

Unaudited Interim Results for the twelve months ended 31 December 2006

FINANCIAL HIGHLIGHTS

- **1** REVENUE UP 15% TO R3,418 MILLION
- OPERATING CASH FLOW UP 67% TO R185 MILLION
- **1** DISTRIBUTION UP 17% TO 14 CENTS PER SHARE
- T **OPERATING PROFIT UP 12% TO R256 MILLION**

Balance sheet

	31 Dec 2006 Unaudited Rm	31 Dec 2005 Restated Rm
Assets Non-current assets	764,6	696,4
Property, plant and equipment and investment properties Goodwill Investments and loans Pension fund surplus Deferred taxation		529,5 - 26,6 45,0 95,3
Current assets	1 204,0	1 054,9
Inventories and agricultural assets Receivables and prepayments Cash and cash equivalents	680,3 515,4 8,3	539,1 513,6 2,2
Total assets	1 968,6	1 751,3
Equity and liabilities Equity	1 194,6	1 057,1
Equity holders' interest Minority interest	1 173,6 21,0	1 043,1 14,0
Non-current liabilities	91,4	119,9
Long-term borrowings – interest-bearing Long-term borrowings – interest-free Retirement benefit obligations Deferred taxation	44,1 - 17,7 29,6	75,5 5,9 19,8 18,7
Current liabilities	682,6	574,3
Short-term borrowings – interest-bearing Short-term borrowings – interest-free Trade and other payables Provisions Bank overdrafts	36,2 - 441,9 32,0 172,5	46,9 3,8 371,0 39,7 112,9
Total equity and liabilities	1 968,6	1 751,3
Number of shares (thousand) - in issue - weighted average Net asset value per share (c) Net interest-bearing debt to equity (%)	424 465 423 861 276,5 20,5%	423 266 421 477 246,4 22,1%

Notes

	31 Dec 2006	31 Dec 2005
	Unaudited Rm	Restated Rm
1. Net finance costs	28,2	19,4
Interest received Interest paid	(0,1) 28,3	(8,0) 27,4
2. Capital expenditure commitments	47,0	33,3
Contracted Approved but not yet contracted	9,5 37,5	10,3 23,0
3. Operating lease commitments	32,4	36,0
4. Guarantees and contingent liabilities	8,8	9,4
5. Adoption of Circular 9/2006		

The group has adopted SAICA Circular 9/2006, transactions giving rise to revenue adjustments/purchases, and 2005 results have been restated accordingly (unaudited).

Segmental analysis

	31 Dec	31 Dec
	2006	2005
	Unaudited	Restated
	Rm	Rm
Revenue	3 418,3	2 974,4
Operating profit	255,8	227,7
Pension fund surplus (net)	-	50,6
Discontinued operation closure cost	-	(10,9)
Net finance costs	(28,2)	[19,4]
Share of results of joint ventures	2,3	0,7
Profit before taxation	229,9	248,7
Taxation	(47,3)	[46,2]
Net profit for the year	182,6	202,5
 continuing operations 	182,6	215,4
- discontinued operations	-	(12,9)
Net profit for the year		
– attributable to KAP shareholders	175,1	196,3
- attributable to minorities	7,5	6,2
Reconciliation of headline earnings		
Net profit attributable to KAP shareholders	175,1	196,3
Profit on sale of property, plant and equipment	(5,3)	(12,0)
Impairment of property and investment property	2,6	0,6
Discontinued operation closure cost	-	9,5
Headline earnings	172,4	194,4
Earnings per share (cents)	41,3	46,6
Headline earnings per share (cents)	40,7	46,1
Distribution per share (cents)	14,0	12,0

Cash flow statement

Income statement

	31 Dec	31 Dec
	2006	2005
	Unaudited	Restated
	Rm	Rm
Cash flows from operating activities	184,5	110,5
Cash generated from operations before working capital changes Net working capital changes	297,8 (78,4)	216,7 (83,7)
Cash generated from operations Net finance costs Taxation paid	219,4 (28,2) (6,7)	133,0 (19,4) (3,1)
Cash flows from investing activities	(121,2)	(139,1)
Purchase of property, plant and equipment – expansion – replacement Other investing activities	(99,8) (26,9) 5,5	(139,2) (26,0) 26,1
Cash flows from financing activities	(116,8)	(81,8)
Decrease in borrowings Distributions to shareholders Proceeds on share issue	(70,2) (51,3) 4,7	(73,1) (8,7) -
Net decrease in cash and equivalents Opening cash and equivalents	(53,5) (110,7)	(110,4) (0,3)
Closing cash and equivalents	(164,2)	(110,7)

31 Dec

31 Dec

Statement of changes in equity

Statement of changes in equity	/	
	31 Dec	31 Dec
	2006	2005
	Unaudited	Restated
	Rm	Rm
Balance at the beginning of the period	1 057,1	863,6
Cumulative effect of Circular 9/2006	-	(1,4)
Shares issued during the period	4,7	13,8
Movement in share-based payment reserve	1,6	1,1
Movement in foreign currency translation reserve	(0,1)	-
Net profit for the period	182,6	202,5
Distributions to shareholders	(51,3)	(22,5)
Balance at the end of the period	1 194,6	1 057,1

Basis of presentation

The consolidated abridged results have been prepared in accordance with International Accounting Standard 34 [Interim Financial Reporting], the Listings Requirements of the JSE Limited and Schedule 4 of the South African Companies Act.

The results are presented in millions of Rands on the historical cost basis except for certain financial instruments, which in the results are presented in manual so in the match at Cost basis exception certain manual methods which are carried at either fair value or amortised cost as appropriate. The accounting policies are consistent with those applied in the financial statements for the year ended 31 December 2005, except for the adoption of SAICA Circular 9/2006. The results have been prepared on the basis of IFRS and interpretation statements in issue that will be effective at the group's next IFRS reporting date, 30 June 2007.

Shareholders are reminded that the next set of audited financial results will be for the 18-month period from January 2006 to June 2007 due to the change in year-end of the group. These interim results will be reviewed by the group's auditors and shareholders notified once the review has been completed.

Corporate governance

The group subscribes to and complies with the Code on Corporate Governance Practices and Conduct as contained in the second King Report on Corporate Governance.

Black economic empowerment

The group realises that the implementation of black economic empowerment is a long-term endeavour, is committed to the process and is taking action accordingly.

Commentary

Review of results

The directors are pleased to report on the results for the twelve months ended 31 December 2006.

Revenue increased by 15% to R3 418 million due to strong organic growth. Operating profit increased by 12% to R255,8 million, reflecting improved trading conditions. Once again the group generated good operating cash flows, up 67% from 2005, and the balance sheet remained strong.

As the 2005 results included a more favourable tax rate and 8,5 cents per share relating to the non-recurring pension fund surplus, headline earnings per share decreased by 12% to 40,7 cents compared to 46,1 cents for the prior period. Excluding the pension fund surplus during the previous financial year the growth in headline earnings was 8,2%.

The effective tax rate is 20,6% (2005: 18,6%). Industrial segment

AUTOMOTIVE

Revenue and operating profit in the automotive division improved on the prior year mainly as a result of the 10,5% growth in vehicles built in South Africa from 490 044 units in 2005 to 541 333 units in 2006. Fehrer turnover increased by 21% and Trim turnover inceased by 19%, indicating a significant gain in market share.

INDUSTRIAL FOOTWEAR

Industrial footwear achieved exceptionally good results for the year as a result of excellent marketing of their strong brands and increased activity in the division's target markets, including mining, security and construction. Volumes and market share increased on both leather and gumboots. Cost savings have realised as a result of a drive to improve operational efficiences at Wayne Plastics.

HOSAF FIBRES

Performance in the PET market was satisfactory, which saw a further increase in Hosaf's share of local market sales. Continued process improvements at the polymer plants in the second half of 2006 resulted in reduced operating costs per ton produced.

Consumer segment

JORDAN & CO Forfits increased through growth in the major brands of Bronx, Jordan and Asics. There were encouraging performances from the developing ladies footwear division while the manufacturing division managed to hold on to its market share despite cost pressures from importers.

BULL BRAND FOODS

Trading results have been satisfactory during the period under review with good performances from the fresh meat and canned divisions measured against both prior year and budget. Trading in the fresh meat division was strong and the cannery increased turnover by 14% on the prior year.

GLODINA

The buoyant South African economy fuelled an increase in consumer spending during the year. Strong demand through all major chain outlets resulted in record turnover for the period. Despite resistance to price increases, margins have been maintained through rigorous control of waste, rejects and a constant drive to reduce operating costs

Balance sheet and cash flow

The balance sheet of the group remains robust, with an interest-bearing debt to equity ratio of 20,5% (2005: 22,1%) and a current ratio of 1,76 (2005: 1,84).

Capital expenditure for the 12 months amounted to R126,7 million, of which R80,2 million was spent in the automotive division mainly in anticipation of the new Toyota Corolla and the Mercedes Benz C Class.

R50,8 million was distributed to KAP shareholders in May 2006.

Finance charges have increased to fund greater activity in the business.

Corporate action

Caravelle Carpets (Pty) Ltd, a loose lay carpet manufacturer, was acquired effective 1 July 2006 for a consideration of R23 million, giving rise to goodwill of R3,3 million.

A joint venture with the Australian Futuris Corporation is planned to commence in June 2007 which will improve the ailability of local raw materials for the automotive trim division

Prospects

C E Daun Chairma

The acquisition of Caravelle Carpets and the joint venture with Futuris Corporation will increase the automotive division's product offering. Reduced manufacturing volumes during a model change-over will put pressure on revenue for the first six months of 2007, but growth in local vehicle manufacturing and increased product offering should result in greater revenue in the new financial year.

We anticipate continued satisfactory performance by the consumer segment of the group and growth in operating profit in the future. For and on

h behalf of the board	
	P C T Schouten
	Chief executive officer

Capital distribution

The directors have declared, subject to the required shareholders' approvals at a general meeting, a capital distribution of 14 cents per share. This will be the last distribution payable by the company in respect of the January to December reporting cycle, but a distribution will be declared after the June reporting period, commensurate with earnings.

	Revenue Rm	%	Operating profit Rm	%	lotal assets Rm	%	Depreciation Rm	%
December 2006 (unaudited)	3 418,3	100%	255,8	100%	1 968,6	100%	43,2	100%
Industrial Consumer Other	2 002,1 1 415,8 0,4	59% 41% -	165,8 93,0 (3,0)	65% 36% [1%]	1 222,1 764,1 (17,6)	62% 39% (1%)	33,3 9,4 0,5	77% 22% 1%
December 2005 (restated)	2 974,4	100%	227,7	100%	1 751,3	100%	42,2	100%
Industrial Consumer Other	1 816,7 1 181,2 (23,5)	61% 40% (1%)	160,4 68,3 (1,0)	70% 30% -	1 127,8 660,5 (37,0)	64% 38% (2%)	33,6 9,2 (0,6)	79% 22% (1%)



The distribution will be payable on Monday, 30 April 2007 to shareholders recorded in the register at the close of business on Thursday, 26 April 2007.

To comply with the requirements of STRATE the following provisional dates are applicable:

	2007
General meeting of shareholders	Wednesday, 11 April
Last date to trade cum-distribution	Thursday, 19 April
Trading commences ex-distribution	Friday, 20 April
Record date	Thursday, 26 April
Posting of cheques/electronic bank transfers	Monday, 30 April
Share certificates may not be dematerialised or rematerialised between Friday, 20 April 2007, both days inclusive.	2007 and Thursday, 26 April
Any changes to the above dates will be advised by notification on SENS and in the press.	
For and on behalf of the board	
M Balladon	
Company secretary	
5 March 2007	
Compareto information	

Corporate information

Non-executive directors: C E Daun* (Chairman), M J Jooste, J B Magwaza, I N Mkhari, F Möller*, S H Nomvete, D M van der Merwe * German Executive directors: P C T Schouten (CEO), J P Haveman (CFO) Registration number: 1978/000181/06, Share code: KAP ISIN: ZAE000059564 Registered address: 1st Floor, New Link Centre, 1 New Street, Paarl, 7646 Postal address: PD Box 3639, Paarl, 7620. Telephone: 021 872 8726. Facsimile: 021 872 8904 Transfer secretaries: Computershare Investor Services 2004 (Proprietary) Limited Address: 70 Marshall Street, Johannesburg, 2001 Postal address: P0 Box 61051, Marshalltown, 2107 Telephone: 011 370 5000. Facsimile: 011 327 3003 ©тотіv Sponsor: PSG Capital Limited

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