



International Holdings Ltd
("KAP" or "the group")

Unaudited Interim Group Results

for the six months ended
31 December 2011

Highlights

Revenue from continuing operations grows by 13,5% to R2 449 million

Headline earnings grow by 22% to 17,0 cents per share

Interest-bearing debt/equity ratio at 12% (2010: 19%)

Net asset value of 343,9 cents per share

PERFORMANCE

We submit our report to shareholders for the six months ended 31 December 2011.

Revenue and earnings

Revenue from continuing operations increased by 14% to R2 448,6 million (2010: R2 157,0 million) due to good growth in the automotive and PET divisions.

Operating profit increased to R108,6 million (2010: R107,1 million). Coupled with a further reduction in finance costs, this resulted in headline earnings per share improving by 22% to 17,0 cents (2010: 13,9 cents). Earnings per share increased by 22% to 16,9 cents (2010: 13,9 cents).

Financial position and cash flow

Despite increased trading activity, net interest-bearing borrowings decreased by 28% to R187,4 million (2010: R260,2 million), and the period-end interest-bearing debt/equity ratio was 12,4% (2010: 18,6%).

Operational overview

Industrial segment

Hosaf

Another excellent performance by the polymer plant is the result of strong customer demand for PET. Sales increased by 31% over the previous period as a result of higher commodity prices and favourable market conditions. Plant efficiencies are at record levels, and quality and consistency of product remains good.

Feltex Automotive

Global vehicle sales are showing a favourable trend, with locally manufactured vehicles having increased by 8% to 243 950 (2010: 225 616 units) due mainly to growth from Volkswagen and Toyota. Vehicle sales remain dependent on the strength of the global recovery.

Industrial Footwear

A new marketing drive at United Fram and a revitalised product range are anticipated to have a positive effect. At Wayne Plastics a new gumboot machine is expected to address current capacity constraints.

Consumer segment

Bull Brand Foods

Comprehensive restructuring at Bull Brand is starting to yield results, with the management team targeting a significant reduction in the cost base and focussing on procurement and production efficiencies.

Brenner Mills

Rising maize prices are putting further pressure on consumers' pockets in all maize categories which has affected Brenner's margins.

Jordan

Increased sales were reported by the Asics, Ladies and Corporate divisions, and margins improved due to tight control of expenses.

Glodina

A dramatic spike in yarn prices in recent months has resulted in a poor performance. However, yarn prices have now begun to normalise.

Corporate activity

On 18 October 2011, the group announced the acquisition of the South African industrial assets of Steinhoff Africa. At the date of this announcement, all conditions precedent have been met, except for the approval by the competition authorities.

An announcement will be made once all conditions precedent have been met.

Outlook

The group will continue to focus on strong cash generation and strict cost control. In addition, the existing industrial assets and brands are well positioned to remain competitive in the current market environment.

Appreciation

As always, we are grateful to our shareholders, employees and other stakeholders, and thank them for their continued support.

Claas Daun

Non-executive chairman

6 March 2012

Paul Schouten

Chief executive officer

John Haveman

Chief financial officer

Condensed Statements of Comprehensive Income

	31 Dec 2011 6 months Unaudited Rm	31 Dec 2010 6 months Unaudited Rm	30 Jun 2011 12 months Audited Rm
CONTINUING OPERATIONS			
Revenue	2 448,6	2 157,0	4 217,1
Operating profit before restructuring costs	109,9	113,1	231,6
Restructuring costs	(0,6)	–	(2,9)
Operating profit	109,3	113,1	228,7
Net finance costs	(14,0)	(21,1)	(25,6)
Share of results of joint ventures	1,9	1,3	2,0
Profit before taxation	97,2	93,3	205,1
Taxation	(20,6)	(26,9)	(59,1)
Profit after taxation from continuing operations	76,6	66,4	146,0
DISCONTINUED OPERATIONS			
Revenue	–	78,4	134,6
Operating (loss)/profit before restructuring costs	(0,7)	(6,0)	34,3
Restructuring costs	–	–	(31,4)
Operating (loss)/profit	(0,7)	(6,0)	2,9
Net finance costs	–	–	(7,1)
Loss after taxation from discontinued operations	(0,5)	(4,3)	(7,8)
TOTAL PROFIT FOR THE PERIOD			
Owners of the company	71,7	58,8	131,0
Non-controlling interest	4,4	3,3	7,2
Other comprehensive income			
Movement in foreign currency translation reserve	–	–	0,2
Total comprehensive income			
Owners of the company	71,7	58,8	131,2
Non-controlling interest	4,4	3,3	7,2
	Rm	Rm	Rm
RECONCILIATION OF HEADLINE EARNINGS			
Net profit attributable to owners of the company	71,7	58,8	131,0
Loss/(profit) on sale of property plant and equipment	0,4	–	(39,0)
Impairments	–	–	12,7
Headline earnings	72,1	58,8	104,7
Loss after taxation from discontinued operations	0,5	4,3	7,8
Profit on sale of property plant and equipment – discontinued operations	–	–	38,8
Impairment – discontinued operations	–	–	(12,7)
Headline earnings – continuing operations	72,6	63,1	138,6
Weighted average shares in issue			
	424,5	424,5	424,5

Earnings per Share

	31 Dec 2011 6 months Unaudited Rm	31 Dec 2010 6 months Unaudited Rm	30 Jun 2011 12 months Audited Rm
Earnings per share (basic and diluted)	16,9	13,9	30,9
Earnings per share – continuing operations	17,0	14,9	32,7
Headline earnings per share (basic and diluted)	17,0	13,9	24,7
Headline earnings per share – continuing operations	17,1	14,9	32,7

Condensed Statements of Changes in Equity

	31 Dec 2011 6 months Unaudited Rm	31 Dec 2010 6 months Unaudited Rm	30 Jun 2011 12 months Audited Rm
Balance at the beginning of period			
Other comprehensive income	–	–	0,2
Movement in share-based payment reserve	0,9	0,4	1,2
Net profit for the period	76,1	62,1	138,2
Distributions to shareholders	(42,4)	(29,7)	(29,7)
Dividends to minorities	–	–	(2,8)
Balance at the end of the period			
Owners of the company	1 459,9	1 356,4	1 429,7
Non-controlling interest	46,5	41,1	42,1

Condensed Statements of Financial Position

	31 Dec 2011 6 months Unaudited Rm	31 Dec 2010 6 months Unaudited Rm	30 Jun 2011 12 months Audited Rm
ASSETS			
Non-current assets	1 015,1	1 098,8	1 017,9
Property, plant and equipment and investment properties	909,0	933,8	902,6
Goodwill	66,7	66,7	66,7
Interest in joint ventures	26,4	26,3	24,4
Pension fund surplus	–	22,0	3,8
Deferred taxation assets	13,0	50,0	20,4
Current assets	1 871,7	1 446,0	1 617,7
Inventories	850,2	626,5	729,8
Receivables, prepayments and other receivables	903,2	767,4	750,0
Bank balances and cash	109,1	40,0	128,7
Assets held for sale	9,2	12,1	9,2
Total assets	2 886,8	2 544,8	2 635,6
EQUITY AND LIABILITIES			
Capital and reserves	1 506,4	1 397,5	1 471,8
Equity holders' interest	1 459,9	1 356,4	1 429,7
Non-controlling interest	46,5	41,1	42,1
Non-current liabilities	78,4	66,4	56,6
Long-term interest-bearing borrowings	37,4	33,2	22,5
Retirement benefit obligations	9,7	10,5	9,7
Deferred taxation liabilities	31,3	22,7	24,4
Current liabilities	1 302,0	1 080,9	1 107,2
Short-term interest-bearing borrowings	21,7	56,6	22,2
Trade and other payables	1 022,1	795,8	813,1
Provisions	20,8	18,1	53,3
Bank overdrafts	237,4	210,4	218,6
Total equity and liabilities	2 886,8	2 544,8	2 635,6
Number of shares in issue (millions)	424,5	424,5	424,5
Net asset value per share (cents)	343,9	319,5	336,8
Net interest-bearing debt to equity (%)	12,4%	18,6%	9,1%

Condensed Statements of Cash Flow

	31 Dec 2011 6 months Unaudited Rm	31 Dec 2010 6 months Unaudited Rm	30 Jun 2011 12 months Audited Rm
Cash flows from operating activities			
Cash generated by operations before working capital changes	28,8	121,0	223,5
Net working capital changes	152,2	146,0	288,3
Cash generated from operations	(103,0)	3,1	(18,3)
Net finance costs	49,2	149,1	270,0
Taxation paid	(14,0)	(21,1)	(32,7)
Cash flows to investing activities	(6,4)	(7,0)	(13,8)
Net capital expenditure	(42,0)	(25,9)	–
Expansion	(42,0)	(24,3)	(57,0)
Replacement	(7,7)	(3,4)	(11,9)
Government capital incentives	(56,8)	(20,9)	(49,6)
Proceeds on disposals	22,5	–	4,5
Other investing activities	–	–	56,6
	–	(1,6)	0,4
Cash flows (to)/ from operating and investing activities			
	(13,2)	95,1	223,5
Cash flows to financing activities			
Dividends paid to minorities	(25,2)	(43,1)	(91,0)
Capital distributions to shareholders	(2,8)	–	(2,8)
Increase/(decrease) in borrowings	(42,4)	(29,7)	(29,7)
	17,2	(13,4)	(58,5)
Net (decrease)/increase in cash and cash equivalents			
	(38,4)	52,0	132,5
Cash and cash equivalents at the beginning of the period			
	(89,9)	(222,4)	(222,4)
Cash and cash equivalents at the end of the period			
	(128,3)	(170,4)	(89,9)

Condensed Segmental Analyses

	Revenue Rm	Operating profit before restructuring costs Rm	Depreciation Rm	Total assets Rm
Dec 2011 (6 months) Unaudited				
Industrial	2 448,6	109,2	34,8	2 886,8
Consumer	1 604,6	92,5	25,1	2 018,9
Other	844,0	16,7	9,7	859,6
	–	–	–	8,3
Dec 2010 (6 months) Unaudited				
Industrial	2 235,4	107,1	35,5	2 544,8
Consumer	1 416,2	67,8	28,2	1 709,1
Other	819,2	39,3	7,3	782,6
	–	–	–	53,1
June 2011 (12 months) Audited				
Industrial	4 351,7	265,9	69,9	2 635,6
Consumer	2 847,3	224,6	51,2	1 841,7
Other	1 504,4	41,3	18,7	779,4
	–	–	–	14,5

Notes

	31 Dec 2011 6 months Unaudited Rm	31 Dec 2010 6 months Unaudited Rm	30 Jun 2011 12 months Audited Rm
1 Net finance costs – continuing operations	14,0	21,1	25,6
Interest received	(2,7)	(1,3)	(3,3)
Interest paid	16,7	22,4	28,9
Net finance costs – discontinued operations	–	–	7,1
2 Capital expenditure commitments	74,1	33,3	110,9
Contracted	38,1	7,4	30,0
Approved but not yet contracted	36,0	25,9	80,9
3 Operating lease commitments	91,0	59,5	81,6
4 Guarantees and contingent liabilities	10,8	11,4	10,9
5 Taxation			
The taxation rate is lower than the statutory rate mainly due to the raising of a deferred tax asset.			

6 Basis of preparation of results

These condensed financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, South African interpretations of Generally Accepted Accounting Practice and have been prepared in compliance with IAS 34: Interim Financial Reporting, the Companies Act of South Africa and the Listings Requirements of the JSE Limited.

The financial statements have been prepared using accounting policies that comply with IFRS and which are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2011.

The disclosure for the prior interim period has been re-presented to comply with the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

7 Unaudited results

These results have not been reviewed or reported on by the group's auditors. The condensed financial statements have been prepared under the supervision of JP Haveman CA(SA) and were approved by the board of directors on 5 March 2012.

These results can be viewed on: www.kapinternational.com



Corporate information

Non-executive directors: C E Daun* [Chairman], J B Magwaza [Lead Independent Director], M J Jooste, I N Mkhari, F Möller*, S H Nomvete, U Schäckermann*, K E Schmidt, D M van der Merwe * German
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 **Registration number:** 1978/000181/06 **Share code:** KAP
Postal address: PO Box 61051, Marshalltown, 2107 **Telephone:** 011 370 5000 **Facsimile:** 011 688 7710 **Sponsor:** PSG Capital [Proprietary] Limited