KAP

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KAP

KAP is a diversified industrial business focused on growth in African markets

KAP INDUSTRIAL HOLDINGS LIMITED Unaudited results for the six months ended 31 December 2017

FINANCIAL OVERVIEW

These are the interim unaudited results for the six months ended 31 December 2017.

Revenue and operating profit before capital items

Revenue from continuing operations increased by 29% to R11.5 billion (H1:17 R8.9 billion). Operating profit before capital items from continuing operations increased by 25% to R1.4 billion (H1:17 R1.1 billion). Operating margin decreased to 12.2% (H1:17 12.6%), primarily as a result of the delayed start-up of the Hosaf PET expansion project and the impact thereof on revenue, margin and operating profit.

Headline earnings per share (HEPS)

HEPS from continuing operations increased by 11% to 28.3 cents (H1:17 25.5 cents).

Tax rate

The effective tax rate decreased to 28.0% (H1:17 29.2%), mainly due to lower withholding taxes in relation to the group's activities in the rest of Africa.

Working capital

Net working capital increased by R1 018 million to R2 143 million, largely as a result of the acquisition of Safripol effective 1 January 2017 and elevated inventory levels resulting from the delayed start-up of the Hosaf PET expansion project and port delays for related imported product. Inventories increased by R739 million and accounts receivable increased by R887 million, while accounts payable increased by R608 million. Normal seasonal investment in working capital took place due to peak trading, which will normalise leading up to year-end.

Cash flow

Cash generated from operations before working capital changes increased by 24.6% to R2 billion (H1:17 R1.6 billion).

Capital expenditure

Replacement capital expenditure continues to be managed over time in relation to the annual depreciation charge and amounted to R486 million for the period (net of proceeds on disposal). Expansion capital expenditure of R483 million resulted from continued investment in the group's asset base to drive growth and efficiency benefits. Capital expenditure was mainly directed towards completion of the Hosaf PET expansion project and the purchase of logistics and passenger transport vehicles.

Capital structure

In order to facilitate the various expansion activities of the group while maintaining a healthy capital structure, R1 500 million was raised through a fully subscribed rights issue in the prior year (December 2016). This resulted in a 7% increase in the weighted amount of shares in issue when comparing H1:18 to H1:17. Net interest-bearing debt increased by R4.8 billion to R7.5 billion as a result of the group's acquisitions and capital investment activities, which took place in the last 18 months. The net debt: EBITDA ratio remains at a healthy 2.0 times and the EBITDA: interest cover ratio at 5.7 times, both well within target levels. The debt structure and capacity ratios are reflected as follows:

Debt structure and capacity ratios	Six months ended 31 Dec 2017 Rm	Six months ended 31 Dec 2016 Rm	Year ended 30 Jun 2017 Rm
Interest-bearing long-term liabilities	**7 648**	6 449	7 307
Interest-bearing short-term liabilities	**460**	527	405
Bank overdrafts and short-term facilities	**1**	164	74
Cash and cash equivalents	**(649)**	(4 523)	(2 009)
Net interest-bearing debt	**7 460**	2 617	5 777
EBITDA*	**1 905**	1 559	3 361
Net finance charges*	**328**	197	515
EBITDA: interest cover (times)**	**5.7**	8.5	6.5
Net debt: EBITDA (times)**	**2.0**	0.9	1.7

** From continuing operations*

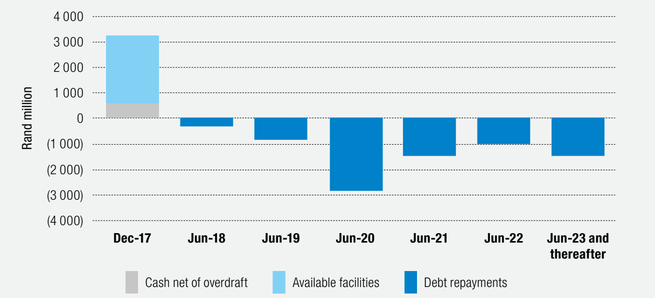
*** Rolling 12 months*

The following funding activities were concluded during the period in order to facilitate longer dated maturities to accommodate future growth:

- R2 004 million raised through bond issuances, with 3 and 5 year tenures.
- R1 750 million of existing term loan facilities settled.
- The KAP bond programme increased from R5 billion to R10 billion.

The recent bond issuances and settlements of term facilities have resulted in an extended debt maturity profile, reflected as follows:

MATURITY OF NET INTEREST-BEARING DEBT AS AT 31 DECEMBER 2017



Net asset value (NAV)

The NAV per share increased by 9% to 420 cents from 387 cents.

ACQUISITIONS

The group concluded the following corporate transactions during the period, in accordance with its strategy:

- Support-a-Paedic (Pty) Ltd and RME Components (Pty) Ltd were acquired effective 1 December 2017 for R48 million, in order to provide the integrated bedding division with access to new markets and bedding brands.
- On 1 December 2017, Southern Star Logistics (Pty) Ltd (a 50% owned subsidiary) was formed in order to facilitate growth in the Swaziland territory. Certain assets from KAP-owned subsidiaries Unitrans Swaziland (Pty) Ltd and Unitrans Agricultural Services (Pty) Ltd were combined with a R92 million contribution of assets from an external party, South Star Investments (Pty) Ltd.
- KAP acquired 45% of minority interests in Crystal Cool Holdings (Pty) Ltd on 1 July 2017 for R10 million, in order to consolidate and streamline operations.
- The disposal of 23% of Feltex Fehrer (Pty) Ltd to the automotive components division's technology partner, F.S. Fehrer Automotive GmbH, was concluded effective 1 July 2017 for R58 million in terms of a call option.

OUTLOOK

Several acquisitions and major expansionary capital projects were concluded during the 2017 calendar year. Management is focused on the successful integration of these acquisitions and on optimising its expanded operations in order to realise full value for capital invested. Management remains optimistic that these activities will provide continued growth and momentum to the group and will facilitate further expansion in time.

The PG Bison Piet Retief phase one particleboard upgrade in the integrated timber division, the new vehicle model introductions in the automotive components division and the new technology investments in the integrated bedding division will be the primary drivers of growth for the diversified industrial segment. The expansion of the Hosaf PET facility in the diversified chemical segment will enhance revenue, margin and operating profit growth. Recent contract renewals and the pending conclusion of a B-BBEE transaction in the contractual logistics division provide a solid platform for continued growth in the diversified logistics segment.

The diverse nature of the group's operations, with exposure to various sectors, business models and currencies and continued investment in organic and acquisitive expansion, underpins the continued growth of the group.

INTERIM DIVIDEND

In line with historic policy the board of directors has not declared an interim dividend.

APPRECIATION

The board of directors records its appreciation for the continued support and loyalty of the group's employees, shareholders, customers and suppliers.

On behalf of the board

J de V du Toit	GN Chaplin	FH Olivier
Independent non-executive chairman	Chief executive officer	Chief financial officer
12 February 2018		

KAP Industrial Holdings Limited ("KAP" or "the company" or "the group")

Non-executive directors: J de V du Toit (Chairman)*, KJ Grové (Deputy chairman), TLR de Klerk, LJ du Preez, IN Mkhari*, SH Müller*, SH Nomvete*, PK Quarmby*, DM van der Merwe, CJH van Niekerk* **Executive directors:** GN Chaplin (Chief executive officer), FH Olivier (Chief financial officer)
Registration number: 1978/000181/06 **Share code:** KAP **ISIN:** ZAE000171963 **Registered address:** 28 6th Street, Wynberg, Sandton, 2090 **Postal address:** PO Box 18, Stellenbosch, 7599 **Telephone:** 021 808 0900 **Facsimile:** 021 808 0901 **E-mail:** info@kap.co.za **Transfer secretaries:** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 **Company secretary:** Steinhoff Secretarial Services Proprietary Limited **Auditors:** Deloitte & Touche **Sponsor:** PSG Capital Proprietary Limited

** Independent*

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OPERATIONAL OVERVIEW

KAP continued to grow through investment in strategically aligned businesses and operations with high barriers to entry, which enhance the group's quality of earnings in respect of sustainability, solid margins and strong cash conversion. The disciplined execution of the group's strategy produced pleasing results for the period.

Revenue	Operating profit	Cash generated from operations	Headline earnings	Net asset value
from continuing operations	from continuing operations	before working capital	per share from continuing operations	per share
up by	up by	up by	up by	up by
29% to **R11.5bn**	**25%** to **R1.4bn**	**25%** to **R2bn**	**11%**	**9%**

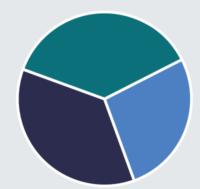
The results of the group are reported in three segments as follows:

DIVERSIFIED INDUSTRIAL	DIVERSIFIED CHEMICAL	DIVERSIFIED LOGISTICS
Integrated timber Forestry and timber manufacturing operations with primary and secondary processing	**Polymers** Manufacture of high-density polyethylene (HDPE), polypropylene (PP) and polyethylene terephthalate (PET)	**Contractual logistics** Specialised contractual supply chain and logistics services
Automotive components Manufacture of vehicle accessories and components used in new vehicle assembly	**Resins** Manufacture of urea formaldehyde (UF) resins and impregnated paper	**Passenger transport** Personnel, commuter, intercity and tourism transport
Integrated bedding Manufacture of foam, fabrics, springs, bases and mattresses		

REVENUE

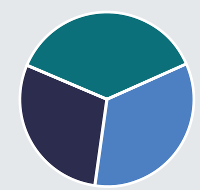
Diversified industrial	28%
Diversified chemical	33%
Diversified logistics	39%

OPERATING PROFIT



Diversified industrial	37%
Diversified chemical	27%
Diversified logistics	36%

TOTAL ASSETS



Diversified industrial	37%
Diversified chemical	34%
Diversified logistics	29%

Revenue from the diversified industrial segment increased by 4% to R3.4 billion, while the operating profit of the segment increased by 14% to R519 million.

The integrated timber division performed well for the period. Recent upgrades to the primary manufacturing plant and the addition of value-adding capacity supported revenue growth and enhanced margins through efficiency improvements and operating cost savings. The division's pole operations were negatively impacted by the extended drought in the Western Cape region, while its forestry and sawmilling operations both continued to show growth.

Increased market share resulting from recent new model introductions provided strong support to the automotive components division, which achieved healthy growth in spite of lower new vehicle assembly volumes for the industry. A major new model introduction was successfully commissioned during the period.

The integrated bedding division benefited from increased industry volumes. The fully integrated model provides for added benefit through the division's sales of both bedding components and complete mattress and base sets. Operating profit growth and margin improvement were further supported by the consolidation of the division's Johannesburg operations and new technology manufacturing equipment commissioned during the period.

Revenue from the diversified chemical segment increased by 148% to R3.9 billion, while the operating profit of the segment increased by 106% to R385 million.

Safripol performed ahead of expectation for the period. Operations continued to run at capacity, with strong demand for both HDPE (high-density polyethylene) and PP (polypropylene). Good progress was made during the period with the integration of this operation into the group and on various cost-saving initiatives and margin improvement projects.

The performance of Hosaf was disappointing as a result of several weeks' delay in the commissioning of a major expansion to its PET (polyethylene terephthalate) plant. Revenue, margin and operating profit were negatively affected as a result. The project is nearing completion with production ramp-up well advanced. Demand for PET remains strong, which will support the expansion when operating at full capacity.

Woodchem continued to operate at capacity with stable demand for its formaldehyde, resin and impregnated paper products.

Revenue from the diversified logistics segment increased by 3% to R4.6 billion, while the operating profit of the segment increased by 4% to R500 million.

The contractual logistics division performed well for the period in the context of subdued market conditions. Recent management appointments and operating structure changes have resulted in a more focused and efficient business. Margins have stabilised in line with expectation, while certain key long-term contracts were successfully renewed during the period. Activity levels in all major sectors of operation showed improvement.

The passenger transport division performed well for the period, with the exception of the intercity business, which continued to feel the impact of lower passenger numbers and increased competitor activity. The commuter, personnel and tourism businesses showed good growth for the period, as did the division's operations in Mozambique.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated income statement

	Notes	Six months ended 31 Dec 2017 Unaudited Rm	Six months ended 31 Dec 2016 Unaudited* Rm	% change	Year ended 30 Jun 2017 Audited Rm
Revenue		11 478	8 915	29	19 783
Operating profit before depreciation, amortisation and capital items		1 905	1 559	22	3 361
Depreciation and amortisation		(501)	(437)		(862)
Operating profit before capital items		1 404	1 122	25	2 499
Capital items	1	(26)	4		(34)
Earnings before interest, dividend income, associate and joint venture earnings and taxation		1 378	1 126	22	2 465
Net finance charges		(328)	(197)		(515)
Share of profit of associate and joint venture companies		13	10		15
Profit before taxation		1 063	939	13	1 965
Taxation		(297)	(274)		(510)
Profit for the period from continuing operations		766	665	15	1 455
Loss for the period from discontinued operations	2	(14)	(8)		(62)
Profit for the period		752	657	14	1 393
Attributable to:					
Owners of the parent		720	629	14	1 343
Non-controlling interests		32	28		50
Profit for the period		752	657	14	1 393
From continuing and discontinued operations					
Basic earnings per ordinary share (cents)		27.0	25.3	7	52.2
Fully diluted earnings per ordinary share (cents)		26.8	25.1	7	51.7
From continuing operations:					
Basic earnings per ordinary share (cents)		27.6	25.6	8	54.6
Fully diluted earnings per ordinary share (cents)		27.4	25.4	8	54.1

Additional information

	Six months ended 31 Dec 2017 Unaudited Rm	Six months ended 31 Dec 2016 Unaudited* Rm	Year ended 30 Jun 2017 Audited Rm
Note 1: Capital items			
From continuing operations:			
Loss on disposal of property, plant and equipment and investment property	(7)	–	(36)
Gain on bargain purchase	–	4	4
Impairments	(19)	–	(2)
	(26)	4	(34)
From discontinued operations:			
Profit/(loss) on disposal of property, plant and equipment and investment property	4	–	(1)
Impairments	–	–	(34)
	4	–	(35)
	(22)	4	(69)
Note 2: Loss for the period from discontinued operations			
Revenue	37	127	227
Operating loss before depreciation, amortisation and capital items	(17)	(7)	(44)
Depreciation and amortisation	(4)	(3)	(6)
Operating loss before capital items	(21)	(10)	(50)
Capital items	4	–	(35)
Deficit before interest, dividend income, associate and joint venture earnings and taxation	(17)	(10)	(85)
Net finance charges	(1)	(1)	(3)
Loss before taxation	(18)	(11)	(88)
Taxation	4	3	26
Loss for the period from discontinued operations	(14)	(8)	(62)
Note 3: Headline earnings attributable to ordinary shareholders			
Earnings attributable to owners of the parent	720	629	1 343
Adjusted for:			
Capital items (note 1)	22	(4)	69
Taxation effects of capital items	(6)	–	(19)
Non-controlling interests' portion of capital items (net of taxation)	2	1	1
	738	626	1 394
Note 4: Headline earnings per ordinary share			
From continuing and discontinued operations			
Headline earnings per ordinary share (cents)	27.7	25.2	54.2
Fully diluted headline earnings per ordinary share (cents)	27.5	25.0	53.6
From continuing operations:			
Headline earnings per ordinary share (cents)	28.3	25.5	55.6
Fully diluted headline earnings per ordinary share (cents)	28.1	25.3	55.1
Number of ordinary shares in issue (m)	2 678	2 662	2 662
Weighted average number of ordinary shares in issue (m)	2 664	2 487	2 574

Condensed consolidated statement of comprehensive income

	Six months ended 31 Dec 2017 Unaudited Rm	Six months ended 31 Dec 2016 Unaudited Rm	Year ended 30 Jun 2017 Audited Rm
Profit for the period	752	657	1 393
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries	(21)	(55)	(75)
Total comprehensive income for the period	731	602	1 318
Total comprehensive income attributable to:			
Owners of the parent	700	575	1 269
Non-controlling interests	31	27	49
Total comprehensive income for the period	731	602	1 318

Condensed consolidated statement of changes in equity

	Six months ended 31 Dec 2017 Unaudited Rm	Six months ended 31 Dec 2016 Unaudited Rm	Year ended 30 Jun 2017 Audited Rm
Balance at beginning of the period	11 348	8 862	8 862
Changes in stated share capital			
Net shares issued	17	1 456	1 456
Changes in reserves			
Total comprehensive income for the period attributable to owners of the parent	700	575	1 269
Dividends paid	(559)	(439)	(442)
Share-based payments	30	35	85
Other reserve movements	22	–	–
Changes in non-controlling interests			
Total comprehensive income for the period attributable to non-controlling interests	31	27	49
Dividends paid	(46)	(12)	(37)
Shares issued to non-controlling interests	31	–	3
Shares bought from non-controlling interests	(3)	–	–
Introduced and acquired on acquisition of subsidiaries	–	104	103
Balance at end of the period	11 571	10 608	11 348
Comprising:			
Stated share capital	8 791	8 774	8 774
Reverse acquisition reserve	(3 952)	(3 952)	(3 952)
Distributable reserves	6 074	5 208	5 915
Share-based payment reserve	304	234	274
Other reserves	28	30	24
Non-controlling interests	326	314	313
	11 571	10 608	11 348

Condensed consolidated statement of financial position

	31 Dec 2017 Unaudited Rm	31 Dec 2016 Unaudited Rm	30 Jun 2017 Audited Rm
ASSETS			
Non-current assets			
Goodwill and intangible assets	5 392	2 204	5 333
Property, plant and equipment and investment property	12 384	9 404	11 832
Consumable biological assets	1 926	1 971	1 978
Investments in associate and joint venture companies	70	74	67
Investments and loans	8	3	11
Deferred taxation assets	100	99	130
Other receivables	–	–	40
	19 880	13 755	19 391
Current assets			
Inventories	2 103	1 364	1 727
Accounts receivable and other current assets	4 059	3 172	3 652
Short-term loans receivable	61	4	3
Taxation receivable	112	50	93
Cash and cash equivalents	649	4 523	2 009
Assets classified as held for sale	95	–	103
	7 079	9 113	7 587
Total assets	26 959	22 868	26 978
EQUITY AND LIABILITIES			
Capital and reserves			
Stated share capital	8 791	8 774	8 774
Reserves	2 454	1 520	2 261
	11 245	10 294	11 035
Non-controlling interests	326	314	313
Total equity	11 571	10 608	11 348
Non-current liabilities			
Interest-bearing long-term liabilities	7 648	6 449	7 307
Deferred taxation liabilities	3 067	1 614	2 928
Other long-term liabilities and provisions	116	130	112
	10 831	8 193	10 347
Current liabilities			
Accounts payable, provisions and other current liabilities	4 051	3 333	4 736
Interest-bearing short-term liabilities	460	527	405
Taxation payable	45	43	68
Bank overdrafts and short-term facilities	1	164	74
	4 557	4 067	5 283
Total equity and liabilities	26 959	22 868	26 978
Net asset value per ordinary share (cents)	420	387	415
Net interest-bearing debt to equity (%)	66%	25%	52%

Fair values of financial instruments

	Fair value as at 31 Dec 2017 Unaudited Rm	Fair value as at 31 Dec 2016 Unaudited Rm	Fair value as at 30 Jun 2017 Audited Rm	Fair value hierarchy
Derivative financial assets	–	2	6	Level 2
Derivative financial liabilities	(67)	(59)	(11)	Level 2

Level 2 financial instruments consist of foreign exchange contracts that are valued using techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. These inputs include foreign exchange rates.

Condensed consolidated statement of cash flows

	Six months ended 31 Dec 2017 Unaudited Rm	Six months ended 31 Dec 2016 Unaudited* Rm	Year ended 30 Jun 2017 Audited Rm
Operating profit before capital items	1 404	1 122	2 499
Depreciation and amortisation	501	437	862
Operating loss before depreciation, amortisation and capital items from discontinued operations	(17)	(7)	(44)
Net fair value adjustments of consumable biological assets and decrease due to harvesting and sale of livestock	56	(4)	(4)
Other non-cash adjustments	30	36	28
Cash generated before working capital changes	1 974	1 584	3 341
Increase in inventories	(363)	(74)	(41)
Increase in receivables	(296)	(296)	(334)
Decrease in payables	(836)	(719)	(8)
Changes in working capital	(1 495)	(1 089)	(383)
Cash generated from operations	479	495	2 958
Dividends received	–	–	10
Dividends paid	(576)	(452)	(479)
Net finance charges	(384)	(225)	(596)
Taxation paid	(165)	(120)	(295)
Net cash (outflow)/inflow from operating activities	(646)	(302)	1 598
Additions to property, plant and equipment and investment property	(969)	(1 194)	(2 240)
Acquisition of investments	(121)	(227)	(3 781)
Other investing activities	(54)	(25)	(62)
Net cash outflow from investing activities	(1 144)	(1 446)	(6 083)
Net cash outflow from operating and investing activities	(1 790)	(1 748)	(4 485)
Net cash inflow from financing activities	436	3 686	3 911
Net (decrease)/increase in cash and cash equivalents	(1 354)	1 938	(574)
Effects of exchange rate translations on cash and cash equivalents	(6)	(17)	(19)
Cash and cash equivalents at beginning of period	2 009	2 602	2 602
Cash and cash equivalents at end of period	649	4 523	2 009

Segmental analysis

	Six months ended 31 Dec 2017 Unaudited Rm	Six months ended 31 Dec 2016 Unaudited* Rm	% change	Year ended 30 Jun 2017 Audited Rm
Revenue from continuing operations				
Diversified industrial	3 363	3 233	4	6 385
Diversified chemical	3 901	1 575	148	5 467
Diversified logistics	4 605	4 473	3	8 656
	11 869	9 281	28	20 508
Intersegment revenue eliminations	(391)	(366)		(725)
	11 478	8 915	29	19 783
Operating profit before capital items from continuing operations				
Diversified industrial	519	455	14	944
Diversified chemical	385	187	106	672
Diversified logistics	500	480	4	883
	1 404	1 122	25	2 499

	31 Dec 2017 Unaudited Rm	%	31 Dec 2016 Unaudited* Rm	%	30 Jun 2017 Audited Rm	%
Total assets						
Diversified industrial	9 478	37	9 038	50	9 149	37
Diversified chemical	8 854	34	1 982	11	8 354	34
Diversified logistics	7 600	29	7 099	39	7 070	29
	25 932	100	18 119	100	24 573	100

Reconciliation of total assets per statement of financial position to total assets per segmental analysis

	31 Dec 2017 Unaudited Rm	31 Dec 2016 Unaudited* Rm	30 Jun 2017 Audited Rm
Total assets per statement of financial position	26 959	22 868	26 978
Less: Investments in associate and joint venture companies	(70)	(74)	(67)
Less: Interest-bearing long-term loans receivable	–	(2)	(2)
Less: Deferred taxation assets	(100)	(99)	(130)
Less: Interest-bearing short-term loans receivable	(1)	(1)	(1)
Less: Taxation receivable	(112)	(50)	(93)
Less: Cash and cash equivalents	(649)	(4 523)	(2 009)
Less: Assets classified as held for sale	(95)	–	(103)
Total assets per segmental analysis	25 932	18 119	24 573

Geographical information

	Six months ended 31 Dec 2017 Unaudited Rm	%	Six months ended 31 Dec 2016 Unaudited* Rm	%	Year ended 30 Jun 2017 Audited Rm	%
Revenue						
South Africa	10 400	91	7 911	89	17 978	91
Rest of Africa	1 078	9	1 004	11	1 805	9
	11 478	100	8 915	100	19 783	100
Non-current assets						
South Africa	18 592	94	12 609	92	18 179	94
Rest of Africa	1 288	6	1 146	8	1 212	6
	19 880	100	13 755	100	19 391	100

* *Restated to reflect discontinued operations, as well as the new segments in which the group is now structured, i.e. diversified industrial, diversified chemical and diversified logistics. The prior period segmental assets have been restated to more accurately reflect the assets that generate operating profit.*

KAP

SELECTED EXPLANATORY NOTES

1. Statement of compliance

The condensed consolidated interim financial information has been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the financial pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited, the information as required by IAS 34: Interim Financial Reporting and the requirements of the South African Companies Act, No. 71 of 2008. The consolidated interim financial information has been prepared using accounting policies that comply with IFRS, which are consistent with those applied in the consolidated financial statements for the year ended 30 June 2017.

2. Basis of preparation

The condensed consolidated interim financial statements are prepared in millions of South African Rand (Rm) on the historical-cost basis, except for certain assets and liabilities, which are carried at amortised cost, and derivative financial instruments and consumable biological assets, which are stated at their fair values. The preparation of the condensed consolidated interim financial statements for the six months ended 31 December 2017 was supervised by Frans Olivier CA(SA), the group's chief financial officer.

3. Changes to comparative results

The prior period's income statement has been restated to reflect the discontinued operations of Glodina, a division of KAP Homeware (Pty) Ltd. The comparative cash flow has been represented to include interest capitalised in accordance with IAS 23: Borrowing Costs, in net finance charges, previously included in additions to property, plant and equipment and investment property. With the acquisition of Safripol in the chemical division, the comparative information in the segmental analysis was restated in the new segments in which the group is now structured, i.e. diversified industrial, diversified chemical and diversified logistics. The prior period segmental operating profit before capital items has been restated by allocating head office costs to the different segments in line with the current period. The segmental assets have also been restated to more accurately reflect the assets that generate operating profit. All of the aforementioned changes have already been applied in the 30 June 2017 results.

4. Accounting policies

The accounting policies utilised in the preparation of the condensed consolidated interim financial information are consistent with those of the audited consolidated financial statements for the year ended 30 June 2017.

5. Financial statements

These results have not been reviewed or reported on by the group's auditors. The results were approved by the board of directors on 12 February 2018.

6. Post-balance sheet events

No significant events have occurred in the period between the end of the period under review and the date of this report.

7. Changes to the board/board committees

With effect from 1 October 2017 Mr MJ Jooste and Mr AB la Grange resigned as non-executive directors. On the same date Mr TLR de Klerk and Mr LJ du Preez were appointed as non-executive directors. There were no other changes to the board of directors during the period under review.