



CONDENSED INCOME STATEMENTS

	Dec 2008 6 months Unaudited Rm	Dec 2007 6 months Unaudited Rm	Jun 2008 12 months Audited Rm
Revenue	2 580,8	2 374,8	4 620,4
Operating profit	82,9	110,1	200,1
Continuing operations	(18,4)	-	-
Discontinuing operations	(46,8)	(40,6)	(81,7)
Net finance costs	3,7	2,1	3,7
Share of results of joint ventures	-	-	-
Profit before taxation	21,4	71,6	122,1
Taxation	(5,2)	(14,9)	7,7
Net profit for the period	16,2	56,7	129,8
Attributable to KAP shareholders	12,8	53,6	122,3
Attributable to minorities	3,4	3,1	7,5
Reconciliation of headline earnings			
Net profit attributable to ordinary shareholders	12,8	53,6	122,3
Profit on sale of property, plant and equipment	-	(1,0)	(1,6)
Headline earnings	12,8	52,6	120,7
Weighted average shares in issue	424,5	424,5	424,5
Earnings			
Earnings per share (cents)	3,0	12,6	28,8
Headline earnings per share (cents)	3,0	12,3	28,4

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Dec 2008 6 months Unaudited Rm	Dec 2007 6 months Unaudited Rm	Jun 2008 12 months Audited Rm
Balance at the beginning of the period	1 308,7	1 191,1	1 191,1
Movement in share-based payment reserve	-	-	0,6
Movement in foreign currency translation reserve	(0,1)	-	(0,2)
Net profit for the period	16,2	56,7	129,8
Distributions to minorities	(3,6)	-	-
Sale of share trust shares	-	-	0,1
Distributions to KAP shareholders	-	(12,7)	(12,7)
Balance at the end of the period	1 321,2	1 235,1	1 308,7
KAP shareholders	1 288,9	1 207,0	1 276,2
Minorities	32,3	28,1	32,5

CONDENSED CASH FLOW STATEMENTS

	Dec 2008 6 months Unaudited Rm	Dec 2007 6 months Unaudited Rm	Jun 2008 12 months Audited Rm
Net cash flows from operating activities	53,7	35,6	170,6
Cash generated from operations before working capital changes			
Continuing operations	116,6	140,4	256,3
Discontinuing operations	(14,4)	-	-
Net working capital changes	0,8	(58,2)	0,8
Cash generated from operations	103,0	82,2	257,1
Net finance costs	(45,1)	(40,6)	(75,9)
Taxation paid	(4,2)	(6,0)	(10,6)
Cash flows from investing activities	(95,4)	(41,9)	(160,4)
Purchase of property, plant and equipment - expansion	(69,3)	(45,0)	(151,4)
- replacement	(26,0)	(8,2)	(26,0)
Other investing activities	(0,1)	11,3	17,0
Cash flows from financing activities	(47,4)	238,9	176,9
Increase/(decrease) in borrowings	(43,8)	251,6	189,6
Distributions to shareholders	-	(12,7)	(12,7)
Distributions to minorities	(3,6)	-	-
Net movement in cash and equivalents	(89,1)	232,6	187,1
Opening cash and equivalents	(184,8)	(371,9)	(371,9)
Closing cash and equivalents	(273,9)	(139,3)	(184,8)

SEGMENTAL ANALYSES

	Revenue Rm	Operating profit Rm	Depreciation Rm	Assets Rm
December 2008 (6 months) - unaudited				
Industrial	1 275,2	35,1	23,2	1 569,7
Consumer	1 364,0	26,0	8,6	984,1
Other	(78,4)	3,4	0,2	54,3
Total	2 560,8	64,5	32,0	2 608,1
December 2007 (6 months) - unaudited				
Industrial	1 153,1	44,1	20,5	1 466,8
Consumer	1 237,0	65,2	7,3	964,1
Other	(15,3)	0,8	0,4	(15,3)
Total	2 374,8	110,1	28,2	2 415,6
June 2008 (12 months) - audited				
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

NOTES

	Dec 2008 6 months Unaudited Rm	Dec 2007 6 months Unaudited Rm	Jun 2008 12 months Audited Rm
1. Net finance costs	46,8	40,6	81,7
Interest received	-	-	(0,5)
Interest paid	46,8	40,6	82,2
2. Capital expenditure commitments			
Contracted	113,6	22,9	51,8
Approved but not yet contracted	24,5	140,4	84,6
3. Operating lease commitments	59,8	26,1	48,1
4. Guarantees and contingent liabilities	12,9	8,2	7,9

CONDENSED BALANCE SHEETS

	Dec 2008 Unaudited Rm	Dec 2007 Unaudited Rm	Jun 2008 Audited Rm
Assets	1 095,5	925,6	1 045,9
Non-current assets			
Property, plant and equipment and investment properties	891,5	731,6	828,2
Goodwill	60,5	53,5	60,5
Investments and loans	18,8	31,0	26,5
Pension fund surplus	34,6	44,8	39,4
Deferred taxation	90,1	64,7	91,3
Current assets	1 512,6	1 490,0	1 714,5
Inventories and biological assets	787,5	766,6	929,9
Receivables and prepayments	695,0	721,6	729,5
Cash and cash equivalents	30,1	1,8	55,1
Total assets	2 608,1	2 415,6	2 760,4
Equity and liabilities			
Equity	1 321,2	1 235,1	1 308,7
Equity holders' interest	1 288,9	1 207,0	1 276,2
Minority interest	32,3	28,1	32,5
Non-current liabilities	125,0	350,0	117,5
Long-term interest-bearing borrowings	80,2	300,9	68,3
Retirement benefit obligations	12,6	13,7	11,7
Deferred taxation	32,2	35,4	37,5
Current liabilities	1 161,9	830,5	1 334,2
Short-term interest-bearing borrowings	212,8	91,1	266,8
Short-term interest-free borrowings	27,0	19,3	27,0
Trade and other payables	593,4	553,8	758,3
Provisions	24,7	25,2	42,2
Bank overdrafts	304,0	141,1	239,9
Total equity and liabilities	2 608,1	2 415,6	2 760,4
Number of shares in issue (millions)	424,5	424,5	424,5
Net asset value per share (cents)	303,6	284,4	300,7
Net interest-bearing debt to equity (%)	44,0	44,0	40,7

Highlights

Increase in cash generated from operations

Hosaf expansion to be completed by April

Discontinuation of Bull Brand Fresh Meat division announced

Please see these results on www.kapinternational.com

REVIEW OF RESULTS

The board of directors reports on the results for the six months ended 31 December 2008. Revenue increased by 8%, due to the effect of high commodity prices in Hosaf and Brenner Mills. Operating profit declined by 41% (R45,6 million) as a result of poor margins in the Fresh Meat division of Bull Brand and low demand in the automotive division. Headline earnings per share decreased from 12,3 cents to 3 cents per share.

Balance sheet and cash flow

Cash generated from operations improved from R82,2 million to R103,0 million due to sound working capital management. Net finance costs increased by R4,5 million to R45,1 million due to the increase in interest rates. The group continued with the Hosaf expansion project and R95,4 million was spent on investing activities during the year.

Interest-bearing debt increased by R47,0 million to R566,9 million due largely to the Hosaf expansion and the debt to equity ratio at 31 December 2008 was 44,0%.

Industrial segment

FELTEX AUTOMOTIVE

Sales volumes were affected by the worldwide slow-down in vehicle sales and this trend is expected to continue until the end of 2009. Margins were also impacted by raw material costs.

INDUSTRIAL FOOTWEAR

Once again the division performed well and demand for gumboots in particular remains strong.

HOSAF

Hosaf operating profit was in line with the previous year. The plant was shut down in mid-February 2009 in order to complete the expansion project and we expect to restart during April 2009. Hosaf is currently experiencing strong demand for its products.

Consumer segment

BULL BRAND FOODS

Industry margins in the Fresh Meat industry were extremely poor during the period under review. Feed costs were high due to the high maize price and meat prices remained low. This resulted in a loss being incurred in the Fresh Meat division. The cannery performed well and the group remains focused on increasing distribution and optimising margins whilst growing this strong brand.

BRENNER MILLS

The three mills delivered sound operational performance and demand for the product remains strong. Maize prices have stabilised and this has made procurement easier and we are consistently implementing a conservative procurement policy.

JORDAN

Management embarked on a cost-cutting exercise during the period under review and has achieved a significant reduction in expenses by focusing on employment costs and on the strength of their brands. The management team increased operating profit during a very difficult trading period. There has been a switch to local manufacturing because of the effect of the exchange rate on imported shoe prices.

GLODINA

Glodina showed a slight improvement in operating profit and their focus on quality and service to customers has meant that demand for their products remains strong. Management implemented a new warehouse and distribution system during the period under review which will reduce distribution costs in the future.

Corporate activity

There were no acquisitions or disposals during the period.

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 III) and comply therewith.

Sustainability

The group operates 19 industrial facilities in South Africa and employs 5 793 people. The impact of its operations on society and the environment is constantly under scrutiny and we continue to improve and respond to the broader sustainability agenda. All industrial facilities are required to develop management systems to internationally recognised certification standards. These systems proactively address safety, health, environment and quality risks.

Directors and officers

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

Capital distribution

Due to the cash requirements imposed by the Hosaf expansion and the prioritisation of reducing debt and gearing, no distribution is proposed at the interim stage.

Outlook

Shareholders are referred to the SENS announcement of 24 February 2009. The group intends to discontinue its operations in the Fresh Meat division of Bull Brand and this will be completed by 31 August 2009. The Hosaf expansion will be completed and fully operational by April 2009. This will double the capacity of the Hosaf plant. Automotive volumes are expected to remain low for the remainder of this calendar year and the group has already had a significant cut in employee numbers in this division. The reduced demand will affect the profitability of this division. Industrial Footwear and Brenner Mills are expected to continue to perform well, while improved cost structures in Jordan and Glodina should enable them to maintain their margins.

For and on behalf of the board

C E Daun

Chairman

Paarl

2 March 2009

P C T Schouten

Chief executive officer

CORPORATE INFORMATION

Non-executive directors: C E Daun* (Chairman), M J Jooste, J B Magwaza, I N Mkhari, F Müller*, S H Nomvets, D M van der Merwe * German

Executive directors: P C T Schouten (CEO), J P Haveman (CFO)

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