impairment testing was consistent with valuation methods applied as at 30 June 2023.

The table below reflects the carrying amount per CGU and the key assumptions applied for the impairment testing.

	Pre-tax discount rate		Terminal growth rate		Carrying amount	
Cash generating unit[1]	2024 %	2023 %	2024 %	2023 %	2024 Rm	2023 Rm
Value in use						
Connacher[2]	24.23	23.75	4.50	4.50	12	12
PG Bison	20.88	21.00	4.50	4.50	123	123
Restonic	23.15	23.81	4.50	4.50	375	375
Fair value less estimated costs to sell						
Optix Africa	24.85	24.15	4.50	4.50	70	70
Optix Australasia	26.67	28.61	2.00	1.97	79	82
Carrying amount at end of the year					659	662

[1] *The table was previously presented per division and has been re-presented per CGU.*
[2] *Connacher is the fibre recycling business within the Feltex division.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

12. Goodwill (continued)

The fair value determined for use as the recoverable amount for impairment testing is classified as Level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

An impairment charge is required for goodwill when the carrying amount exceeds the recoverable amount. No impairment charge was recognised in the current year (2023: R51 million).

The impairment recognised in the prior year related to the Unitrans goodwill which was fully impaired due to the decline in Unitrans South Africa's performance resulting from the outlook for South African economic growth, structural changes in the South African logistics industry and the loss of a major food contract.

As at 30 June 2024, management has performed sufficient sensitivity analyses to conclude that a reasonably possible change in key assumptions would not cause the carrying amount of any of the CGUs to exceed their recoverable amount.

	Notes	Patents and trademarks Rm	Supplier relationships Rm	Software Rm	Customer contracts and relationships Rm	Capital work-in-progress Rm	Total Rm
13. Intangible assets							
Balance at 1 July 2022		1 249	1 046	56	9	3	2 363
Additions		–	–	10	–	9	19
Impairment		(662)	–	(3)	–	–	(665)
Amortisation		–	–	(23)	(4)	–	(27)
Reclassified from property, plant and equipment	14	–	–	2	–	5	7
Reclassified between categories		–	–	10	–	(10)	–
Acquisition of subsidiaries		–	–	19	–	–	19
Exchange differences on translation of foreign operations		–	12	–	–	–	12
Balance at 30 June 2023		587	1 058	71	5	7	1 728
Additions		–	–	17	–	2	19
Amortisation		–	–	(25)	(3)	–	(28)
Reclassified from property, plant and equipment	14	–	–	1	–	–	1
Reclassified between categories		–	–	9	–	(9)	–
Acquisition of subsidiaries	34	–	–	–	74	–	74
Exchange differences on translation of foreign operations		–	(4)	–	–	–	(4)
Balance at 30 June 2024		587	1 054	73	76	–	1 790
Cost		1 765	2 498	208	44	7	4 522
Accumulated amortisation and impairment		(1 178)	(1 440)	(137)	(39)	–	(2 794)
Carrying amount at 30 June 2023		587	1 058	71	5	7	1 728
Cost		1 756	2 493	215	82	–	4 546
Accumulated amortisation and impairment		(1 169)	(1 439)	(142)	(6)	–	(2 756)
Carrying amount at 30 June 2024		587	1 054	73	76	–	1 790

Supplier relationships relate to Safripol's evergreen contracts which are in place with its major supplier for the supply of raw materials used in its manufacturing processes as well as Optix's exclusive supplier contracts.

Customer relationships recognised during the year relate to Imvusa Interior Trim Proprietary Limited's ('Imvusa') contracts which are in place with its major customer for the supply of soft trim components. Imvusa is a business within the Feltex division.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

13. Intangible assets (continued)

Useful lives

Under IAS 38, the useful life of an asset is either finite or indefinite. An indefinite life does not mean an infinite useful life, but rather that there is no foreseeable limit to the period over which the asset can be expected to generate cash flows for the entity. Intangible assets with an indefinite useful life are not amortised; an impairment test is performed at least annually as well as an annual review of the assumptions used to determine the useful life.

Patents and trademarks and supplier relationships are classified as indefinite useful life assets. These patents and trademarks and supplier relationships were assessed independently at the time of the acquisitions, and the indefinite useful life assumptions were supported by the following evidence:

- The patents and trademarks are long established relative to the market and have been in existence for a long time.
- The intangible assets relate to patents and trademarks rather than products and are therefore not vulnerable to typical product life cycles or to the technical, technological, commercial or other types of obsolescence that can be seen to limit the useful lives of other intangible assets.
- The supplier relationships relate to evergreen contracts which are in place with major suppliers, and supplier arrangements that provide exclusive rights in their respective markets.

The classification as indefinite useful life assets is reviewed annually.

Indefinite useful life intangible assets, excluding goodwill, recognised at fair value in business combinations, are expected to generate cash flows indefinitely and the carrying value would only be recovered through use. Accordingly, deferred taxation is raised at the normal taxation rate on the fair value of such assets exceeding its taxation base.

The estimated useful lives for intangible assets with a finite life are:

Software	1 – 3 years
Contracts with customers	Over the term of the contract
Customer relationships	13 years

Intangible asset impairment testing

Indefinite useful life intangible assets and intangible assets that are not yet available for use, are tested for impairment annually, unless an impairment indicator exists, in which case it will be assessed when the impairment indicator arises. Finite intangible assets are tested for impairment when there is an indication of impairment.

Supplier relationships are tested for impairment as part of the applicable CGU. Patents and trademarks are tested using the relief of royalty method; however, are also tested for impairment as part of the applicable CGU. The recoverable amount of the CGU is determined based on a value in use or fair value less estimated costs to sell calculation using the discounted cash flow method. The cash flow projections are derived from the most recent financial budgets approved for the next year and detailed forecasts prepared by management for the following four years. Cash flows beyond the period covered by the budgets and forecasts are extrapolated using the terminal growth rate. The specific forecast assumptions relating to sales and direct costs are unique for each CGU. Selling prices and direct costs are based on historical experience and expectations of future changes in the market. Key assumptions used in the calculation include those regarding the discount rates, terminal growth rates, polymer margins and royalty rates.

Key assumptions	Approach used to determine values
Discount rates	Discount rates are based on a weighted average pre-tax cost of capital, incorporating the specific risks applicable to the CGU.
Terminal growth rates	Terminal growth rates are based on management's experience and expectations, taking into consideration the industry trends and opportunities. Growth rates used do not exceed the long-term average growth rate for the industry in which the CGU operates.
Polymer margins	The polymer margin inputs are driven by forecast US dollar margins and a forecast rand exchange rate. In determining sustainable 'through-the-cycle'[1] margins, to be used in the terminal value cash flow, the previous seven to ten year historic average US dollar margins were considered.
Royalty rates	Royalty rates used are determined with reference to industry benchmarks.

[1] *The results of Safripol are impacted by the cyclical nature of global supply and demand of polymers and associated raw materials. Sustainable 'through-the-cycle' refers to margins which can be expected as an average through a seven- to 10-year global polymer's cycle.*

All impairment testing was consistent with valuation methods applied as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

13. Intangible assets (continued)

Intangible asset impairment testing (continued)

The table below reflects the carrying amount of indefinite useful life intangible assets per CGU and the key assumptions applied for the impairment testing.

Cash generating unit[1]	Category	Pre-tax discount rate 2024 %	Pre-tax discount rate 2023 %	Terminal growth rate 2024 %	Terminal growth rate 2023 %	Carrying amount 2024 Rm	Carrying amount 2023 Rm
Value in use							
PG Bison	Patents and trademarks	**20.88**	21.00	**4.50**	4.50	**207**	207
Safripol	Patents and trademarks	**22.63**	23.30	**3.00**	3.00	**266**	266
Safripol	Supplier relationships	**22.63**	23.30	**3.00**	3.00	**708**	708
Unitrans	Patents and trademarks	**22.29**	21.11 to 22.51	**4.50**	4.50 to 5.80	**49**	49
Feltex	Patents and trademarks	**25.55**	25.66	**4.50**	4.50	**57**	57
Restonic	Patents and trademarks	**23.22**	24.23	**4.50**	4.50	**9**	9
Fair value less estimated costs to sell							
Optix Africa	Supplier relationships	**24.85**	24.15	**4.50**	4.50	**215**	215
Optix Australasia	Supplier relationships	**26.67**	26.40	**2.00**	2.00	**130**	134
Carrying amount at end of the year						**1 641**	1 645

[1] *The table was previously presented per division and has been re-presented per CGU.*

The royalty rates used in the determination of the recoverable amount for the current year ranged between 0.5% to 4.3% (2023: between 0.5% to 4.3%).

The fair value determined for use as the recoverable amount for impairment testing is classified as Level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

An impairment charge is required for intangible assets when the carrying amount exceeds the recoverable amount. No impairment was recognised in the current year (2023: R665 million).

The Unitrans CGU's trademark was fully impaired in 2023 due to the decline in Unitrans's performance resulting from the muted outlook for South African economic growth, structural changes in the South African logistics industry and the loss of a major food contract.

Sensitivity analysis

The recoverable amount of the Safripol supplier relationships approximates its carrying amount. Therefore, any adverse movement in a key assumption would lead to an impairment. The table below represents the impact that a change in one of the key assumptions would have on the (impairment)/reversal of impairment recognised in profit or loss.

	2024 Rm	2023 Rm
50 basis point – increase		
Discount rate	**(94)**	(89)
Terminal growth rate	**52**	50
50 basis point – decrease		
Discount rate	**100**	95
Terminal growth rate	**(48)**	(47)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Notes	Land and buildings Rm	Plant and machinery Rm	Rental assets[1] Rm	Renewable energy Rm	Long-haul vehicles, motor vehicles and equipment Rm	Capital work-in-progress Rm	Leasehold improvements Rm	Office and computer equipment, furniture and other assets Rm	Total Rm
14. Property, plant and equipment										
Balance at 1 July 2022		2 762	5 451	–	–	4 974	830	25	88	14 130
Additions		85	351	48	1	783	1 247	4	38	2 557
Government grants		–	(15)	–	–	–	–	–	–	(15)
Transfer to assets held for sale	23	–	–	–	–	(53)	–	–	–	(53)
Transfer from assets held for sale		–	–	–	–	47	–	–	–	47
Depreciation		(41)	(542)	(31)	(1)	(684)	–	(7)	(37)	(1 343)
Disposals		–	(15)	(1)	–	(330)	(1)	–	(1)	(348)
Impairment		–	(24)	–	–	(73)	–	–	–	(97)
Acquisition of subsidiaries		–	10	–	–	–	–	–	1	11
Borrowing costs capitalised		–	–	–	–	–	57	–	–	57
Reclassified between categories		62	305	49	145	72	(642)	(1)	10	–
Reclassified to intangible assets	13	–	–	–	–	–	(7)	–	–	(7)
Written off		–	–	–	–	–	(5)	–	–	(5)
Exchange differences on translation of foreign operations		2	37	1	–	112	7	–	1	160
Balance at 30 June 2023		2 870	5 558	66	145	4 848	1 486	21	100	15 094
Additions		282	1 187	81	24	356	609	1	31	2 571
Government grants		–	(15)	–	–	–	(39)	–	–	(54)
Depreciation		(42)	(543)	(29)	(8)	(612)	–	(8)	(39)	(1 281)
Disposals		–	(39)	(2)	–	(269)	–	–	(2)	(312)
Impairment		–	(10)	–	–	–	(6)	–	–	(16)
Acquisition of subsidiaries	34	–	22	–	–	1	–	–	–	23
Borrowing costs capitalised		–	–	–	–	–	173	–	–	173
Reclassified between categories		84	1 695	–	81	2	(1 876)	2	12	–
Reclassified to intangible assets	13	–	–	–	–	–	(1)	–	–	(1)
Reclassified to inventories		–	(24)	–	–	–	–	–	–	(24)
Exchange differences on translation of foreign operations		(1)	(42)	–	–	(83)	(3)	–	(1)	(130)
Balance at 30 June 2024		3 193	7 789	116	242	4 243	343	16	101	16 043
Cost		3 298	10 463	121	146	8 608	1 495	58	288	24 477
Accumulated depreciation and impairment		(428)	(4 905)	(55)	(1)	(3 760)	(9)	(37)	(188)	(9 383)
Carrying amount at 30 June 2023		2 870	5 558	66	145	4 848	1 486	21	100	15 094
Cost		3 662	13 028	182	250	7 864	343	55	297	25 681
Accumulated depreciation and impairment		(469)	(5 239)	(66)	(8)	(3 621)	–	(39)	(196)	(9 638)
Carrying amount at 30 June 2024		3 193	7 789	116	242	4 243	343	16	101	16 043

[1] *Rental assets, previously included with plant and machinery, have been disclosed separately.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
14. Property, plant and equipment (continued)			
Encumbered assets			
Carrying amount	27.3	1 675	1 830
Borrowing cost			
Borrowing cost capitalised	8	173	57
Capitalisation rates used		9.98% to 10.23%	6.86% to 9.70%

Land and buildings

Details of land and buildings are available for inspection by shareholders on request at the various registered offices of the company and its subsidiaries.

Insurance

Property, plant and equipment, with the exception of land and certain long-haul vehicles are insured at approximate cost of replacement. Motor vehicles are insured at market value. The remaining long-haul vehicles are self-insured.

Useful lives

The estimated useful lives for property, plant and equipment are:

Straight-line basis	
Buildings	5 – 60 years
Computer equipment	2 – 5 years
Long-haul vehicles (including bus fleet)	4 – 15 years
Motor vehicles	3 – 10 years
Office equipment and furniture	3 – 16 years
Plant and machinery	3 – 50 years
Renewable energy	20 years
Rental assets	3 – 5 years

Impairments

An impairment of R16 million (2023: R97 million) was recognised in the current year and is included with capital items (note 6).

The Unitrans division recognised an impairment in 2023 of R74 million related to long-haul vehicles (including rail assets).

Impairment test of the Safripol Durban polyethylene terephthalate ('PET') plant and equipment

The recoverable amount of the CGU is determined based on a value in use calculation using the discounted cash flow method. The cash flow projections are derived from the most recent financial budgets approved for the next year and detailed forecasts prepared by management for the following four years. Cash flows beyond the period covered by the budgets and forecasts are extrapolated using the terminal growth rate. Key assumptions used in the value in use calculation include the pre-tax discount rate of 22.6% (2023: 23.30%), terminal growth rate of 3.00% (2023: 3.00%) and polymer margins.

Key assumptions	Approach used to determine values
Discount rate	The discount rate is based on a weighted average pre-tax cost of capital, incorporating the specific risks applicable to the CGU.
Terminal growth rate	The terminal growth rate is based on management's experience and expectations, taking into consideration the industry trends and opportunities. Growth rates used do not exceed the long-term average growth rate for the industry in which the CGU operates.
Polymer margins	The polymer margin inputs are driven by forecast US dollar margins and a forecast rand exchange rate. In determining sustainable 'through-the-cycle'[1] margins, to be used in the terminal value cash flow, the previous seven to ten year historic average US dollar margins were considered.

[1] *Safripol results are impacted by the cyclical nature of global supply and demand of polymers and associated raw materials. Sustainable 'through-the-cycle' refers to margins which can be expected as an average through a seven- to 10-year global polymer cycle.*

No impairment or reversal of impairment was required on the PET plant and equipment for the current or prior year.

Sensitivity analysis

The recoverable amount of the Safripol Durban CGU, which is used for the PET plant and equipment impairment test, approximates its carrying amount. Therefore, any adverse movement in one of the key assumptions would lead to an impairment. The table below represents the impact that a change in one of the key assumptions would have on the (impairment)/reversal of impairment recognised in profit or loss.

	2024 Rm	2023 Rm
50 basis point – increase		
Discount rate	(36)	(36)
Terminal growth rate	19	19
50 basis point – decrease		
Discount rate	39	39
Terminal growth rate	(17)	(18)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Land and buildings Rm	Plant and machinery Rm	Long-haul vehicles Rm	Total Rm
15. Right-of-use assets				
Balance at 1 July 2022	222	163	41	426
Additions	41	21	1	63
Remeasurement	9	17	2	28
Depreciation	(76)	(32)	(19)	(127)
Balance at 30 June 2023	196	169	25	390
Additions	34	6	–	40
Remeasurement	4	1	–	5
Depreciation	(82)	(33)	(20)	(135)
Balance at 30 June 2024	152	143	5	300
Cost	406	255	91	752
Accumulated depreciation and impairment	(210)	(86)	(66)	(362)
Carrying amount at 30 June 2023	196	169	25	390
Cost	391	248	91	730
Accumulated depreciation and impairment	(239)	(105)	(86)	(430)
Carrying amount at 30 June 2024	152	143	5	300

The group's key leases include leases of land and buildings (warehouses, distribution centres, depots and office space), leases of plant and machinery (storage tanks, equipment and forklifts), as well as leases of long-haul vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

	2024 Rm	2023 Rm
16. Consumable biological assets		
Timber plantations		
Carrying amount at beginning of the year	1 480	1 438
Additions	–	21
Decrease due to harvesting	(262)	(202)
Fair value gain	316	223
Carrying amount at end of the year	1 534	1 480
Livestock		
Carrying amount at beginning of the year	56	53
Additions	1	–
Decrease due to disposals	(13)	(11)
Fair value gain	8	14
Carrying amount at end of the year	52	56
	1 586	1 536

In terms of IAS 41 – *Agriculture*, the timber plantations are valued at fair value less estimated costs to sell. The fair value of mature standing timber, being the age at which it becomes marketable, is based on the market price of the estimated recoverable timber volumes, net of harvesting costs. The fair value of younger standing timber is determined using the discounted cash flow method using a risk-adjusted discount rate. The key assumptions used in the calculation include a discount rate, standing volumes, market prices and operating costs.

The group owns and manages timber plantations for use in the manufacturing of timber products and for sales to external parties. The plantations comprise pulpwood and sawlogs and are managed on a sustainable basis. As such, once in rotation, increases by means of growth are negated by fellings over the rotation period.

At 30 June 2024, consumable biological assets were valued by management at R1 586 million (2023: R1 536 million). The valuation of the group's consumable biological assets has been carried out by management. The fair value of consumable biological assets is classified as Level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Hectares	2023 Hectares
16. Consumable biological assets (continued)		
16.1 Quantities of timber plantations		
Pine	31 624	32 394
Eucalyptus	10 446	9 687
Temporary unplanted areas	2 685	2 666
	44 755	44 747

	2024 m^3	2023 m^3
16.2 Reconciliation of standing volume		
Opening balance	5 383 664	5 375 963
Increase due to growth	864 792	534 017
Decrease due to harvesting	(655 388)	(599 907)
Additions	–	73 591
	5 593 068	5 383 664

	2024 %	2023 %
16.3 Key assumptions		
Discount rate		
Risk-free rate[1]	11.55	11.76
Pre-tax discount rate	19.34	19.63

[1] *The timber plantations mature over an extended period of time and therefore the 10-year Government Bond Yield Curve (GSAB10YR) represents a suitable fit for the period under consideration.*

Standing volumes

The expected yields per log class are calculated with reference to standard industry growth models relevant to the planted area and tree species. Growth models are updated regularly with enumeration data. Enumerations involve processes to regularly collect more accurate information about the rate of growth and stocking of trees in the plantations.

	2024 R/m^3	2023 R/m^3
Market prices		
The price per cubic metre per log class is based on current market prices per log class.		
Log prices		
Pine	301 to 1 026	307 to 1 153
Eucalyptus	488	496
Harvesting costs		
Pine	154 to 280	145 to 264
Eucalyptus	213	201

Operating costs

The costs are based on the forest management activities required for the trees to reach the age of felling. The costs include the current costs of maintenance and risk management, as well as an appropriate amount of fixed overhead costs.

16.4 Sensitivity analysis

The sensitivity analysis shows how the fair value of mature and immature timber would be affected if the key valuation parameters were changed as indicated below:

	2024 Rm	2023 Rm
Current log price – 100 basis point increase	27	25
Forecast log price inflation rate – 25 basis point increase	9	6
Forecast cost inflation rate – 25 basis point increase	(1)	(1)
Pre-tax discount rate – 25 basis point increase	(5)	(4)
Volume – 100 basis point increase	13	13

A decrease by the same percentage in the above categories would have had an equal, but opposite effect on fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

16. Consumable biological assets (continued)

16.5 Northeastern Cape plantation fire

Consumable biological assets were affected by a fire in the northeastern Cape region during August 2023, which resulted in damage to 2 492 hectares of plantations. The value of the affected plantations is R115 million and it is estimated that this entire value will be recovered through salvage operations and insurance proceeds of R15 million, which was fully accounted for in the current financial year.

16.6 Risk management

The group is exposed to a number of risks regarding its timber plantations:

Regulatory and environmental risks
The group's timber plantation operations are subject to laws and regulations. The group has established environmental policies and procedures aimed at compliance with local environmental and other laws. The northeastern and southern Cape forests are managed in compliance with the requirements of the Forestry Stewardship Council ('FSC') and are FSC certified. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risks
For sale of timber to external parties, the group is exposed to risks arising from the fluctuations of price and sales volumes of timber. Where possible, the group manages these risks by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the group's pricing structure is in line with the market and projected harvest volumes are consistent with the expected demand.

Climate and other risks
The group's timber plantations are exposed to the risk of damage from climate changes, disease, forest fires and other natural forces. The group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry and pest disease surveys. The group also insures itself, where cost effective, against natural disasters such as fire. Livestock was introduced to the plantations as part of the fire-prevention strategy of the group.

16.7 Encumbered consumable biological assets

None of the group's consumable biological assets are encumbered.

16.8 Commitments

There are no amounts committed for the development and acquisition of consumable biological assets.

17. Investments in associate and joint venture companies

17.1 Shareholding in associate and joint venture companies

	Place of business	Nature of business	2024 % shareholding	2023 % shareholding
Associate companies				
Auria South Africa Proprietary Limited	South Africa	Manufacturing of automotive components	49.0	49.0
PG Bison (Kenya) Limited	Kenya	Retail of wood-based decorative panel products	50.0	50.0
iDream Limited	New Zealand	Retail of bed mattresses and bedroom furniture	50.0	50.0
Joint venture companies				
Auria Feltex Proprietary Limited	South Africa	Dormant	49.0	49.0
Autoneum Feltex Proprietary Limited	South Africa	Manufacturing of automotive components	49.0	49.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Carrying amount		Profit or loss	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
17. Investments in associate and joint venture companies (continued)				
17.2 Summarised aggregate information in respect of associate and joint venture companies				
Associate companies				
Auria South Africa Proprietary Limited[1]	128	128	19	25
PG Bison (Kenya) Limited	67	58	4	1
iDream Limited	20	23	(2)	(2)
	215	209	21	24
Joint venture companies				
Autoneum Feltex Proprietary Limited	35	28	17	15
	250	237	38	39

[1] *Included in the carrying amount is a loan receivable of R31 million (2023: R50 million).*

	Notes	2024 Rm	2023 Rm
18. Investments and loans receivable			
Unlisted investments		1	1
Loans receivable (carried at amortised cost)		47	58
Less: Loss allowance	36.2.2	(21)	(30)
Total investments and loans receivable		27	29
Less: Loans receivable included in current assets		(23)	(13)
Non-current investments and loans receivable		4	16

The loans receivable consist of various loans bearing interest at market-related interest rates as well as interest-free loans.

The fair value of investments and loans is disclosed in note 36.1.

Credit risk related to loans receivable and the management thereof is disclosed in note 36.2.2.

	Notes	2024 Rm	2023 Rm
19. Deferred taxation assets/(liabilities)			
19.1 Deferred taxation movement			
Balance at beginning of the year		(2 444)	(2 593)
Deferred taxation of subsidiaries acquired	34	(26)	(5)
Amounts charged directly to equity			
Share-based payments		1	(15)
Current year charge per the income statement		24	180
Exchange differences on translation of foreign operations		15	(11)
		(2 430)	(2 444)
Comprising:			
Deferred taxation assets		81	89
Deferred taxation liabilities		(2 511)	(2 533)
		(2 430)	(2 444)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Rm	2023 Rm
19. Deferred taxation assets/(liabilities) (continued)		
19.2 Analysis of deferred taxation balances		
Deferred taxation assets		
Property, plant and equipment	(43)	(84)
Right-of-use assets	(8)	(6)
Prepayments and provisions or allowances	27	30
Share-based payments	6	11
Taxation losses	82	130
Other temporary differences	17	8
	81	89
Deferred taxation liabilities		
Intangible assets	(442)	(422)
Property, plant and equipment	(2 490)	(2 147)
Right-of-use assets	(73)	(96)
Consumable biological assets	(424)	(410)
Share-based payments	19	16
Lease liabilities	87	108
Prepayments and provisions or allowances	95	96
Taxation losses	709	306
Other temporary differences	8	16
	(2 511)	(2 533)

Realisation of the deferred taxation assets is expected from future taxable income, which is based on the assessment by management of future plans and forecasts, and is assessed and deemed to be reasonable.

Deferred taxation has been calculated at the standard corporate and capital gains tax rates substantively enacted as at the reporting date. The rate used is based on management's expected manner of recovery of the carrying value of assets and settlement of the carrying amount of liabilities.

	2024		2023	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
20. Derivative financial instruments				
Non-current				
Equity derivatives	58	–	47	–
Foreign currency derivatives	–	–	10	(8)
	58	–	57	(8)
Current				
Foreign currency derivatives	10	(36)	111	(80)
	68	(36)	168	(88)

Equity derivative
In November 2022, the group entered into an equity derivative transaction for a total amount of R117 million to hedge the cash impact of a long-term incentive scheme (refer note 25.2). The hedging instrument's forward dates are 2 November 2026, 1 November 2027 and 31 October 2028, which closely coincide with the vesting dates of the long-term incentive scheme.

The fair value of the equity derivative is based on the forward pricing methodology. The inputs used in the valuation include the current spot price and the present value of the assumed dividends which are calculated using a risk-free rate.

Foreign currency derivatives
The group uses forward exchange contracts and currency options to hedge its foreign currency risk against change in foreign currency denominated assets and liabilities. Fair values are calculated using standard market calculation conventions with reference to the relevant closing market spot rates and forward foreign exchange rates. Refer to note 36.2.1 for more details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

		Notes	2024 Rm	Restated* 2023 Rm
21.	**Inventories**			
	Finished goods		1 108	1 298
	Raw materials		1 756	1 396
	Work in process		155	153
	Consumables		788	620
			3 807	3 467

**Refer to note 39 for the details on the restatement.*

The cost of inventories recognised as an expense during the year was R17 059 million (2023: R17 261 million).

		Notes	2024 Rm	Restated* 2023 Rm
22.	**Trade and other receivables**			
	Trade receivables		4 301	3 866
	Deposits paid		48	42
	Insurance claims receivable		34	258
	Related-party receivables	35	36	29
	Other amounts due		133	129
	Less: Loss allowance	36.2.2	(82)	(82)
	Trade and other receivables (financial assets)		4 470	4 242
	Prepayments		425	430
	Value added taxation receivable		101	142
			4 996	4 814

The credit period on sale of goods and services varies based on industry norms. Where relevant, interest is charged at market-related rates on outstanding balances.

Trade receivables to the amount of R29 million were written off during the current year (2023: R20 million) and are still subject to legal enforcement processes.

The group's exposure to foreign currency risk related to trade and other receivables is disclosed in note 36.2.1.

Credit risk related to trade and other receivables and the related management thereof is disclosed in note 36.2.2.

23. Assets held for sale

During 2023 a decision was taken to close the loss-making rail business which forms part of the Unitrans division. The rail assets were measured at fair value less costs to sell of R53 million at 30 June 2023. The rail assets were disposed for proceeds of R58 million in 2024.

	Notes	2024 Rm	Restated* 2023 Rm
The carrying amount of total assets held for sale			
Property, plant and equipment		–	53

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Number of shares	2023 Number of shares	2024 Rm	2023 Rm
24. Stated share capital				
24.1 Share capital				
Authorised				
Ordinary shares of no par value	6 000 000 000	6 000 000 000	–	–
Cumulative, non-redeemable, non-participating preference shares of no par value	1 000 000 000	1 000 000 000	–	–
Perpetual preference shares of no par value	50 000 000	50 000 000	–	–
Issued				
Ordinary shares in issue at beginning of the year	2 477 094 448	2 472 100 574	7 896	7 896
Ordinary shares issued during the year	16 622 359	4 993 874	–	–
Ordinary shares in issue at end of the year	2 493 716 807	2 477 094 448	7 896	7 896
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the company.				
24.2 Dividends per share				
No dividends were declared and paid by the company during the year (2023: 29 cents per ordinary share).			–	717

25. Share-based payments

25.1 KAP Performance Share Rights Scheme

At the annual general meeting of KAP on 14 November 2012, a share incentive scheme was approved and implemented. The maximum number of ordinary shares that may be used for the continued implementation of the scheme may not exceed 366 274 533 ordinary shares. The share rights granted annually since this meeting are subject to the following scheme rules:

- Rights are granted to qualifying senior executives on an annual basis.
- Vesting of rights occurs on the third anniversary of grant date, provided performance criteria, as set by KAP's remuneration committee at or about the time of the grant date, have been achieved.
- In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attached to the particular grant will lapse.

	2024	2023
Reconciliation of the number of shares available for allocation		
Shares authorised for purposes of KAP Performance Share Right Scheme	366 274 533	366 274 533
Cumulative share rights granted[1]	(187 095 947)	(161 445 328)
Shares available for allocation	179 178 586	204 829 205

[1] *The cumulative share rights granted are net of grants which lapsed or were forfeited.*

	2024 Rights	2023 Rights
Reconciliation of rights granted		
Balance at beginning of the year	87 957 768	98 197 726
Forfeited/lapsed during the year	(30 065 209)	(43 547 908)
Exercised during the year	(30 222 544)	(9 079 812)
Granted during the year	69 316 013	42 387 762
Balance at end of the year	96 986 028	87 957 768

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

25. Share-based payments (continued)

25.1 KAP Performance Share Rights Scheme (continued)

	2024 Rm	2023 Rm
Charged to profit or loss	58	34

Assumptions

The fair value of services received in return for share rights granted is measured by reference to the fair value of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The fair value at measurement date is determined using a present value methodology whereby the unconditional fair value is equal to the share price at the grant date, less the present value of estimated dividends paid prior to time of exercise.

	December 2023 Grant	December 2022 Grant	December 2021 Grant	December 2020 Grant	December 2019 Grant
Fair value of KAP share rights and assumptions					
Fair value at measurement date	R2.27	R3.56	R3.46	R2.48	R3.73
Share price at grant date	R2.64	R4.30	R4.23	R2.95	R4.15
Exercise price	R0.00	R0.00	R0.00	R0.00	R0.00
Risk-free interest rate	7.65%	8.09%	5.98%	4.22%	6.80%
Expected dividend yield	5.03%	6.28%	6.65%	5.42%	3.63%
Expected forfeiture rate	0.00%	0.00%	0.00%	0.00%	0.00%
Life of share right	3 years	3 years	3 years	3 years	3 years

The risk-free interest rates were obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded money-market, forward rate agreement ('FRA') and swap rate inputs.

The dividend forecasts were estimated using a combination of broker consensus forecasts, historical dividend data, and/or management's view of the future dividends. The dividend per share forecasts and the projected forward share prices (calculated under the risk-neutral framework), at the estimated ex-dividend dates, were used to determine simple periodic dividend yields over the period of the scheme.

25.2 KAP Executive Retention Scheme

Effective 1 November 2022, the group issued 34 million cash-settled share appreciation rights to executive management with an exercise price of Rnil. The value of these share appreciation rights are linked to the KAP share price over the vesting period. The share appreciation rights vest on 31 October 2026, 31 October 2027 and 31 October 2028. These share appreciation rights are classified as cash-settled share-based payment benefits.

	2024 Rights	2023 Rights
Reconciliation of options granted		
Balance at beginning of the year	34 000 000	–
Forfeited during the year	(2 577 505)	–
Granted during the year	–	34 000 000
Balance at end of the year	31 422 495	34 000 000

None of the share appreciation rights have vested as at 30 June 2024.

	Rm	Rm
Charged to profit or loss	17	8

Assumptions

The cash-settled share-based payment liability is measured at the fair value of the share appreciation rights, taking into account the terms and conditions on which the rights were granted and the extent to which the employees have rendered service to date. The fair value is determined using a present value methodology whereby the fair value is equal to the share price at the measurement date, less the present value of estimated dividends paid prior to time of exercise. The liability is included with employee benefits in note 29.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

25. Share-based payments (continued)

25.2 KAP Executive Retention Scheme (continued)

The assumptions used in estimating the fair value at year-end are listed below:

Vesting period	31 October 2026	31 October 2027	31 October 2028
Share price at 30 June 2024	R2.85	R2.85	R2.85
Risk-free interest rate	7.79%	7.86%	8.03%
Expected dividend yield	7.80%	8.78%	9.30%
Expected forfeiture rate	0.00%	0.00%	0.00%
Rights value at 30 June 2024	R2.37	R2.12	R1.90

The risk-free interest rates were obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded money-market, FRA and swap rate inputs.

The dividend forecasts were estimated using a combination of broker consensus forecasts and historical dividend data. The dividend per share forecasts and the projected forward share prices (calculated under the risk-neutral framework), at the estimated ex-dividend dates, were used to determine simple periodic dividend yields over the period of the scheme.

26. Non-controlling interests

26.1 Details of subsidiaries that have non-controlling interests:

	Non-controlling shareholding		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2024 %	2023 %	2024 Rm	2023 Rm	2024 Rm	2023 Rm
Bapotrans Proprietary Limited	50.0	50.0	–	2	19	19
Connacher (Natal) Proprietary Limited	–	25.0	–	2	–	10
DesleeMattex Proprietary Limited	40.0	40.0	13	7	55	52
Feltex Fehrer Proprietary Limited	49.0	49.0	40	22	142	111
Iqhaue Proprietary Limited	49.9	49.9	14	14	23	14
Mega Express Proprietary Limited	35.0	35.0	20	17	16	22
Optix Holdings Proprietary Limited	13.6	13.6	(6)	(5)	6	12
Phenduka Transit Systems Proprietary Limited	49.0	49.0	8	2	7	2
SingRisk Services Private Limited	13.6	13.6	1	2	27	26
Southern Star Logistics Proprietary Limited	50.0	50.0	(4)	(14)	(53)	(49)
UniMat Logistics SA	40.0	40.0	22	18	49	52
Unitrans Namibia Proprietary Limited	25.0	25.0	–	(1)	10	10
Individually immaterial subsidiaries with non-controlling interest	24.5 to 49.0	24.5 to 50.0	6	6	(1)	(4)
			114	72	300	277

26.2 Net effect of shares bought from non-controlling shareholder

Effective 1 April 2024 the group acquired the 25% minority interest in Connacher (Natal) Proprietary Limited for a consideration of R19 million.

	2024 Rm
Carrying amount of non-controlling interest acquired	10
Loan claims acquired	3
Total consideration paid	(19)
Decrease in equity attributable to owners of the parent	(6)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Note	2024 Rm	2023 Rm
27. Loans and borrowings			
27.1 Analysis of closing balance			
Secured financing		1 321	1 605
Vehicle and asset finance		1 307	1 577
Term loans		14	28
Unsecured financing covered by intergroup cross-guarantees		8 010	7 390
Term loans		–	802
Senior unsecured listed notes		6 015	6 588
Revolving credit loan		1 995	–
Unsecured financing		89	101
Related-party loan payable	35	88	88
Other loans		1	13
Total loans and borrowings		9 420	9 096
Less: Loans and borrowing included in current liabilities		(2 710)	(2 247)
Non-current loans and borrowings		6 710	6 849
27.2 Analysis of repayment			
Next year		2 710	2 247
Year two		1 331	2 527
Year three		4 344	1 586
Year four		998	1 797
Year five		37	939
		9 420	9 096

All loans and borrowings are carried at amortised cost. The fair values of loans and borrowings are disclosed in note 36.1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Current year interest rate	2024 Rm	2023 Rm
27. Loans and borrowings (continued)			
27.3 Loans and borrowings details			
Secured[1]			
Variable interest rates			
Vehicle and asset finance[2]	9.75% to 10.75%	1 296	1 564
Term loans[3]	12.75%	5	17
Term loans[4]	21.3% to 23.10%	9	11
Unsecured financing covered by intergroup cross-guarantees			
Variable interest rates			
Term loans	10.33% to 10.60%	–	800
Senior unsecured listed notes[5]	9.70% to 10.50%	5 950	6 502
Revolving credit loan[6]	9.80% to 10.25%	2 000	–
Unsecured			
Variable interest rates			
Related-party loan payable	11.00% to 15.75%	33	33
Interest free			
Related-party loan payable	–	50	52
Other loans	–	1	13
Interest due			
Vehicle and asset finance		11	13
Term loans		–	2
Senior unsecured listed notes		67	86
Revolving credit loan		4	–
Related-party loan payable		5	3
Transaction costs capitalised		(11)	
Total loans and borrowings		9 420	9 096

[1] The carrying amount of assets encumbered in favour of the secured loans amounts to R1 675 million (2023: R1 830 million).
[2] The vehicle and asset finance bears interest linked to SA prime and repayable in monthly instalments up to 60 months.
[3] The term loan bears interest linked to SA prime and is repayable monthly ending June 2025.
[4] The term loan is denominated in Mozambican metical (MZN) and bears interest linked to the Mozambican prime lending rate and is repayable monthly ending February 2027.
[5] The senior unsecured listed notes bear interest linked to three-month JIBAR and the maturity dates are publicly available.
[6] The revolving credit loan bears interest linked to three-month JIBAR and is drawn down under facility A which has a maturity date of 7 December 2026.

The group complied with all the financial covenants during the 2024 and 2023 financial years. The capital risk management and financial covenant triggers are disclosed in note 36.3.

Global Credit Rating Co. Proprietary Limited reviewed the company's credit rating in November 2023 and affirmed its long-term national scale issuer rating of KAP as A+(za) and its short-term national scale issuer rating as A1(za), with a negative outlook on both ratings.

Unsecured financing covered by intergroup cross-guarantees
The following companies participate in the cross-guarantees (jointly and severally) in respect of the company's term loans and its revolving credit facility:

- KAP Automotive Proprietary Limited
- PG Bison Proprietary Limited
- Restonic Proprietary Limited
- Safripol Proprietary Limited
- Unitrans Passenger Proprietary Limited
- Unitrans Supply Chain Solutions Proprietary Limited

The following companies participate in the guarantee (jointly and severally) in respect of the notes issued by the company under its domestic medium term note programme:

- KAP Automotive Proprietary Limited
- PG Bison Proprietary Limited
- Restonic Proprietary Limited
- Safripol Proprietary Limited
- Unitrans Passenger Proprietary Limited
- Unitrans Supply Chain Solutions Proprietary Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Rm	2023 Rm
27. Loans and borrowings (continued)		
27.4 Reconciliation of movements in loans and borrowings		
Balance at beginning of year	9 096	8 730
Changes from financing cash flows		
Loans and borrowings received	3 547	2 612
Loans and borrowings repaid	(3 183)	(2 303)
	364	309
Other changes		
Acquisition of subsidiaries	–	16
Capitalised borrowing costs	173	57
Finance costs expense	901	833
Finance costs paid	(1 092)	(847)
Other	(22)	(4)
Exchange differences on translation of foreign operations	–	2
	(40)	57
Total loans and borrowings	9 420	9 096
27.5 Available borrowing facilities		
Committed		
Revolving credit facility[7]	1 000	750
Uncommitted		
Call loan and overdraft facilities	2 133	2 050
	3 133	2 800

[7] *The revolving credit facility B is committed for immediate utilisation and has a maturity date of 7 December 2028.*

In addition, the group has access to available facilities for guarantees, letters of credit, foreign exchange contracts, cards and vehicle and asset financing.

In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited.

	2024 Rm	2023 Rm
28. Lease liabilities		
Balance at beginning of the year	449	478
Additions	40	63
Remeasurements	5	28
Capital repayments	(138)	(120)
Finance costs	34	38
Payments	(172)	(158)
Exchange differences on translation of foreign operations	(1)	–
Total lease liabilities	355	449
Less: Lease liabilities included in current liabilities	(82)	(126)
Non-current lease liabilities	273	323

The contractual maturity for lease liabilities is included in the liquidity risk section in note 36.2.3.

The lease payments are discounted using the incremental borrowing rate. The incremental borrowing rate for leases is determined based on the company borrowing rate, as the group utilises a central treasury function. Adjustments for the underlying group divisional credit risk and asset classes are not considered to give rise to a material impact on the accounting for right-of-use assets and lease liabilities. Interest is based on incremental borrowing rates ranging between 5.73% and 12.25% (2023: between 5.73% and 12.25%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Rm	2023 Rm
29. Employee benefits		
Performance-based bonus	178	201
Cash-settled share-based payment	25	8
Wage/13th cheque bonus	58	57
Leave pay	181	169
Post-retirement medical benefits	2	2
Other	10	13
Total employee benefits	454	450
Less: Employee benefits included in current liabilities	(415)	(430)
Non-current employee benefits	39	20

Performance-based bonus

The bonus payable refers to various schemes across the group and is calculated based on the employee's achievement of performance targets.

Leave pay

The leave pay provision relates to vesting leave pay to which employees may become entitled on leaving the employment of the group. The provision arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on employees' total cost of employment. The provision is utilised when employees become entitled to and are paid for the accumulated leave or utilise compensated leave due to them.

	Accident and insurance fund provisions Rm	Other[1] Rm	Total Rm
30. Provisions			
Balance at 1 July 2022	39	50	89
Additional provision raised	110	25	135
Amounts unused reversed	(78)	(11)	(89)
Amounts utilised	(40)	(52)	(92)
Balance at 30 June 2023	31	12	43
Additional provision raised	99	3	102
Amounts unused reversed	(56)	(1)	(57)
Amounts utilised	(50)	(3)	(53)
Reclassified from accruals	–	5	5
Balance at 30 June 2024	24	16	40

	2024 Rm	2023 Rm
Total provisions	40	43
Less: Provisions included in current liabilities	(38)	(41)
Non-current provisions	2	2

[1] *Other provisions include legal, lease restoration, labour-related matters and contractual maintenance obligations for certain long-haul vehicles and buses, among others.*

Accident and insurance fund provisions

The fund relates to accidents that occurred but were not settled at the reporting date.

	Note	2024 Rm	Restated* 2023 Rm
31. Trade and other payables			
Trade payables		4 802	4 503
Accruals		194	258
Rebates payable		245	213
Related-party payables	35	13	32
Other payables and amounts due		37	61
Trade and other payables (financial liabilities)		5 291	5 067
Employee-related accruals		68	64
Value added taxation payable		99	93
		5 458	5 224

* *Refer to note 39 for the details on the restatement.*

The fair value of trade and other payables is disclosed in note 36.1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Rm	2023 Rm
32. Commitments and contingencies		
32.1 Capital expenditure		
Contracts for capital expenditure authorised	134	1 001

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

32.2 Contingent liabilities

Certain companies in the group are involved in disputes where the outcomes are uncertain. However, the directors are confident that the potential impact on the group will not be material.

The Competition Commission of South Africa ('the Commission') initiated an investigation into alleged price fixing and collusion by PG Bison Proprietary Limited ('PG Bison'), a subsidiary of the company, in March 2016. As a result of internal investigations, PG Bison discovered certain conduct, which it considered may have been in contravention of the Competition Act, 89 of 1998. PG Bison notified the Commission thereof through the Commission's corporate leniency policy and, in April 2018, applied to the Commission for immunity against prosecution. In October 2019, the Commission informed PG Bison that its immunity application had been declined. PG Bison launched a review application in the High Court, on 7 November 2019, to review and set aside the Commission's refusal to grant it immunity ('the review application'). On 13 November 2019, the Commission referred a complaint against PG Bison to the Competition Tribunal, alleging collusive conduct for the period 2009 to 2016 ('the complaint referral') and requesting a penalty of 10% of PG Bison's annual turnover. On 11 December 2019, PG Bison filed a stay application with the Competition Tribunal to suspend the hearing of the complaint referral, pending the outcome of PG Bison's review application, which the Commission has not opposed. There have been no material developments in PG Bison's review application during the year. The directors are of the opinion that PG Bison has a compelling case and that the review application will be successful.

There are no other litigation or legislative compliance matters, current or pending, which are considered likely to have a material adverse effect on the group.

The group has issued guarantees and suretyships to various banking and financial institutions for the credit facilities available to the group, as well as to suppliers of goods and services to the group, in the ordinary course of business. However, the directors are confident that no material liability will arise as a result of these guarantees and suretyships.

	2024 Rm	Restated* 2023 Rm
33. Cash flow information		
33.1 Cash generated from operations		
Operating profit	2 204	1 707
Adjusted for:		
Capital items	46	816
Amortisation and depreciation	1 444	1 497
Net fair value adjustments of consumable biological assets[1]	(49)	(24)
Share-based payment – equity-settled	58	34
Impairment of loans receivable	(1)	2
Other non-cash adjustments	(8)	1
Cash generated before working capital changes	3 694	4 033
Working capital changes		
Increase in inventories	(333)	(37)
(Increase)/decrease in trade and other receivables	(234)	60
Decrease/(increase) in derivative financial assets[2]	100	(63)
Decrease in provisions	(3)	(47)
Increase/(decrease) in employee benefits	9	(43)
Increase/(decrease) in trade and other payables	309	(28)
(Decrease)/increase in derivative financial liabilities	(51)	14
Changes in working capital	(203)	(144)
Cash generated from operations	3 491	3 889

* *Refer to note 39 for the details on the restatement.*
[1] *Includes fair value gains and decrease due to harvesting and sale of livestock.*
[2] *Included in the 2023 movement is an amount of R117 million paid for the purchase of equity derivatives.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Notes	2024 Rm	Restated* 2023 Rm
33. Cash flow information (continued)			
33.2 Taxation paid			
Net taxation receivable at beginning of year		18	(43)
Taxation receivable		(50)	(63)
Taxation payable		68	20
Current year charge through the income statement	10	237	532
Acquisition of subsidiaries	34	2	–
Interest and penalties due		5	(1)
Exchange differences on translation of foreign operations		1	(3)
Net taxation receivable at end of the year		44	(18)
Taxation receivable		93	50
Taxation payable		(49)	(68)
Taxation paid		307	467

* *Refer to note 39 for the details on the restatement.*

34. Acquisition of subsidiaries, net of cash acquired

Effective 1 March 2024, KAP Automotive Proprietary Limited acquired 100% of the shares in Imvusa Interior Trim Proprietary Limited ('Imvusa') for R86 million. Imvusa is a supplier of soft trim components that are supplied to the automotive industry.

	2024 Rm
The fair value of assets and liabilities assumed at date of acquisition	
Assets	
Intangible assets	74
Property, plant and equipment	23
Inventories	5
Trade and other receivables[1]	5
Cash on hand	9
Liabilities	
Deferred taxation liabilities	(26)
Trade and other payables	(2)
Taxation payable	(2)
Total assets and liabilities acquired	86
Consideration paid for equity interest	86
Cash and cash equivalents on hand at acquisition	(9)
Net cash outflow on acquisition of subsidiaries	77

[1] *The fair value and gross contractual value of receivables acquired (which principally comprised trade receivables) is R5 million. All estimated contractual cash flows are expected to be collected.*

For the four months ended 30 June 2024, Imvusa contributed revenue of R14 million and net profit after tax of R4 million to the group's results, excluding the effect of the purchase price allocation. If the acquisition occurred on 1 July 2023, management estimates that the revenue and net profit after tax of the group would have increased by R36 million and R9 million, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

35. Related-party balances and transactions

Related-party relationships exist between shareholders, subsidiaries, associate and joint venture companies within the group.

These transactions are concluded in the normal course of business. All material intergroup transactions are eliminated on consolidation. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Trading balances and transactions

The following is a summary of material transactions with related parties during the year and the balances of receivables and payables at year-end:

	2024 Rm	2023 Rm
Related-party loans payable		
Autoist Proprietary Limited	6	5
Freight-X Proprietary Limited	56	56
GW Erasmus	–	3
Rhidan Investments 94 Proprietary Limited	13	13
Steve Ford Solutions Proprietary Limited	13	11
	88	88
Related-party loans receivables		
Associate and joint venture companies	31	50
Related-party receivables		
Associate and joint venture companies	36	29
Related-party payables		
Bekaert Deslee N.V. and its subsidiaries	11	27
F.S. Fehrer Automotive GmBH	2	5
	13	32
Dividends received from:		
Associate and joint venture companies	10	10
Dividends paid to:		
Bekaert Deslee N.V. and its subsidiaries	9	–
F.S. Fehrer Automotive GmBH	10	–
Mauritius Automotive Trading Company SARL	24	10
Talama Fleet Logistics Investments Proprietary Limited	36	24
	79	34
Sales to:		
Associate and joint venture companies	149	118
Purchases from:		
Associate and joint venture companies	–	–
Freight-X Proprietary Limited	4	–
F.S. Fehrer Automotive GmBH	7	9
Bekaert Deslee N.V. and its subsidiaries	82	71
	93	80

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

		2024 Rm	2032 Rm
35.	**Related-party balances and transactions (continued)**		
	Net administrative and other expenses, including management fees (paid to)/received from:		
	Associate and joint venture companies	5	3
	Bekaert Deslee N.V. and its subsidiaries	(4)	(4)
	Freight-X Proprietary Limited	(3)	(3)
	F.S. Fehrer Automotive GmBH	(18)	(9)
	Mauritius Automotive Trading Company SARL	2	2
	Pamue Investments Corporation Proprietary Limited	(1)	(1)
	Rhidan Investments 94 Proprietary Limited and its subsidiaries	(3)	(2)
		(22)	(14)
	Finance income received from:		
	Associate and joint venture companies	4	5
	Finance costs paid to:		
	Autoist Proprietary Limited	1	1
	Freight-X Proprietary Limited	2	2
	Steve Ford Solutions Proprietary Limited	2	2
		5	5

For details of material related parties where control exists, refer to note 37.

Directors of the company are considered to be key management personnel. For details in respect of key management compensation, refer to note 38.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management

36.1 Financial instruments

The following table summarises the group's classification of the carrying values of financial instruments and their fair values.

	At fair value through profit or loss Rm	At amortised cost Rm	Total carrying values Rm	Total fair values Rm
2024				
Financial assets				
Investments and loans receivable	–	27	27	27
Trade and other receivables	–	4 470	4 470	4 470
Derivative financial instruments	68	–	68	68
Cash and cash equivalents	–	1 398	1 398	1 398
	68	5 895	5 963	5 963
Financial liabilities				
Loans and borrowings	–	(9 420)	(9 420)	(9 475)
Trade and other payables	–	(5 291)	(5 291)	(5 291)
Derivative financial instruments	(36)	–	(36)	(36)
	(36)	(14 711)	(14 747)	(14 802)
Net financial instruments	32	(8 816)	(8 784)	(8 839)
Net losses recognised in profit or loss	58	21	79	
Net interest expense	–	994	994	
2023 (restated)*				
Financial assets				
Investments and loans receivable	–	29	29	29
Trade and other receivables	–	4 242	4 242	4 242
Derivative financial instruments	168	–	168	168
Cash and cash equivalents	–	1 453	1 453	1 453
	168	5 724	5 892	5 892
Financial liabilities				
Loans and borrowings	–	(9 096)	(9 096)	(9 165)
Trade and other payables*	–	(5 067)	(5 067)	(5 067)
Derivative financial instruments	(88)	–	(88)	(88)
	(88)	(14 163)	(14 251)	(14 320)
Net financial instruments	80	(8 439)	(8 359)	(8 428)
Net losses/(gains) recognised in profit or loss	35	(8)	27	
Net interest expense	–	853	853	

** Refer to note 39 for the details on the restatement.*

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

Trade and other receivables and loans receivable

The carrying amount of trade and other receivables and loans receivable reasonably approximates the fair value at 30 June 2024.

Derivative financial instruments

The fair values of forward exchange contracts and currency options are based on the standard market calculation conventions with reference to the relevant closing market spot rates and forward foreign exchange rates.

The fair value of the equity derivative is based on the forward pricing methodology. The inputs used in the valuation includes the current spot price and the present value of the assumed dividends which are calculated using the risk-free rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.1 Financial instruments (continued)

Financial liabilities at amortised cost

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair values are not necessarily indicative of the amounts the group would require to settle the liability in the normal course of business.

The carrying amount of short-term financial liabilities reasonably approximates the fair value at 30 June 2024.

Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

- Level 1 – Unadjusted quoted prices for financial assets and financial liabilities traded in an active market for identical financial assets or financial liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the financial asset or financial liability that are not based on observable market data.

The group's derivative financial instruments are classified as Level 2. Refer to note 20 for details on the inputs used in determining fair value.

There were no Level 1 or Level 3 financial assets or financial liabilities as at 30 June 2024 or 30 June 2023.

36.2 Financial risk management

The group's activities expose it to a variety of financial risks including:

- market risk arising from foreign currency risk and interest rate risk;
- credit risk; and
- liquidity risk.

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively across the group, embedding a risk management culture throughout the group. The board and the audit and risk committee are provided with a consolidated view of the risk profile of the group, and any major exposures and relevant mitigating actions are identified.

The group operates a central treasury function that manages the funding and liquidity risks and requirements of the group's operations. The divisional funding structures and divisional balance sheet structures are determined centrally, according to the requirements of each division. Cash management is controlled and reported centrally to ensure that it is managed effectively and provides daily visibility of all bank accounts in the group. Currency volatility is closely managed by the central treasury office to mitigate foreign exchange risk. The group manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs of the group are mainly centralised in the central treasury office. The central treasury office invests the net cash reserves and borrows the net cash deficits from the financial markets, mainly in short-term instruments linked to variable interest rates.

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

Regular management reporting and internal audit reports provide a balanced assessment of key risks and controls. The chief financial officer provides quarterly confirmation to the board that financial and accounting control frameworks have operated satisfactorily and consistently.

The group does not speculate in the trading of derivative or other financial instruments. It is group policy to hedge exposure to cash and future contracted transactions. These contracts are not designated as effective hedging instruments and therefore hedge accounting is not applied.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.1 Market risk

Market risk is the risk arising from adverse changes in market rates and equity prices.

Price risk

The group's exposure to price risk relates to the equity derivative (refer to note 20) as a result of fluctuations in the share price of the company. The equity derivative was purchased in order to settle the total expected future obligation relating to the share appreciation rights that have been granted to executive management in terms of the long-term incentive scheme (refer to note 25.2). The movements in the company share price affect both the fair value of the equity derivative and cash-settled share appreciation rights. Movements will not have a material impact on either profit or loss or equity of the group over time.

Foreign currency risk

Risk exposure	The group interacts with international customers and suppliers and is exposed to foreign currency risk arising from these exposures. The group's operating costs, however, are principally incurred in South African rand. The differences resulting from the translation of foreign operations into the presentation currency of the group is not taken into account when considering foreign currency risk.
How the risk arises	Foreign currency risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. Foreign currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.
Objectives, policies and processes for managing risk	It is group policy to hedge exposure to cash and future contracted transactions in foreign currencies for a range of forward periods, but not to hedge exposure for the translation of reported profits or reported assets and liabilities.

At reporting date, the carrying amounts of the group's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, are as follows:

	US dollar Rm	Euro Rm	AU dollar Rm
Foreign currency denominated monetary assets and liabilities			
2024			
Trade and other receivables	103	3	30
Cash and cash equivalents	99	9	–
Trade and other payables	(1 023)	(436)	–
Pre-derivative position	(821)	(424)	30
Derivative effect	824	430	(18)
Open position	3	6	12
2023			
Trade and other receivables	137	15	66
Cash and cash equivalents	208	2	–
Trade and other payables	(1 178)	(256)	–
Pre-derivative position	(833)	(239)	66
Derivative effect	893	953	(52)
Open position	60	714	14

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.1 Market risk (continued)

The following significant exchange rates applied during the year and were used in calculating sensitivities:

Rand	Forecast rate[1] 30 June 2025	Forecast rate[1] 30 June 2024	Reporting date spot rate 30 June 2024	Reporting date spot rate 30 June 2023
Euro	20.10	20.75	19.53	20.59
US dollar	18.00	18.75	18.23	18.86
AU dollar	12.45	13.05	12.18	12.55

[1] *The forecast rates represent an average of the foreign currency rates forecast by the major banks that the group transacts with regularly. These rates are not necessarily management's expectations of currency movements.*

Sensitivity analysis

The table below indicates the group's sensitivity at year-end to the movements in the major currencies that the group is exposed to on its financial instruments. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis performed was consistent with methods applied as at 30 June 2023.

The impact on the reported numbers of using the forecast rates as opposed to the reporting-date spot rates is set out below:

Impact on profit or (loss) before taxation	2024 Rm	2023 Rm
Euro strengthened by 2.9% (2023: strengthened by 0.8%) to the rand	–	6
US dollar weakened by 1.3% (2023: weakened by 0.6%) to the rand	–	–
AU dollar strengthened by 2.2% (2023: strengthened by 4.0%) to the rand	–	3

The group's open position exposure at 30 June 2024 considering the forecast change in foreign currency rates would have an immaterial impact on profit or loss.

If the foreign currencies were to strengthen/weaken against the rand, by the same percentages as set out in the table above, it would have an equal, but opposite effect on profit or loss before taxation.

Foreign currency derivative financial instruments

The group uses forward exchange contracts ('FECs') and currency options to hedge its foreign currency risk against change in foreign currency denominated assets and liabilities. FECs have maturities of less than one year after reporting date. Currency options were entered into to hedge the foreign currency risk on future capital purchases and have remaining maturities of less than one year. As a matter of policy, the group does not enter into derivative instruments for speculative purposes. The fair values of such contracts at year-end, by currency, were:

	Derivative financial assets Rm	Derivative financial liabilities Rm	Net derivative financial assets/(liabilities) Rm
Derivative financial instruments			
2024			
Euro	7	(14)	(7)
US dollar	2	(22)	(20)
AU dollar	1	–	1
	10	(36)	(26)
2023			
Euro	106	(70)	36
US dollar	15	(17)	(2)
AU dollar	–	(1)	(1)
	121	(88)	33

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.1 Market risk (continued)

The group does not apply hedge accounting to FECs and currency options. Changes in the fair value of derivative instruments of economically hedged monetary assets and liabilities in foreign currencies are recognised in profit or loss.

Interest rate risk

Risk exposure	The group is exposed to interest rate risk on cash and cash equivalents, loans receivables and interest-bearing borrowings. Financial instruments with variable rates expose the group to cash flow interest rate risk, while those linked to fixed rates expose the group economically to fair value interest rate risk.
How the risk arises	The group's interest rate risk primarily arises from the impact of movements in market rates (mainly JIBAR and SA prime) on the value of the group's interest-bearing borrowings and receivables.
Objectives, policies and processes for managing risk	As part of the process of managing the group's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. The group has a central treasury function that manages funding and monitors market conditions to achieve the best funding rates. Interest rate exposure is managed through the use of fixed and variable borrowings, as appropriate.

The interest and related terms of the group's interest-bearing loans are disclosed in note 27.

At the reporting date the interest rate profile of the group's financial instruments was:

	Variable JIBAR and SA prime Rm	Variable other[2] Rm	Fixed rate Rm	Non-interest bearing Rm	Total Rm
2024					
Financial assets					
Investments and loans receivable	–	–	–	27	27
Trade and other receivables	–	–	–	4 470	4 470
Derivative financial instruments	–	–	–	68	68
Cash and cash equivalents	767	444	107	80	1 398
	767	444	107	4 645	5 963
Financial liabilities					
Loans and borrowings	(9 339)	(27)	–	(54)	(9 420)
Trade and other payables	–	–	–	(5 291)	(5 291)
Derivative financial instruments	–	–	–	(36)	(36)
	(9 339)	(27)	–	(5 381)	(14 747)
	(8 572)	417	107	(736)	(8 784)
2023 (restated)*					
Financial assets					
Investments and loans receivable	–	–	–	29	29
Trade and other receivables	–	–	–	4 242	4 242
Derivative financial instruments	–	–	–	168	168
Cash and cash equivalents	908	396	49	100	1 453
	908	396	49	4 539	5 892
Financial liabilities					
Loans and borrowings	(9 000)	(31)	–	(65)	(9 096)
Trade payables*	–	–	–	(5 067)	(5 067)
Derivative financial instruments	–	–	–	(88)	(88)
	(9 000)	(31)	–	(5 220)	(14 251)
	(8 092)	365	49	(681)	(8 359)

** Refer to note 39 for the details on the restatement.*
[2] Variable other refers to any financial instruments with interest rates linked to a variable rate other than JIBAR or SA prime, mainly related to entities operating outside of South Africa.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.1 Market risk (continued)

Sensitivity analysis

The group is sensitive to movements in the JIBAR and SA prime rates, which are the primary interest rates to which the group is exposed.

The sensitivities calculated below are based on an increase of 100 basis points for each interest category. These rates are also used when reporting sensitivities internally to key management personnel.

Impact on profit or (loss) before taxation	2024 Rm	2023 Rm
JIBAR and SA prime – 100 basis point increase	(86)	(81)

A 100 basis point decrease in the above rates would have had an equal, but opposite, effect on profit or loss before taxation.

36.2.2 Credit risk

Risk exposure	Credit risk arises mainly from short-term cash and cash equivalent investments, trade and other receivables, and loans receivable. Given the diverse nature of the group's operations, it does not have a significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers. At 30 June 2024, the group did not consider there to be any significant concentration of credit risk that had not been adequately provided for. The amounts presented in the statement of financial position are net of loss allowances.
How the risk arises	Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
Objectives, policies and processes for managing risk	The group deposits short-term cash surpluses with major banks of high-quality credit standing. The group aims to minimise loss caused by default of customers through specific group-wide policies and procedures. Compliance with these policies and procedures is the responsibility of divisional management. Monitoring of compliance with these policies is done centrally and by internal audit. All known risks are required to be fully disclosed and are taken into consideration in calculating the loss allowance. The group assesses the creditworthiness of potential and existing customers by obtaining trade references and credit references and evaluating the business acumen of the customer. Once this review has been performed, the applied credit limit is reviewed and approved. Companies within the group perform ongoing credit evaluations on the financial condition of their customers. This process is supported by the divisional audit and risk subcommittees, which are in place for all operating divisions. Reports on the credit quality and exposures are provided to the divisional subcommittees for review. These subcommittees meet quarterly and deal with all issues arising at the operational division or subsidiary level. The group does not generally require collateral in respect of trade receivables and other receivables. The group does not have trade receivables for which no loss allowance is recognised because of collateral. The group has liens over items sold until full payment has been received from customers. The fair value of collateral held against these loans and receivables is linked to the value of the liens. Furthermore, all the divisions except for Unitrans and Optix have credit insurance to partially cover its exposure to risk on receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.2 Credit risk (continued)

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure.

	2024 Rm	2023 Rm
Maximum exposure to credit risk		
Investments and loans receivable	27	29
Trade and other receivables	4 470	4 242
Derivative financial instruments	68	168
Cash and cash equivalents	1 398	1 453
	5 963	5 892
Maximum exposure to credit risk by segment[3]		
PG Bison	1 624	1 393
Safripol	1 397	1 676
Unitrans	2 717	2 414
Feltex	568	658
Restonic	373	286
Optix	142	149
Corporate	(858)	(684)
	5 963	5 892

[3] *Includes account balances on accounts participating in cash management arrangements with the group's bankers.*

	2024 Rm	2023 Rm
Maximum exposure to credit risk by geographical region		
South Africa	4 598	4 698
Rest of Africa	1 178	974
Australasia	80	100
Europe	87	39
Asia	18	15
Middle East	2	2
Americas	–	64
	5 963	5 892
Carrying amount of financial assets		
Gross carrying amount:	6 066	6 004
12-month ECL (Not credit impaired)	1 743	2 047
Lifetime ECL (Not credit impaired)	4 282	3 890
Lifetime ECL (Credit impaired)	41	67
Less: Loss allowance	(103)	(112)
12-month ECL (Not credit impaired)	(19)	(20)
Lifetime ECL (Not credit impaired)	(63)	(73)
Lifetime ECL (Credit impaired)	(21)	(19)
	5 963	5 892

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.2 Credit risk (continued)

The group's current credit risk grading framework comprises the following categories:

Category	Description	Credit risk
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Not credit impaired
Doubtful	Amounts is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Not credit impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired	Credit impaired
Write-off	There is evidence indicating that the financial asset is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

Expected credit loss ('ECL') assessment for financial assets

The measurement of ECL is a function of the probability of default ('PD'), loss given default ('LGD') (i.e. the magnitude of the loss if there is a default) and the exposure at default ('EAD'). All the divisions except for Unitrans and Optix have credit insurance to partially cover its exposure to risk on receivables and this is taken into account when determining the EAD.

The group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to best available external data where there is a lack of internal historical data. In some cases, external benchmarking data, adjusted for forward-looking information was considered most appropriate where it aligned with the underlying characteristics of the financial asset.

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment. These rates are adjusted to take into account forward looking information, including the current view of economic conditions, difficulty experienced in specific industries and sectors and country risk. The group also considers customer specific risks such as the payment history of customers, extended credit terms or financial support that is provided by its holding company.

At the reporting date the industry segment risk profile of the group's financial instruments was:

	Average loss rate[4] %	Gross carrying amount Rm	Loss allowance Rm	Net carrying amount Rm
Segment				
2024				
General	18.8	38	(7)	31
Large and corporate enterprises	1.6	2 900	(48)	2 852
Public sector entities	1.8	8	–	8
Local government and municipalities	0.9	131	(1)	130
National government	0.1	20	–	20
Banks and financial institutions	0.0	1 510	–	1 510
Small and medium enterprises	1.7	1 324	(23)	1 301
Micro enterprises	17.5	135	(24)	111
		6 066	(103)	5 963
2023				
General	7.4	164	(12)	152
Large and corporate enterprises	1.6	2 538	(40)	2 498
Public sector entities	0.3	2	–	2
Local government and municipalities	0.7	69	(1)	68
National government	0.4	18	–	18
Banks and financial institutions	0.0	1 886	–	1 886
Small and medium enterprises	2.5	1 196	(30)	1 166
Micro enterprises	22.1	131	(29)	102
		6 004	(112)	5 892

[4] *The calculation of the average loss rate uses the exact unrounded numbers, which may result in differences when compared to calculating the numbers using the rounded figures presented.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.2 Credit risk (continued)

Movement in the loss allowance

The movement in the loss allowance in respect of trade receivables, other receivables and loans receivable during the year is indicated in the table below:

	12 month ECL (Not credit-impaired) Rm	Lifetime ECL (Not credit-impaired) Rm	Lifetime ECL (Credit-impaired) Rm	Total Rm
Movement in the loss allowance for loans receivable				
Balance at 1 July 2022	(12)	(3)	(15)	(30)
Net impairment recognised in profit or loss	(2)	–	–	(2)
Additional provision raised	(3)	–	–	(3)
Amounts unused reversed	1	–	–	1
Amounts utilised during the year	–	2	–	2
Reclassified between categories	–	(8)	8	–
Balance at 30 June 2023	(14)	(9)	(7)	(30)
Net impairment recognised in profit or loss	1	–	–	1
Amounts unused reversed	1	–	–	1
Amounts utilised during the year	–	–	8	8
Reclassified between categories	–	1	(1)	–
Balance at 30 June 2024	(13)	(8)	–	(21)
Movement in the loss allowance for trade and other receivables				
Balance at 1 July 2022	–	(42)	(10)	(52)
Net impairment recognised in profit or loss	(6)	(20)	(10)	(36)
Additional provision raised	(6)	(43)	(13)	(62)
Amounts unused reversed	–	23	3	26
Amounts utilised during the year	–	–	8	8
Exchange differences on translation of foreign operations	–	(2)	–	(2)
Balance at 30 June 2023	(6)	(64)	(12)	(82)
Net impairment recognised in profit or loss	(4)	–	(2)	(6)
Additional provision raised	(5)	(41)	(12)	(58)
Amounts unused reversed	1	41	10	52
Amounts utilised during the year	4	1	1	6
Reclassified between categories	–	8	(8)	–
Balance at 30 June 2024	(6)	(55)	(21)	(82)

36.2.3 Liquidity risk

Risk exposure	The group is exposed to liquidity risk through financial liabilities that have contractual cash flows and maturity dates.
How the risk arises	Liquidity risk arises should the group not be able to meet its obligations as they become due.
Objectives, policies and processes for managing risk	The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs of the group are mainly centralised in the central treasury office. The central treasury office invests the net cash reserves and borrows the net cash deficits from the financial markets, mainly in short-term instruments linked to variable interest rates. The group has sufficient available bank facilities that can be utilised to service short-term commitments. Refer to note 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

36. Financial instruments and risk management (continued)

36.2 Financial risk management (continued)

36.2.3 Liquidity risk (continued)

The following table details the group's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows:

	0 to 3 months Rm	4 to 12 months Rm	Year 2 Rm	Years 3 to 5 Rm	After 5 years Rm	Total Rm
Contractual maturity						
2024						
Loans and borrowings	(1 372)	(1 989)	(1 926)	(5 726)	(1)	(11 014)
Lease liabilities	(35)	(73)	(82)	(177)	(74)	(441)
Trade and other payables	(5 189)	(102)	–	–	–	(5 291)
Derivative financial instruments	(36)	–	–	–	–	(36)
	(6 632)	(2 164)	(2 008)	(5 903)	(75)	(16 782)
2023 (restated)*						
Loans and borrowings	(356)	(2 524)	(3 036)	(4 686)	–	(10 602)
Lease liabilities	(43)	(111)	(99)	(196)	(116)	(565)
Trade and other payables*	(4 842)	(225)	–	–	–	(5 067)
Derivative financial instruments	(88)	–	–	–	–	(88)
	(5 329)	(2 860)	(3 135)	(4 882)	(116)	(16 322)

Refer to note 39 for the details on the restatement.

36.3 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue on the going concern basis, while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the group consists of borrowings disclosed in note 27, cash and cash equivalents, and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

In order to maintain or adjust the capital structure, the group may adjust the amount of distribution paid to shareholders, repurchase shares currently in issue, issue new shares, issue new debt to replace existing debt with different terms, and or sell assets to reduce debt.

The group monitors the following debt serviceable ratios:

	2024 Rm	Restated 2023 Rm
Loans and borrowings	9 420	9 096
Lease liabilities	355	449
Non-interest bearing loans and borrowings	(51)	(65)
Cash and cash equivalents	(1 398)	(1 453)
Net interest-bearing debt	8 326	8 027
EBITDA[5]	3 694	4 020
Net finance costs including capitalised borrowing costs	998	851
EBITDA: interest cover (times) > 3.00[6&7]	3.7	4.7
Net debt: EBITDA (times) < 3.00[6]	2.3	2.0
Gearing %	67	70

[5] *Operating profit before depreciation, amortisation and capital items.*
[6] *Financial covenant triggers.*
[7] *EBITDA: interest cover covenant requirement increases:*
2025: 3.25
2026: 3.50

The group complied with all the financial covenants during the 2024 and 2023 financial years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

37. Material subsidiaries

	Principal activity	Place of incorporation	Ownership 2024 %	Ownership 2023 %
PG Bison Proprietary Limited	Integrated forestry, timber and resin manufacturing	South Africa	100	100
KAP Automotive Proprietary Limited	Vehicle retail accessories and components used in new vehicle assembly	South Africa	100	100
Restonic Proprietary Limited	Manufacture of foam, fabrics, springs, bases and branded mattresses	South Africa	100	100
Safripol Proprietary Limited	Manufacturing of polyethylene terephthalate ('PET'), high-density polyethylene ('HDPE') and polypropylene ('PP')	South Africa	100	100
Unitrans Holdings Proprietary Limited	Holding company of Unitrans Supply Chain Solutions Proprietary Limited and Unitrans Africa Proprietary Limited	South Africa	100	100
Unitrans Supply Chain Solutions Proprietary Limited[1]	Provision of integrated supply chain solutions in South Africa	South Africa	67	67
Unitrans Africa Proprietary Limited	Holding company of various subsidiaries that provide integrated supply chain solutions in Sub-Saharan African countries outside South Africa	South Africa	100	100
Unitrans Passenger Proprietary Limited	Provision of personnel and commuter transport services	South Africa	100	100

[1] Unitrans Supply Chain Solutions Proprietary Limited is party to a broad-based black economic empowerment ('B-BBEE') transaction whereby a 33% ownership in the company is held by B-BBEE partners.

38. Directors' remuneration

38.1 Remuneration

Executive directors

	Basic R	Company contributions R	Guaranteed salary R	Annual incentive bonuses[1] R	Value of share rights exercised[2] R	Total R
2024						
GN Chaplin	10 205 279	701 721	10 907 000	8 725 600	7 801 897	27 434 497
FH Olivier	6 429 010	460 990	6 890 000	5 512 000	4 744 398	17 146 398
SP Lunga	4 340 692	463 308	4 804 000	2 798 400	2 534 825	10 137 225
	20 974 981	1 626 019	22 601 000	17 036 000	15 081 120	54 718 120
2023						
GN Chaplin	10 225 789	681 211	10 907 000	20 580 000	4 532 097	36 019 097
FH Olivier	6 400 111	489 889	6 890 000	13 000 000	2 756 005	22 646 005
SP Lunga[2]	4 458 193	439 140	4 897 333	4 233 333	1 288 415	10 419 081
	21 084 093	1 610 240	22 694 333	37 813 333	8 576 517	69 084 183

[1] Bonuses paid in the current year relate to the performance of the previous financial year.
[2] The value of share rights exercised reflects the number of share rights vested during the year at the market price on vesting date of R2.43 on 1 December 2023 (R4.47 on 1 December 2022).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 R	2023 R
38. Directors' remuneration (continued)		
38.1 Remuneration (continued)		
Non-executive directors		
J de V du Toit[3]	–	215 829
TC Esau-Isaacs	1 146 270	1 227 855
Z Fuphe	1 380 320	1 326 120
KJ Grové[4]	414 955	1 091 092
JA Holtzhausen[5]	949 499	383 159
KT Hopkins	1 399 891	1 385 904
SN Maseko[6]	289 287	–
V McMenamin	520 365	765 258
AFB Mthembu[7]	425 213	–
SH Müller	1 433 680	1 482 664
PK Quarmby	1 717 503	1 521 964
	9 676 983	9 399 845

[3] *Resigned effective 22 November 2022.*
[4] *Resigned effective 21 November 2023.*
[5] *Appointed effective 1 March 2023.*
[6] *Appointed effective 15 March 2024.*
[7] *Appointed effective 15 January 2024.*

All remuneration disclosed above was paid to directors in respect of services rendered as directors of the company.

Directors of the company are considered to be key management personnel.

	Offer date	Vesting date	Number of rights as at 30 June 2023	Number of rights awarded during the year	Number of rights exercised during the year	Number of rights lapsed[8] during the year	Number of rights as at 30 June 2024
38.2 Share rights							
Executive directors							
GN Chaplin	Dec-20	Dec-22	3 210 657	–	(3 210 657)	–	–
	Dec-21	Dec-23	2 446 512	–	–	(1 467 907)	978 605
	Dec-22	Dec-24	4 020 903	–	–	(3 015 677)	1 005 226
	Dec-23	Dec-25	–	7 087 428	–	–	7 087 428
			9 678 072	7 087 428	(3 210 657)	(4 483 584)	9 071 259
FH Olivier	Dec-20	Dec-22	1 952 427	–	(1 952 427)	–	–
	Dec-21	Dec-23	1 545 416	–	–	(927 249)	618 167
	Dec-22	Dec-24	2 540 022	–	–	(1 905 016)	635 006
	Dec-23	Dec-25	–	4 477 160	–	–	4 477 160
			6 037 865	4 477 160	(1 952 427)	(2 832 265)	5 730 333
SP Lunga	Dec-20	Dec-22	1 043 138	–	(1 043 138)	–	–
	Dec-21	Dec-23	757 404	–	–	(454 442)	302 962
	Dec-22	Dec-24	1 369 342	–	–	(1 027 006)	342 336
	Dec-23	Dec-25	–	2 413 665	–	–	2 413 665
			3 169 884	2 413 665	(1 043 138)	(1 481 448)	3 058 963
			18 885 821	13 978 253	(6 206 222)	(8 797 297)	17 860 555

[8] *Relates to the estimate of performance criteria not satisfied by the third anniversary of the relevant annual grant.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

39. Restatement of prior year error

During October 2023, management detected that a major supplier had incorrectly invoiced Safripol Proprietary Limited, a subsidiary of the company, for the period 1 February 2022 to 30 September 2023. This resulted in Safripol being overcharged, with a resultant overstatement in raw material purchases amounting to R183 million, of which R163 million related to the period prior to 1 July 2023. The error was immediately corrected, and the overcharges recovered from the supplier. The prior year has been restated to correct the impact of the error as follows:

	As reported 2023 Rm	Restatement Rm	As restated 2023 Rm
Income statement and statement of comprehensive income			
Cost of sales	(24 702)	156	(24 546)
Gross profit	4 926	156	5 082
Operating profit before capital items	2 367	156	2 523
Operating profit	1 551	156	1 707
Profit before taxation	796	156	952
Taxation	(310)	(42)	(352)
Profit for the year	486	114	600
Total comprehensive income for the year, net of taxation	716	114	830
Statement of financial position			
Inventories	3 474	(7)	3 467
Total current assets before assets held for sale	9 915	(7)	9 908
Total current assets	9 968	(7)	9 961
Total assets	29 777	(7)	29 770
Total equity attributable to owners of the parent	11 428	114	11 542
Total equity	11 705	114	11 819
Trade and other payables	5 387	(163)	5 224
Taxation payable	26	42	68
Total current liabilities	8 337	(121)	8 216
Total equity and liabilities	29 777	(7)	29 770
Statement of cash flows			
Operating profit	1 551	156	1 707
Cash generated before working capital changes	3 877	156	4 033
Working capital changes			
Increase in inventories	(44)	7	(37)
(Decrease)/increase in trade and other payables	135	(163)	(28)
Changes in working capital	12	(156)	(144)
Cash generated from operations	3 889	–	3 889

	Cents	Cents	Cents
Earnings			
Basic earnings per share	16.7	4.6	21.3
Diluted earnings per share	16.4	4.5	20.9
Headline earnings per share	42.7	4.6	47.3
Diluted headline earnings per share	41.9	4.5	46.4
Net asset value per share	461	5	466

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

40. Going concern

The financial statements are prepared on a going concern basis. The assessment of going concern included the consideration of current economic conditions as well as all available information about future risks and uncertainties.

Projections for the group, based on various financial analyses, have been prepared, covering its future performance, capital and liquidity for a period of 12 months subsequent to the approval date of the financial statements.

The group's forecasts and projections of its current and expected profitability, taking account of reasonably possible changes in trading performance, show that the group will be able to operate within the limits of its existing banking facilities for at least 12 months from the approval date of the financial statements.

Given the difficult operating environment, management will focus on cost reductions and optimisation of net working capital levels, as well as reducing net debt levels and the related interest expense to improve the group's operating cash flows. Management will utilise the revolving credit facility to refinance maturing debt and also plans on reducing debt levels over the next 12 months.

The financial statements were accordingly prepared on the going concern basis since the directors have every reason to believe that the group has adequate resources in place to continue in operation for the foreseeable future.

41. Events after reporting date

The directors are not aware of any significant events after the reporting date that will have a material effect on the group's results or financial position as presented in these financial statements.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
Revenue	4	972	1 506
Administrative and other expenses		(22)	(41)
Other expenses	5	–	(33)
Other net gains/(losses)	6	111	(675)
Operating profit before capital items		1 061	757
Capital items	7	508	(1 486)
Operating profit/(loss)		1 569	(729)
Finance costs	8	(913)	(731)
Finance income	9	14	22
Profit/(loss) before taxation		670	(1 438)
Taxation	10	(15)	(25)
Profit/(loss) for the year		655	(1 463)
Other comprehensive income for the year		–	–
Total comprehensive income/(loss) for the year		655	(1 463)

STATEMENT OF FINANCIAL POSITION
at 30 June 2024

	Notes	2024 Rm	2023 Rm
Assets			
Non-current assets			
Investments in subsidiary companies	11	7 303	6 800
Related-party loans receivable	19	10 803	9 610
		18 106	16 410
Current assets			
Trade and other receivables	12	1	6
Share scheme asset	14	92	102
Related-party loans receivable	19	1	152
Taxation receivable		1	–
Cash and cash equivalents		238	63
		333	323
Total assets		18 439	16 733
Equity and liabilities			
Capital and reserves			
Stated share capital	13	7 896	7 896
Reserves		1 213	533
		9 109	8 429
Non-current liabilities			
Loans and borrowings	15	5 873	5 750
Current liabilities			
Loans and borrowings	15	2 137	1 640
Trade and other payables	16	11	36
Bank overdrafts		1 309	878
		3 457	2 554
Total equity and liabilities		18 439	16 733

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

	Stated share capital (note 13) Rm	Distributable reserves Rm	Share-based payment reserve Rm	Total Rm
Balance at 1 July 2022	7 896	2 293	404	10 593
Total comprehensive loss for the year	–	(1 463)	–	(1 463)
Loss for the year	–	(1 463)	–	(1 463)
Other comprehensive income for the year	–	–	–	–
Ordinary dividends paid	–	(717)	–	(717)
Share-based payments movement through reserve accounting	–	–	34	34
Other movements	–	–	(18)	(18)
Balance at 30 June 2023	7 896	113	420	8 429
Total comprehensive income for the year	–	655	–	655
Profit for the year	–	655	–	655
Other comprehensive income for the year	–	–	–	–
Share-based payments movement through reserve accounting	–	–	58	58
Other movements	–	–	(33)	(33)
Balance at 30 June 2024	7 896	768	445	9 109

STATEMENT OF CASH FLOWS

for the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
Cash flows from operating activities			
Cash generated from operations	18	998	1 536
Finance income received		5	21
Finance costs paid		(936)	(704)
Dividends paid	13	–	(717)
Taxation paid		(16)	(25)
Other		–	(18)
Net cash inflow from operating activities		51	93
Cash flows from investing activities			
Related-party loans advanced		(1 712)	(1 256)
Related-party loans repayment received		790	884
Net cash outflow from investing activities		(922)	(372)
Cash flows from financing activities			
Loans and borrowings received	15	3 250	2 300
Loans and borrowings repaid	15	(2 602)	(2 004)
Other		(33)	–
Net cash inflow from financing activities		615	296
Net (decrease)/increase in cash and cash equivalents		(256)	17
Net cash and cash equivalents at beginning of the year		(815)	(832)
Net cash and cash equivalents at end of the year	18	(1 071)	(815)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. Accounting policies

The accounting policies of the company are the same as those of the group, where applicable. Refer to the consolidated financial statements in this regard. The accounting policies applied by the company have been applied consistently to the periods presented in these financial statements, except where stated otherwise. The policies detailed below are those specifically applicable to the company.

Investments in subsidiary companies

Investments in subsidiaries are measured at cost less impairment losses.

Share-based payment transactions

Group share-based payment transactions

Transactions in which a parent grants rights to its equity instruments directly to the employees of its subsidiaries are classified as equity-settled in the annual financial statements of the subsidiary, provided the share-based payment is classified as equity-settled in the consolidated annual financial statements of the parent.

The subsidiary recognises the services acquired with the share-based payment as an expense and recognises a corresponding increase in equity representing a capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

A recharge arrangement exists whereby the subsidiary is required to fund the difference between the exercise price on the share right and the market price of the share at the time of exercising the right. The recharge arrangement is accounted for separately from the underlying equity-settled share-based payment as follows upon initial recognition:

- The subsidiary recognises a share scheme liability at fair value, using cash-settled share-based payment principles, and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.
- The parent recognises a corresponding share scheme asset at fair value and a corresponding adjustment to the carrying amount of the investment in the subsidiary.

Subsequent to initial recognition, the recharge arrangement is remeasured at fair value at each subsequent reporting date until settlement date to the extent vested. Where the liability recognised is greater than the initial capital contribution recognised by the subsidiary in respect of the share-based payment, the excess is recognised as a net capital distribution to the parent. The amount of the asset in excess of the capital contribution recognised as an increase in the investment in subsidiary is recognised as a share scheme recharge distribution by the parent in profit or loss.

Revenue recognition

Interest income

Interest is recognised on the time proportion basis, taking account of the principal amount outstanding and the effective rate over the period to maturity.

Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

2. Judgements made by management and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Impairment of investments in subsidiary companies

Investments are assessed annually for impairment by considering the recoverable amount of subsidiary companies. Refer to note 11.

Valuation of equity compensation benefits

Management classifies its share-based payment scheme as an equity-settled scheme based on the assessment of its role and that of the employees in the transaction. In applying its judgement, management consulted with external expert advisors in the accounting and share-based payment advisory industry. The critical assumptions used in the valuation model are detailed in note 14.

Calculation of the loss allowance

Significant judgement is required to determine the loss allowance which is processed against trade and other receivables and loans receivable in terms of the requirements of IFRS 9 – *Financial Instruments*, relating to expected credit losses ('ECL'). The significant judgements applied in determining the loss allowance include the expected realisable value of the collateral securing the advance, the probability that an advance will default (probability of default ('PD')), credit risk changes (significant increase in credit risk ('SICR')), the size of credit exposures (exposure at default ('EAD')), and the expected loss on default (loss given default ('LGD')). The method and assumptions used to calculate the ECL is detailed in note 20.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

3. New or revised accounting pronouncements

During the current year, the company has adopted all the new and revised standards issued by the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2023. The standards had no or minimal impact on the presentation, recognition and measurement of financial information. Refer to note 2 in the consolidated financial statements for the details on the new or revised IFRS Accounting Standards applied during the year and for standards and interpretations in issue but not yet effective.

	Note	2024 Rm	2023 Rm
4. Revenue			
Related-party	19		
Dividend income		–	700
Interest income		972	806
		972	1 506
5. Other expenses			
Share scheme recharge distribution		–	(33)
6. Other net gains/(losses)			
Reversal of impairment/(impairment) of related-party loans receivable	20.2.2	111	(675)
7. Capital items			
Income/(expense) items of a capital nature are:			
Reversal of impairment/(impairment) of investments in subsidiary companies		508	(1 486)
Capital items reflect and affect the resources committed in producing operating performance and are not the performance itself. These items deal with the capital base of the company.			
8. Finance costs			
Bank overdraft and short-term facilities		109	89
Revolving credit loan		90	26
Senior unsecured listed notes		640	543
Term loans		69	69
Credit facilities arranging fees		5	4
		913	731
9. Finance income			
Bank balances and short-term deposits		14	22
10. Taxation			
10.1 Taxation expense			
South African normal taxation			
Current year		15	25

	%	%
10.2 Reconciliation of rate of taxation		
South African normal tax rate	27.0	(27.0)
Dividend income	–	(13.1)
Share scheme recharge distribution	–	0.6
Disallowed expenditure	0.2	0.8
(Reversal of impairment)/impairment in subsidiary companies	(20.5)	27.9
(Reversal of impairment)/impairment of related-party loans receivable	(4.5)	12.7
Effective rate of taxation	2.2	1.9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Rm	2023 Rm
10. Taxation (continued)		
10.3. Taxation losses		
Unrecognised taxation losses available for offset against future taxable income		
South African taxation losses	14	14

The taxation losses do not expire under current taxation legislation. No deferred taxation asset has been recognised in respect of taxation losses because it is not yet certain that future taxable profits will be available against which the company can realise the benefits therefrom.

	2024 Rm	2023 Rm
10.4. Unrecognised temporary differences		
Investments in subsidiary companies	1 874	1 992

No deferred taxation asset has been recognised in respect of these temporary differences because it is improbable that the temporary differences will reverse in the foreseeable future and that the company will realise the benefits.

	2024 Rm	2023 Rm
11. Investments in subsidiary companies		
Shares at cost	9 285	9 290
Accumulated impairment	(1 982)	(2 490)
	7 303	6 800

	Holding		Carrying amount	
	2024 %	2023 %	2024 Rm	2023 Rm
fairtech products Proprietary Limited	–	100	–	–
KAP Automotive Proprietary Limited	100	100	220	220
KAP Corporate Services Proprietary Limited	100	100	–	–
KAP Energy Proprietary Limited	100	100	–	–
KAP Secretarial Services Proprietary Limited	100	100	–	–
Optix International Proprietary Limited	100	100	–	–
PG Bison Proprietary Limited	100	100	900	900
Restonic Proprietary Limited	100	100	900	830
Safripol Proprietary Limited	100	100	1 387	1 255
Unitrans Holdings Proprietary Limited	100	100	3 710	3 404
Unitrans Passenger Proprietary Limited	100	100	106	106
Share-based payments			80	85
			7 303	6 800

Effective 1 July 2023, the company disposed of its investment in and loan claims against fairtech products Proprietary Limited to KAP Automotive Proprietary Limited for proceeds of R119 million via the loan account.

During the year, the company partially reversed impairment losses previously recognised of R132 million (2023: R46 million) on Safripol Proprietary Limited based on the results of the value in use calculations performed on the underlying operating assets. The polymer margin inputs for the value in use calculations are driven by forecast US dollar margins and a forecast rand exchange rate. In determining sustainable 'through-the-cycle' margins, to be used in the terminal value cash flow, the previous seven- to 10-year historical average US dollar margins were considered.

The company also reversed impairment losses of R70 million (2023: R58 million impairment loss) previously recognised on Restonic Proprietary Limited and R306 million (2023: R1 474 million impairment loss) on Unitrans Holdings Proprietary Limited ('Unitrans Holdings'), as a result of improved performance and forecasted cash flows. The value attributable to the shareholding in Unitrans Holdings was calculated with reference to the expected future cash flows of Unitrans Holdings and a forward EV/EBITDA multiple of 4.5. The multiple is determined with reference to a range of between 4.5 and 6.5 based on similar businesses and industries and taking into account enterprise risk.

	2024 Rm	2023 Rm
12. Trade and other receivables		
Other amounts due	–	1
Trade and other receivables (financial assets)	–	1
Prepayments	1	5
	1	6

The company's exposure to credit risk related to trade and other receivables is disclosed in note 20.2.2.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	2024 Number of shares	2023 Number of shares	2024 Rm	2023 Rm
13. Stated share capital				
13.1 Share capital				
Authorised				
Ordinary shares of no par value	6 000 000 000	6 000 000 000	–	–
Cumulative, non-redeemable, non-participating preference shares of no par value	1 000 000 000	1 000 000 000	–	–
Perpetual preference shares of no par value	50 000 000	50 000 000	–	–
Issued				
Ordinary shares in issue at beginning of the year	2 477 094 448	2 472 100 574	7 896	7 896
Ordinary shares issued during the year	16 622 359	4 993 874	–	–
Ordinary shares in issue at end of the year	2 493 716 807	2 477 094 448	7 896	7 896
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the company.				
13.2 Dividends per share				
No dividends were declared and paid by the company during the year (2023: 29 cents per ordinary share)			–	717

14. Share-based payments

14.1 KAP Performance Share Rights Scheme

At the annual general meeting of KAP on 14 November 2012, a share incentive scheme was approved and implemented. The maximum number of ordinary shares that may be used for the continued implementation of the scheme may not exceed 366 274 533 ordinary shares. The share rights granted annually since this meeting are subject to the following scheme rules:

- Rights are granted to qualifying senior executives on an annual basis.
- Vesting of rights occurs on the third anniversary of grant date, provided performance criteria, as set by KAP's remuneration committee at or about the time of the grant date, have been achieved.
- In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attached to the particular grant will lapse.

	2024	2023
Reconciliation of the number of shares available for allocation		
Shares authorised for purposes of KAP Performance Share Right Scheme	366 274 533	366 274 533
Cumulative share rights granted[1]	(187 095 947)	(161 445 328)
Shares available for allocation	179 178 586	204 829 205

[1] *The cumulative share rights granted are net of grants which lapsed or were forfeited.*

	2024 Rights	2023 Rights
Reconciliation of rights granted		
Balance at beginning of the year	87 957 768	98 197 726
Forfeited/lapsed during the year	(30 065 209)	(43 547 908)
Exercised during the year	(30 222 544)	(9 079 812)
Granted during the year	69 316 013	42 387 762
Balance at end of the year	96 986 028	87 957 768

Assumptions

The fair value of services received in return for share rights granted is measured by reference to the fair value of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The fair value at measurement date is determined using a present value methodology whereby the unconditional fair value is equal to the share price at the grant date, less the present value of estimated dividends paid prior to time of exercise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	December 2023 Grant	December 2022 Grant	December 2021 Grant	December 2020 Grant	December 2019 Grant
14. Share-based payments (continued)					
14.1 KAP Performance Share Rights Scheme (continued)					
Fair value of KAP share rights and assumptions					
Fair value at measurement date	**R2.27**	R3.56	R3.46	R2.48	R3.73
Share price at grant date	**R2.64**	R4.30	R4.23	R2.95	R4.15
Exercise price	**R0.00**	R0.00	R0.00	R0.00	R0.00
Risk-free interest rate	**7.65%**	8.09%	5.98%	4.22%	6.80%
Expected dividend yield	**5.03%**	6.28%	6.65%	5.42%	3.63%
Expected forfeiture rate	**0.00%**	0.00%	0.00%	0.00%	0.00%
Life of share right	**3 years**	3 years	3 years	3 years	3 years

The risk-free interest rates were obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded money-market, forward rate agreement ('FRA') and swap rate inputs.

The dividend forecasts were estimated using a combination of broker consensus forecasts and historical dividend data, and/or management's view of the future dividends. The dividend per share forecasts and the projected forward share prices (calculated under the risk-neutral framework), at the estimated ex-dividend dates, were used to determine simple periodic dividend yields over the period of the scheme.

Share scheme asset

Rights granted under the share schemes are subject to a recharge arrangement whereby the subsidiary is required to pay KAP the subscription price of shares granted to employees, equivalent to the quoted market price of such shares on the vesting date when the shares are secured by the subsidiary for delivery to the employees less the option subscription price payable by employees.

The fair value of the share scheme settlement asset is determined using a present value methodology whereby the unconditional fair value is equal to the share price at the grant date, less the present value of estimated dividends paid prior to time of exercise. The fair value of the share scheme settlement asset is remeasured at each statement of financial position date and settlement date.

	December 2023 grant 2024	December 2022 grant 2024	December 2022 grant 2023	December 2021 grant 2024	December 2021 grant 2023	December 2020 grant 2023
Share price at 30 June	**R2.85**	**R2.85**	R2.70	**R2.85**	R2.70	R2.70
Exercise price	**R0.00**	**R0.00**	R0.00	**R0.00**	R0.00	R0.00
Term	**29 months**	**17 months**	29 months	**5 months**	17 months	5 months
Risk-free interest rate	**7.79%**	**7.85%**	8.38%	**8.17%**	8.49%	8.49%
Expected dividend yield	**7.54%**	**5.09%**	10.17%	**0.00%**	10.46%	15.43%
Expected forfeiture rate	**0.00%**	**0.00%**	0.00%	**0.00%**	0.00%	0.00%
Fair value of grant	**R2.37**	**R2.65**	R2.11	**R2.85**	R2.33	R2.52

The risk-free interest rates were obtained from the swap yield curve on the valuation date. The swap yield curve was independently constructed using a bootstrapping methodology together with a combination of traded money-market, FRA and swap rate inputs.

The dividend forecasts were estimated using a combination of broker consensus forecasts and historical dividend data. The dividend per share forecasts and the projected forward share prices (calculated under the risk-neutral framework), at the estimated ex-dividend dates, were used to determine simple periodic dividend yields over the period of the scheme.

	2024 Rm	2023 Rm
Reconciliation of share scheme asset		
Balance at beginning of the year	102	165
Increase/(decrease) in fair value	63	(22)
Share scheme settlement received	(73)	(41)
Balance at end of the year	92	102

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

		2024 Rm	2023 Rm
15. Loans and borrowings			
15.1 Analysis of closing balance			
Unsecured financing covered by intergroup cross-guarantees			
Term loans		–	802
Senior unsecured listed notes		6 015	6 588
Revolving credit loan		1 995	–
Total loans and borrowings		8 010	7 390
Less: Loans and borrowings included in current liabilities		(2 137)	(1 640)
Non-current loans and borrowings		5 873	5 750
15.2 Analysis of repayment			
Next year		2 137	1 640
Year two		936	2 070
Year three		4 078	1 240
Year four		859	1 580
Year five		–	860
		8 010	7 390
	Current year interest rate		
15.3 Loans and borrowings details			
Unsecured financing covered by intergroup cross-guarantees			
Variable interest rates			
Term loans	10.33% to 10.60%	–	800
Senior unsecured listed notes[1]	9.70% to 10.50%	5 950	6 502
Revolving credit loan[2]	9.80% to 10.25%	2 000	–
Interest due			
Term loans		–	2
Senior unsecured listed notes		67	86
Revolving credit loan		4	–
Transaction costs capitalised		(11)	–
Total loans and borrowings		8 010	7 390

[1] *The senior unsecured listed notes bear interest linked to three-month JIBAR and the maturity dates are publicly available.*
[2] *The revolving credit loan bears interest linked to three-month JIBAR and is drawn down under facility A which has a maturity date of 7 December 2026.*

Global Credit Rating Co. Proprietary Limited reviewed the company's credit rating in November 2023 and affirmed its long-term national scale issuer rating of KAP as A+(za) and its short-term national scale issuer rating as A1(za), with a negative outlook on both ratings.

Unsecured financing covered by intergroup guarantees
The following companies participate in the cross-guarantees (jointly and severally) in respect of the company's term loans and its revolving credit facility:

- KAP Automotive Proprietary Limited
- PG Bison Proprietary Limited
- Restonic Proprietary Limited
- Safripol Proprietary Limited
- Unitrans Passenger Proprietary Limited
- Unitrans Supply Chain Solutions Proprietary Limited

The following companies participate in the guarantee (jointly and severally) in respect of the notes issued by the company under its note programme:

- KAP Automotive Proprietary Limited
- PG Bison Proprietary Limited
- Restonic Proprietary Limited
- Safripol Proprietary Limited
- Unitrans Passenger Proprietary Limited
- Unitrans Supply Chain Solutions Proprietary Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

	Note	2024 Rm	2023 Rm
15. Loans and borrowings (continued)			
15.4 Reconciliation of movements in loans borrowings			
Balance at beginning of year		7 390	7 067
Changes from financing cash flows			
Loans and borrowings received		3 250	2 300
Loans and borrowings repaid		(2 602)	(2 004)
		648	296
Other changes			
Finance costs expense		913	731
Finance costs paid		(936)	(704)
Other		(5)	–
		(28)	27
Total loans and borrowings		8 010	7 390
15.5 Available borrowing facilities			
Committed			
Revolving credit facility[3]		1 000	750
Uncommitted			
Call loan and overdraft facilities		2 123	2 014
		3 123	2 764

[3] *The revolving credit facility B is committed for immediate utilisation and has a maturity date of 7 December 2028.*

In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited.

	Note	2024 Rm	2023 Rm
16. Trade and other payables			
Accruals		–	4
Related-party payables	19	–	23
Other payables and amounts due		11	9
Trade and other payables (financial liabilities)		11	36

The fair value of trade and other payables is disclosed in note 20.1.

17. Commitments and contingencies

17.1 Capital expenditure

The company is not committed to any capital expenditure.

17.2 Contingent liabilities

There are no litigation or legislative compliance matters, current or pending, which are considered likely to have a material adverse effect on the company.

The company has a number of guarantees and suretyships outstanding at year-end. However, the directors are confident that no material liability will arise as a result of these guarantees and suretyships. These guarantees and suretyships include but are not limited to the following:

Parental/performance guarantees have been provided for the obligations of subsidiaries to, inter alia, suppliers of goods/services in the ordinary course of business in an aggregate amount of c. R1 814 million.

Limited parental guarantee has been provided in favour of Daimler Truck Financial Services South Africa Proprietary Limited, for vehicle and asset financing facility, to the value of R50 million as at 30 June 2024.

Limited suretyship has been provided in favour of Scania Finance Southern Africa Proprietary Limited, for vehicle and asset financing facility, to the value of R550 million as at 30 June 2024.

Limited suretyship has been provided in favour of Volvo Financial Services Southern Africa Proprietary Limited, for vehicle and asset financing facility, to the value of R522 million as at 30 June 2024.

Cross-guarantee has been provided in favour of ABSA Bank Limited, for general banking facilities, to the value of R2 055 million as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

17. Commitments and contingencies (continued)

17.2 Contingent liabilities (continued)

Cross-guarantee has been provided in favour of Nedbank Limited, for general banking facilities, to the value of R1 159 million as at 30 June 2024.

Cross-guarantee has been provided in favour of Standard Bank of South Africa Limited, for general banking facilities, to the value of R1 214 million as at 30 June 2024.

Cross-guarantee and cession of credit balances have been provided in favour of Standard Bank of South Africa Limited, for cash management facility as at 30 June 2024.

Cross-suretyship has been provided in favour of FirstRand Bank Limited, for general banking facilities, to the value of R2 369 million as at 30 June 2024.

Cross-suretyship and cession of credit balances have been provided in favour of FirstRand Bank Limited, for cash management facility as at 30 June 2024.

The following loan amounts have been subordinated in favour of the other creditors until that company's assets, fairly valued, exceeded the liabilities:

- fairtech products Proprietary Limited for Rnil million (2023: R7 million);
- KAP Corporate Services Proprietary Limited for R564 million (2023: R668 million); and
- Optix International Proprietary Limited for Rnil million (2023: R92 million).

Letters of support have been issued in favour of:

- fairtech products Proprietary Limited for Rnil million (2023: R59 million);
- KAP Automotive Proprietary Limited for R1 117 million (2023: R960 million);
- KAP Corporate Services Proprietary Limited for R674 million (2023: R573 million);
- Optix International Proprietary Limited for R679 million (2023: R321 million);
- PG Bison Proprietary Limited for R2 172 million (2023: R1 126 million);
- Restonic Proprietary Limited for R563 million (2023: R308 million);
- Safripol Proprietary Limited for R1 730 million (2023: R1 750 million);
- Sakhumzi Empowerment Proprietary Limited for Rnil million (2023: R1 million);
- Unitrans Holdings Proprietary Limited for R223 million (2023: R223 million); and
- Unitrans Passenger Proprietary Limited for R397 million (2023: R403 million).

	2024 Rm	2023 Rm
18. Cash flow information		
18.1 Cash generated from operations		
Operating profit/(loss)	1 569	(729)
Adjusted for:		
(Reversal of impairment)/impairment of related-party loans receivable	(111)	675
(Reversal of impairment)/impairment of investments in subsidiary companies	(508)	1 486
Share scheme recharge distribution	–	33
Other non-cash adjustments	–	(5)
Cash generated before working capital changes	950	1 460
Working capital changes		
Decrease in trade and other receivables	–	3
(Decrease)/increase in trade and other payables	(25)	32
Settlement of share scheme asset	73	41
Changes in working capital	48	76
Cash generated from operations	998	1 536
18.2 Net cash and cash equivalents		
Short-term bank deposits	238	63
Bank overdraft	(1 309)	(878)
	(1 071)	(815)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

19. Related-party balances and transactions

Related-party relationships exist between shareholders, subsidiaries, associate and joint venture companies within the KAP Limited group of companies.

These transactions are concluded in the normal course of business.

The following is a summary of material balances of receivables and payables at year-end:

	2024 Rm	2023 Rm
Related-party loans receivable		
fairtech products Proprietary Limited	–	120
KAP Automotive Proprietary Limited	1 306	1 191
KAP Corporate Services Proprietary Limited	1 211	1 211
Optix International Proprietary Limited	683	574
PG Bison Proprietary Limited	3 404	2 651
Restonic Proprietary Limited	712	702
Safripol Proprietary Limited	3 000	3 000
Sakhumzi Empowerment Proprietary Limited	1	1
Unitrans Africa Proprietary Limited	31	166
Unitrans Holdings Proprietary Limited	220	220
Unitrans Passenger Proprietary Limited	450	450
Unitrans Supply Chain Solutions Proprietary Limited	351	152
	11 369	10 438
Less: Loss allowance	(565)	(676)
Total related-party loans receivable	10 804	9 762
Portion payable within the next 12 months included in current assets	(1)	(152)
Non-current related-party loans receivable	10 803	9 610

The related-party loans are unsecured. Loans other than the Unitrans Supply Chain Solutions Proprietary Limited ('USCS') loan bears interest between 0% and Prime less 1% (2023: 0% and Prime) and have no fixed repayment terms. The USCS loan bears interest of JIBAR plus 3.95% and is repayable by 30 June 2029.

During the year the company reversed impairment losses of R104 million (2023: R668 million impairment loss) for KAP Corporate Services Proprietary Limited and R7 million (2023: R7 million impairment loss) for fairtech products Proprietary Limited. The loss allowance considers the value by which the total liabilities exceeds the total assets.

Refer to note 17.2 for details of which loan amounts have been subordinated.

	2024 Rm	2023 Rm
Related-party payables		
KAP Corporate Services Proprietary Limited	–	(23)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

19. Related-party balances and transactions (continued)

The following is a summary of material transactions with related parties during the year:

	Interest income Rm	Dividends income Rm
2024		
KAP Automotive Proprietary Limited	131	–
Optix International Proprietary Limited	31	–
PG Bison Proprietary Limited	358	–
Restonic Proprietary Limited	57	–
Safripol Proprietary Limited	323	–
Unitrans Africa Proprietary Limited	12	–
Unitrans Passenger Proprietary Limited	49	–
Unitrans Supply Chain Solutions Proprietary Limited	11	–
	972	–
2023		
fairtech products Proprietary Limited	10	–
Optix International Proprietary Limited	17	–
PG Bison Proprietary Limited	260	300
KAP Automotive Proprietary Limited	106	–
Restonic Proprietary Limited	45	–
Safripol Proprietary Limited	278	300
Unitrans Africa Proprietary Limited	17	–
Unitrans Passenger Proprietary Limited	46	100
Unitrans Supply Chain Solutions Proprietary Limited	27	–
	806	700

Directors of the company are considered to be key management personnel. For details in respect of directors' remuneration, refer to note 38 of the consolidated annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

20. Financial instruments and risk management

20.1 Financial instruments

The following table summarises the company's classification of financial instruments and the fair values.

	Total carrying values at amortised cost Rm	Total fair values Rm
2024		
Financial assets		
Related-party loans receivable	10 804	10 804
Cash and cash equivalents	238	238
	11 042	11 042
Financial liabilities		
Loans and borrowings	(8 010)	(8 065)
Trade and other payables	(11)	(11)
Bank overdrafts	(1 309)	(1 309)
	(9 330)	(9 385)
Net financial instruments	1 712	1 657
Net finance income		
Finance income	986	
Finance expense	(913)	
	73	
2023		
Financial assets		
Related-party loans receivable	9 762	9 762
Trade and other receivables	1	1
Cash and cash equivalents	63	63
	9 826	9 826
Financial liabilities		
Loans and borrowings	(7 390)	(7 459)
Trade and other payables	(36)	(36)
Bank overdrafts	(878)	(878)
	(8 304)	(8 373)
Net financial instruments	1 522	1 453
Net finance income		
Finance income	828	
Finance expense	(731)	
	97	

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

Trade and other receivables and loans receivable

The fair values of trade and other receivables and loans receivable are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying amount reasonably approximates the fair value at 30 June 2024.

Financial liabilities at amortised cost

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The fair values are not necessarily indicative of the amounts the company would require to settle the liability in the normal course of business.

The carrying amount of short-term financial liabilities reasonably approximates the fair value at 30 June 2024.

No fair value adjustments were made to any of the financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

20. Financial instruments and risk management (continued)

20.2 Financial risk management

The company's activities expose it to a variety of financial risks including:

- market risk arising from interest rate risk;
- credit risk; and
- liquidity risk.

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively across the company, embedding a risk management culture throughout the company. The board and audit and risk committee are provided with a consolidated view of the risk profile of the group, and any major exposures and relevant mitigating actions are identified.

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

Regular management reporting and internal audit reports provide a balanced assessment of key risks and controls. The chief financial officer provides quarterly confirmation to the board that financial and accounting control frameworks have operated satisfactorily and consistently.

20.2.1 Market risk

Market risk is the risk arising from adverse changes in market rates.

Foreign currency risk

The financial assets and financial liabilities of the company are all denominated in South African rand and therefore the company does not have any exposure to foreign currency risk.

Interest rate risk

Risk exposure	The company is exposed to interest rate risk on cash and cash equivalents, loans receivables and interest-bearing borrowings. Financial instruments with variable rates expose the company to cash flow interest rate risk, while those linked to fixed rates expose the company economically to fair value interest rate risk.
How the risk arises	The company's interest rate risk primarily arises from the impact of movements in market rates (mainly JIBAR and SA prime) on the value of the company's interest-bearing current and non-current borrowings and receivables.
Objectives, policies and processes for managing risk	As part of the process of managing the company's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Interest rate exposure is managed through the use of a mix of fixed and variable borrowings, as appropriate.

The interest and related terms of the company's interest-bearing loans are disclosed in note 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.1 Market risk (continued)

At the reporting date the interest rate profile of the company's financial instruments was:

	Variable JIBAR and SA prime Rm	Non-interest bearing Rm	Total Rm
2024			
Related-party loans receivable	9 352	1 452	10 804
Cash and cash equivalents	238	–	238
Loans and borrowings	(8 010)	–	(8 010)
Trade and other payables	–	(11)	(11)
Bank overdrafts	(1 309)	–	(1 309)
	271	1 441	1 712
2023			
Related-party loans receivable	8 420	1 342	9 762
Trade and other receivables	–	1	1
Cash and cash equivalents	63	–	63
Loans and borrowings	(7 390)	–	(7 390)
Trade and other payables	–	(36)	(36)
Bank overdrafts	(878)	–	(878)
	215	1 307	1 522

Sensitivity analysis

The company is sensitive to movements in the JIBAR and SA prime rates, which are the primary interest rates to which the company is exposed.

The sensitivities calculated below are based on an increase of 100 basis points for each interest category. These rates are also used when reporting sensitivities internally to key management personnel.

Impact on profit or (loss) before taxation	2024 Rm	2023 Rm
JIBAR and SA prime – 100 basis point increase	3	2

A 100 basis point decrease in the above rates would have had an equal, but opposite effect on profit or loss before taxation.

20.2.2 Credit risk

Risk exposure	Credit risk arises mainly from short-term cash and cash equivalent and related-party loans. At 30 June 2024, the company did not consider there to be any significant concentration of credit risk that had not been adequately provided for. The amounts presented in the statement of financial position are net of the loss allowances.
How the risk arises	Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
Objectives, policies and processes for managing risk	The company deposits short-term cash surpluses with major banks of high-quality credit standing. The company aims to minimise loss caused by default of related-parties through specific company-wide policies and procedures. Compliance with these policies and procedures is the responsibility of central office management. Monitoring of compliance with these policies is done by internal audit. All known risks are required to be fully disclosed and are taken into consideration in calculating the loss allowance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.2 Credit risk (continued)

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure.

	2024 Rm	2023 Rm
Maximum exposure to credit risk		
Related-party loans receivable	10 804	9 762
Trade and other receivables	–	1
Cash and cash equivalents	238	63
	11 042	9 826

	Rm	Rm
Maximum exposure to credit risk by geographical region		
South Africa	11 042	9 826
Carrying amount of financial assets		
Gross carrying amount:		
12-month ECL (Not credit impaired)	11 607	10 502
Less: Loss allowance		
12-month ECL (Not credit impaired)	(565)	(676)
	11 042	9 826

The company's current credit risk grading framework comprises the following categories:

Category	Description	Credit risk
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Not credit impaired
Doubtful	Amounts is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Not credit impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired	Credit impaired
Write-off	There is evidence indicating that the financial asset is in severe financial difficulty and the company has no realistic prospect of recovery	Amount is written off

Expected credit loss ('ECL') assessment for financial assets

The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to best available external data where there is a lack of internal historical data. In some cases, external benchmarking data, adjusted for forward-looking information was considered most appropriate where it aligned with the underlying characteristics of the financial asset.

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment. These rates are adjusted to take into account forward looking information, including the current view of economic conditions, difficulty experienced in specific industries and sectors and country risk. The company also considers customer specific risks such as the payment history of customers and extended credit terms.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.2 Credit risk (continued)

At the reporting date the segment risk profile of the company's financial instruments was:

	Average loss rate %	Gross carrying amount Rm	Loss allowance Rm	Net carrying amount Rm
Segment				
2024				
Large and corporate enterprises[2]	5.0	11 369	(565)	10 804
Banks and financial institutions	0.0	238	–	238
		11 607	(565)	11 042
2023				
Large and corporate enterprises[2]	6.5	10 438	(676)	9 762
Banks and financial institutions	0.0	64	–	64
		10 502	(676)	9 826

[2] *Mainly related-party loans receivable.*

Movement in the loss allowance

The movement in the loss allowance in respect of related-party loans receivable during the year is indicated in the table below:

	12 month ECL (Not credit-impaired) Rm
Movement in the loss allowance for related-party loans receivable	
Balance at 1 July 2022	(1)
Additional provision raised through profit or loss	(675)
Balance at 30 June 2023	(676)
Amounts unused reversed through profit or loss	111
Balance at 30 June 2024	(565)

20.2.3 Liquidity risk

Risk exposure	The company is exposed to liquidity risk through financial liabilities that have contractual cash flows and maturity dates.
How the risk arises	Liquidity risk arises should the company not be able to meet its obligations as they become due.
Objectives, policies and processes for managing risk	The company manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs of the company are mainly centralised in the central treasury office. The central treasury office invests the net cash reserves and borrows the net cash deficits from the financial markets, mainly in short-term instruments linked to variable interest rates. The company has sufficient available borrowing facilities that can be utilised to service short-term commitments. Refer to note 15.5.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 June 2024

20. Financial instruments and risk management (continued)

20.2 Financial risk management (continued)

20.2.3 Liquidity risk (continued)

The following table details the company's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows:

	0 to 3 months Rm	4 to 12 months Rm	Year 2 Rm	Years 3 to 5 Rm	Total Rm
Contractual maturity					
2024					
Loans and borrowings	1 198	1 558	1 467	5 263	9 486
Trade and other payables	11	–	–	–	11
Bank overdrafts	1 309	–	–	–	1 309
	2 518	1 558	1 467	5 263	10 806
2023					
Loans and borrowings	182	2 033	2 501	4 184	8 900
Trade and other payables	36	–	–	–	36
Bank overdrafts	878	–	–	–	878
	1 096	2 033	2 501	4 184	9 814

20.3 Capital risk management

The company manages its capital to ensure that it will be able to continue on the going concern basis, while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the company consists of borrowings, cash and cash equivalents, and equity attributable to owners of the parent, comprising issued capital and reserves as disclosed in the statement of changes in equity.

In order to maintain or adjust the capital structure, the company may adjust the amount of distribution paid to shareholders, return capital to the shareholders, repurchase shares currently in issue, issue new shares, issue new debt to replace existing debt with different terms, and or sell assets to reduce debt.

21. Going concern

The financial statements are prepared on a going concern basis. The assessment of going concern included the consideration of current economic conditions as well as all available information about future risks and uncertainties.

Projections for the company, based on various financial analyses, have been prepared, covering its future performance, capital and liquidity for a period of 12 months subsequent to the approval date of the financial statements.

As at 30 June 2024, the company was solvent but not liquid due to its current liabilities exceeding its current assets. The majority of the company's loans provided to its subsidiaries are classified as non-current assets as the company does not intend to request settlement of the loans for a period of 12 months subsequent to the reporting date, however the loans are payable on demand.

The company's forecasts and projections of its current and expected profitability, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the limits of its existing banking facilities for at least 12 months from the approval date of the financial statements.

The financial statements were accordingly prepared on the going concern basis since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

22. Events after reporting date

The directors are not aware of any significant events after the reporting date that will have a material effect on the company's results or financial position as presented in these financial statements.

ANALYSIS OF SHAREHOLDING

for the year ended 30 June 2024

	2024			
	Number of shareholders	% of shareholders	Number of shares	% of shares
Shareholder spread				
1 – 1 000 shares	6 284	61.75	790 415	0.03
1 001 – 10 000 shares	1 940	19.06	8 603 437	0.35
10 001 – 100 000 shares	1 200	11.80	43 064 182	1.73
100 001 – 1 000 000 shares	492	4.83	161 114 346	6.46
1 000 001 —10 000 000 shares	222	2.18	628 169 715	25.19
10 000 001 shares and over	39	0.38	1 651 974 712	66.24
	10 177	100.00	2 493 716 807	100.00
Resident/non-resident split				
Resident	9 981	98.07	2 126 020 257	85.26
Non-resident	196	1.93	367 696 550	14.74
	10 177	100.00	2 493 716 807	100.00
Public/non-public shareholdings				
Public	10 160	99.83	2 478 772 347	99.40
Non-public	17	0.17	14 944 460	0.60
Directors and their associates	9	0.09	9 969 243	0.40
Directors of major subsidiaries and their associates	8	0.08	4 975 217	0.20
	10 177	100.00	2 493 716 807	100.00

	2024	
	Number of shares	% of shares
Beneficial shareholdings greater than 5%		
Government Employees Pension Fund	498 118 380	19.97
Allan Gray	408 195 265	16.37

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