



CONDENSED INCOME STATEMENTS

	30 June 2008 12 months Audited Rm	30 June 2007 12 months Unaudited Rm	30 June 2007 18 months Audited Rm
Revenue	4 620,4	3 673,5	5 242,2
Operating profit	200,1	239,5	338,5
Net finance costs	(81,7)	(40,7)	(51,1)
Share of results of joint ventures	3,7	2,0	3,2
Profit before taxation	122,1	200,8	290,6
Taxation	7,7	(39,7)	(53,0)
Net profit for the year	129,8	161,1	237,6
Attributable to KAP shareholders	122,3	153,5	226,0
Attributable to minorities	7,5	7,6	11,6
Reconciliation of headline earnings			
Net profit attributable to ordinary shareholders	122,3	153,5	226,0
Profit on sale of property, plant and equipment	(1,6)	(5,5)	(5,9)
Impairments	-	2,6	2,6
Headline earnings	120,7	150,6	222,7
Weighted average shares in issue (millions)	424,5	424,5	424,1
Earnings			
Earnings per share (cents)	28,8	36,2	53,3
Headline earnings per share (cents)	28,4	35,5	52,5
Distributions per share (cents)	-	17	17

CONDENSED CASH FLOW STATEMENTS

	30 June 2008 12 months Audited Rm	30 June 2007 18 months Audited Rm
Cash flows from operating activities		
Cash generated from operations before working capital changes	170,6	154,2
Net working capital changes	256,3 0,8	397,2 (177,9)
Cash generated from operations	257,1	219,3
Net finance costs	(75,9)	(51,1)
Taxation paid	(10,6)	(14,0)
Cash flows from investing activities		
Purchase of property, plant and equipment – expansion	(151,4)	(127,8)
– replacement	(26,0)	(54,6)
Other investing activities	17,0	17,3
Acquisition of subsidiaries, net of cash acquired	-	(54,4)
Cash flows from financing activities		
Increase/(decrease) in borrowings	176,9	(195,9)
Distributions to shareholders	189,6	(85,1)
Distributions to minorities	(12,7)	(110,2)
Distributions to minorities	-	(0,6)
Net movement in cash and cash equivalents		
Opening cash and cash equivalents	187,1	(261,2)
	(371,9)	(110,7)
Closing cash and cash equivalents		
	(184,8)	(371,9)

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	30 June 2008 12 months Audited Rm	30 June 2007 18 months Audited Rm
Balance at the beginning of the period		
Shares issued during the period	1 191,1	1 055,2
Movement in share-based payment reserve	-	4,8
Movement in foreign currency translation reserve	0,6	4,2
Net profit for the period	(0,2)	0,1
Distributions to minorities	129,8	237,6
Sale of share trust shares	-	(0,6)
Distributions to KAP shareholders	0,1	-
	(12,7)	(110,2)
Balance at the end of the period		
	1 308,7	1 191,1
KAP shareholders		
	1 276,2	1 166,1
Minorities		
	32,5	25,0

SEGMENTAL ANALYSES

	Revenue Rm	Operating profit Rm	Depreciation Rm	Total assets Rm
June 2008				
Industrial	2 388,6	106,2	41,7	1 849,5
Consumer	2 231,6	90,5	15,0	971,7
Other	0,2	3,4	(0,5)	(60,8)
Total	4 620,4	200,1	56,2	2 760,4
June 2007 (12 months unaudited)				
Industrial	2 103,5	178,4	32,6	1 525,1
Consumer	1 569,8	61,1	9,6	833,9
Other	0,2	-	0,5	(19,3)
Total	3 673,5	239,5	42,7	2 389,7
June 2007 (18 months) – audited				
Industrial	3 027,4	246,7	50,2	1 567,6
Consumer	2 214,5	93,5	14,7	918,7
Other	0,3	(1,7)	0,7	(96,6)
Total	5 242,2	338,5	65,6	2 389,7

NOTES

	30 June 2008 12 months Audited Rm	30 June 2007 18 months Audited Rm
1. Net finance costs		
Interest received	81,7	51,1
Interest paid	(0,5)	(0,7)
	82,2	51,8
2. Capital expenditure commitments		
Contracted	136,4	217,0
Approved but not yet contracted	51,8	29,8
	84,6	187,2
3. Operating lease commitments		
	48,1	23,9
4. Guarantees and contingent liabilities		
	7,9	5,8

CONDENSED BALANCE SHEETS

	30 June 2008 Audited Rm	30 June 2007 Audited Rm
Assets		
Non-current assets		
Property, plant and equipment and investment properties	1 045,9	915,1
Goodwill	828,2	709,1
Investments and loans	60,5	56,4
Pension fund surplus	26,5	36,2
Deferred taxation	39,4	45,5
	91,3	67,9
Current assets		
Inventories and biological assets	1 714,5	1 474,6
Receivables and prepayments	929,9	789,8
Cash and cash equivalents	729,5	682,4
	55,1	2,4
Total assets		
	2 760,4	2 389,7
Equity and liabilities		
Equity		
Equity holders' interest	1 308,7	1 191,1
Minorities' interest	1 276,2	1 166,1
	32,5	25,0
Non-current liabilities		
Long-term interest-bearing borrowings	117,5	114,5
Retirement benefit obligations	68,3	71,4
Deferred taxation	11,7	14,0
	37,5	29,1
Current liabilities		
Short-term interest-bearing borrowings	1 334,2	1 084,1
Short-term interest-free borrowings	266,8	73,3
Trade and other payables	27,0	18,0
Provisions	758,3	580,6
Bank overdrafts	42,2	37,9
	239,9	374,3
Total equity and liabilities		
	2 760,4	2 389,7
Number of shares in issue (millions)		
Net asset value per share (cents)	424,5	424,5
Net interest-bearing debt to equity (%)	300,7	274,7
	39,7%	43,3%

Highlights

Revenue growth of 26%

Headline earnings per share of 28.4 cents

New capital to be raised to strengthen balance sheet

Hosaf expansion on track

Net asset value increases from R2,75 to R3,01

Please see these results on
www.kapinternational.com

REVIEW OF RESULTS

The board of directors reports on the results for the twelve months ended 30 June 2008 ("2007/8"). Operating profit declined by 16% compared to the prior twelve months ended 30 June 2007 ("2006/7") due largely to difficult trading conditions in the automotive operations. Headline earnings per share decreased from 35,5 cents to 28,4 cents.

Revenue for 2007/8 increased by 26% from R3,7 billion to R4,6 billion due largely to Brenner Mills' revenue being consolidated for the full year.

Balance sheet, cash flow, capital raising and cautionary

The interest-bearing debt-to-equity ratio improved to 39,7% over the prior period, although finance costs increased from 2006/7 due to higher debt levels during the year for the funding of the Hosaf expansion.

Capital expenditure in respect of the Hosaf expansion and five-year shut-down amounted to R85,8 million during the year, and a further R111,6 million is earmarked for the completion of the project, including power generators.

KAP is cognisant of the challenging trading environment and the difficulties in raising additional cash by way of debt, due to the pervasive and continuing credit crunch, as well as the increased cost of debt.

As a consequence and, in order to ensure optimal gearing, adequate working capital and capital expenditure resources, as well as compliance with the relevant bank covenants, KAP requires long-term funding of approximately R300 million. This is to be raised by way of a renounceable rights offer. An underwriting commitment in respect of the full amount of such rights offer has been secured at an offer price not exceeding 120 cents per share.

Shareholders are advised to exercise caution in trading with their KAP shares until such time as the detailed terms, conditions and timing relating to the rights offer have been announced. The announcement will be made as soon as possible.

Industrial segment

FELTEX AUTOMOTIVE

Sales volumes were affected by the slow-down in retail vehicle sales in South Africa and the two-week strike which took place in September 2007. Margins were eroded by high raw material input costs. Price increases have been agreed to recover these costs, but vehicle build numbers are likely to remain soft for the next financial year.

INDUSTRIAL FOOTWEAR

This division continued to perform well, with good operating profits and strong cash flows. We do not foresee any drop in demand for either gumboots or safety footwear going forward.

HOSAF

In spite of the challenges posed by high oil prices and electricity load shedding, the division produced a solid operational performance on the back of continually growing demand for its PET products and an excellent performance at plant level. Additional capacity is currently being installed and will be fully operational by March 2009.

Consumer segment

BULL BRAND FOODS

Industry margins improved significantly during the year under review. Although feed costs were very high, the price of weaners remained steady throughout the year, and this resulted in stable margins. The cannery performance was excellent and Bull Brand remains focused on increasing its niche business in order to optimise margins.

BRENNER MILLS

Aggressive cost cutting, combined with a solid performance from the mills, resulted in a significant improvement in operating profit. The extremely high maize prices made procurement difficult, and we have consistently implemented our policy of procuring raw materials only six weeks forward.

JORDAN & CO

The number of pairs of shoes sold increased by 7% over the previous twelve months, but margins were lower due to intense pressure from retailers. Strict cost control and working capital management will further assist in improving performance going forward.

GLODINA

The strength of the Glodina brand and the strategic initiative to increase exposure in the hospitality sector of the market resulted in a pleasing increase in revenue during the year. We continue to invest a significant amount of capital to improve our production efficiencies and the quality of our product range.

Corporate activity

There were no acquisitions or disposals during the year.

Corporate governance

The directors subscribe to the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance (King II) and comply therewith.

Sustainability

The group recognises the impact of its operations on society and the environment, and is constantly striving to improve the well-being of all stakeholders in this regard. As evidence of our commitment to the community, Glodina has become the first company in the world to be accredited in terms of the new SANS 16001 standard, which is a management system for HIV/AIDS in the workplace.

Directors and officers

There were no changes to the directors and officers during the year.

Capital distribution

Due to the cash requirements imposed by the Hosaf expansion, no distribution is to be paid. Distributions will resume once the expansion is completed and the group is generating sufficient cash flow.

Outlook

Our results will be impacted by higher input costs. In the 2008/9 year, the automotive operations are expected to improve on their 2007/8 performance. The Hosaf expansion will result in a significant boost to the operating profit of the group in the 2009/10 year.

For and on behalf of the board

C E Daun
Chairman

P C T Schouten
Chief executive officer

Paarl
8 September 2008

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: PO Box 3639, Paarl, 7620
Telephone: 021 872 8726 **Facsimile:** 021 872 9064
Transfer secretaries: Computershare Investor Services (Proprietary) Limited
Address: 70 Marshall Street, Johannesburg, 2001
Postal address: PO Box 61051, Marshalltown, 2107
Telephone: 011 370 5000 **Facsimile:** 011 327 3003
Sponsor: PSG Capital (Pty) Ltd

