KAP Industrial Holdings Ltd
(Registration number: 1978/000181/06)
Audited Financial Statements
30 June 2020

Preparation supervised by: I Uys CA(SA)

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Deloitte.

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Independent auditor's report
To the Shareholders of KAP Industrial Holdings Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of KAP Industrial Holdings Limited (the company) set out on pages 11 to 37, which comprise the separate statement of financial position as at 30 June 2020, and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of KAP Industrial Holdings Limited as at 30 June 2020, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBSA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. No key audit matters were identified during the audit of the separate financial statements of the company.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "KAP Industrial Holdings Limited Audited Financial Statements 30 June 2020", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors[12] with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of KAP Industrial Holdings for 17 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: D A Steyn
Partner
16 October 2020
Address:
1st Floor The Square
Cape Quarter
27 Somerset Road
Green Point 8005
Western Cape

Directors' report

for the year ended 30 June 2020

The directors are pleased to present the audited financial statements for KAP Industrial Holdings Ltd (the company) for the year ended 30 June 2020.

Financial results
The results for the year under review are set out fully in the attached financial statements.

The loss for the year is R531 831 424 (2019: R1 449 540 441 profit).

During the year the company provided for losses of R1 044 000 001 against the investment in and R892 773 232 against the loan receivable from Safripol (Pty) Ltd. The company also increased the provision for losses against the loan receivable from KAP Corporate Services (Pty) Ltd by R631 718 056 to R725 138 222.

Company registration number	1978/000181/06	
Registered office	3rd Floor, Building 2 The Views Founders Hill Office Park 18 Centenary Street, Modderfontein Johannesburg 1645	
Postal address	PO Box 2766 Edenvale 1610	
Directors	**Executive directors**	**Appointment date**
	GN Chaplin *(chief executive officer)*	
	FH Olivier *(chief financial officer)*	
	Non-executive independent directors	
	J de V du Toit *(chairman: board, chairman: nomination committee)*	
	Z Fuphe	1 March 2020
	KJ Grové *(deputy chairman: board)*	
	KT Hopkins *(chairman: audit and risk committee)*	6 December 2019
	V McMenamin	12 December 2019
	IN Mkhari *(chairperson: social and ethics committee)*	
	SH Müller *(chairman: human capital and remuneration committee)*	
	SH Nomvete	
	PK Quarmby *(chairman: investment committee)*	
Auditors	Deloitte & Touche	
Company secretary	KAP Secretarial Services (Pty) Ltd	

Covid-19

The Covid-19 pandemic continues to have a devastating effect on the global economy and society in general. Since March 2020, management addressed the impact of the pandemic and the national lockdown regulations imposed by the South African government with effect from 27 March 2020 with a risk-based approach which included identifying the following key risk categories, and designing and implementing mitigating actions and controls to protect the company and its various stakeholders:

- Immediate and medium-term liquidity
- Sustainability of revenue
- Sustainability of customers and associated credit risk
- Sustainability of suppliers and potential supply chain interruptions
- Sustainability of operations, including the effect on employees

Covid-19 (continued)

The company implemented various measures to reduce its operating costs and to optimise cash flows in order to ensure continued liquidity during the lockdown period and thereafter. These measures included the suspension of all non-essential operating expenditure and uncommitted capital expenditure and an optimisation of working capital. In addition to this, the company implemented certain salary and wage cost reduction measures throughout its operations.

The measures implemented has been successful in ensuring the company remains resilient through this crisis.

Subsequent events

The company subscribed for additional ordinary shares in Safripol (Pty) Ltd, to the value of R995 000 000 effective 22 July 2020. No other significant events occurred between 30 June 2020 and the date of this report.

Responsibility of the directors

It is the directors' responsibility to ensure that the financial statements fairly present the state of affairs of the company. The external auditors are responsible for independently auditing and reporting on the financial statements.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance on the reliability of the financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

The financial statements set out in this report have been prepared by management on the basis of appropriate accounting policies, which were consistently applied, except where stated otherwise. The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the company at 30 June 2020, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, No. 71 of 2008 of South Africa.

Going concern

The financial statements were prepared on the going concern basis since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

Approval of financial statements

The financial statements for the year ended 30 June 2020, set out on pages 4 to 37 were approved by the board of directors and signed on its behalf on 16 October 2020.

....	....
GN Chaplin	FH Olivier

Company secretary's certificate

for the year ended 30 June 2020

The company secretary certified, in accordance with Section 88(2)(e) of the Companies Act, that the company had lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

....
Company secretary
KAP Secretarial Services (Pty) Ltd
16 October 2020
3rd Floor, Building 2, The Views, Founders Hill Office Park, 18 Centenary Street, Modderfontein, Johannesburg, 1645

Report of the audit and risk committee

for the year ended 30 June 2020

Introduction

The audit and risk committee (the committee) of KAP Industrial Holdings Ltd (the company) is pleased to present its report for the financial year ended 30 June 2020, as recommended by the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™), the Companies Act, No. 71 of 2008 of South Africa, and the Listings Requirements of the JSE Ltd.

The committee is an independent statutory committee, whose duties are guided by a formal charter that is in line with the Companies Act, the JSE Listings Requirements and the recommendations of King IV™ and which has been approved by the board of directors (the board) of the company. The committee has discharged all its responsibilities as contained in the charter.

Membership

The committee consists of the following five independent, non-executive directors of the company:

- KT Hopkins (appointed 6 December 2019, chairman)
- PK Quarmby
- SH Müller
- SH Nomvete
- Z Fuphe (appointed 1 March 2020)

The nomination committee of the company and the board are satisfied that these members have the required knowledge and experience, as set out in section 94(5) of the Companies Act and regulation 42 of the Companies Regulations, 2011, in order to serve on an audit committee of a public company. All members of the committee continue to meet the independence requirements of the Companies Act and King IV™. On recommendation by the nomination committee, the committee members have been nominated by the board for election by shareholders at the company's forthcoming annual general meeting (AGM).

The company secretary acts as secretary for the committee.

Meetings

The committee held two formal meetings during the year under review in line with the requirements of its charter, as well as a special meeting convened after year-end. All the meetings were attended by all members. The chief executive officer, chief financial officer (CFO), chief audit executive (CAE), other assurance providers and the external auditors attend meetings by invitation.

The committee performed the duties required of it by section 94(7) of the Companies Act by holding meetings with key role players on a regular basis and through the unrestricted access granted to the external auditors.

Subsidiary companies and divisions

The committee is supported by seven divisional audit and risk subcommittees (divisional subcommittees), which are in place for all subsidiary companies, to assist the committee in fulfilling its functions, duties and obligations.

The divisional subcommittees' members include divisional executives responsible for assurance, and the external auditors attend by invitation. These divisional subcommittees meet quarterly and deal with all issues arising at divisional level. The divisional subcommittees escalate any unresolved issues of concern to the committee. The committee retains ultimate accountability for all statutory and other formal obligations of the company and its subsidiaries. The divisional subcommittees met three times during the financial year.

Objective and scope

The overall objectives of the committee are as follows:

- To review the principles, policies and practices adopted in the preparation of the annual financial statements of companies in the group and to ensure that the annual financial statements of the group and any other formal announcements relating to the financial performance comply with all statutory and regulatory requirements as may be applicable.
- To ensure that the interim condensed financial statements, the period-end annual financial statements and the annual integrated report comply with all statutory and regulatory requirements.
- To ensure that all financial information contained in any consolidated submissions to the board is suitable for inclusion in the company's annual financial statements in respect of any reporting period.
- To assess annually the appointment of the external auditors and confirm their independence, recommend their appointment at the AGM and approve their fees.

Objective and scope (continued)

- To review the work of the group's external and internal auditors to ensure the adequacy and effectiveness of the group's financial, operating compliance and risk management controls.
- To review the management of risk and the monitoring of compliance effectiveness within the group.
- To oversee the appropriateness of the governance structures relating to information and communication technology (ICT), in its support of the business, to execute the business strategy and day-to-day operations.
- To ensure that appropriate financial reporting procedures exist and are effective for the company and its subsidiaries.
- To ensure that the directors have access to all the financial information of the group to allow the company to prepare the annual financial statements.
- To perform duties that are attributed to it by its mandate from the board, the Companies Act, the JSE Listings Requirements, King IV™ and other regulatory requirements.

During the year under review, the committee:

- Received and reviewed reports from internal auditors concerning the effectiveness of the internal control environment, systems and processes.
- Reviewed the reports of both internal and external auditors detailing their concerns arising from their audits and requested appropriate responses from management to ensure that their concerns were addressed.
- Made appropriate recommendations to the board regarding the corrective actions to be taken as a result of audit findings.
- Considered the independence and objectivity of the external auditors and ensured that the scope of any additional services provided was not of such a nature that they could be seen to have impaired their independence.
- Reviewed and recommended, for adoption by the board, such financial information that is publicly disclosed which, for the year, included:
    - the annual financial statements for the year ended 30 June 2020; and
    - the interim results for the six months ended 31 December 2019.
- Considered the JSE's monitoring activities reports listed below and took appropriate action to apply the findings and improve disclosures where required:
    - Report back on proactive monitoring of financial statements in 2019;
    - Combined findings of monitoring of financial statements;
    - Activities of the Financial Reporting Investigation Panel in 2019; and
    - Thematic review for compliance with IFRS 9 and 15.
- Considered the effectiveness of internal audit, approved the one-year internal audit plan and monitored the adherence of internal audit to its annual plan.
- Held meetings with the internal and external auditors where management was not present, as well as with the CAE. No matters of concern were raised.
- Reviewed reports of the ICT steering committee and group ICT executive concerning the effectiveness, suitability and reliability of the information and technology systems and processes and made appropriate recommendations to the board regarding the corrective actions to be taken.
- Considered reports provided by management regarding compliance with legal and regulatory requirements, environmental compliance, as well as open legal matters, to ensure that all matters which could have a material impact on the group have been reported to the board.
- Considered complaints received via the group's fraud reporting service.

The committee is of the opinion that the objectives were met during the year under review and that the committee operates efficiently. Where weaknesses were identified in specific controls, management undertook to implement appropriate corrective actions to address this, as well as to ensure that weaknesses identified previously had been corrected.

Specific 2020 focus areas

During the year under review, the committee focused specifically on the following areas:

- Considered the financial implications of the depressed economic environment and the effects of Covid-19, as well as the cyclical imbalance in global polymer supply and demand. This included the review of the following:
    - the group's going concern assessment;
    - solvency and liquidity impact of the group's debt serviceability ratios, as well as the projected net debt levels relative to available facilities; and
    - consideration of Covid-19 impact on accounting treatments.
- Review of new and amended accounting standards, including the adoption and application of IFRS 16 – Leases.

Internal audit

The group's internal auditors operate in terms of an internal audit charter under the direction of the committee, which approves the scope of the work to be performed. The internal audit charter was refined during the year under review, with a focus on role clarification, as well as the responsibilities and authority of the internal audit function.

Significant findings are reported to both executive management and the committee, and corrective action is taken to address identified internal controls deficiencies.

The committee is satisfied with the effectiveness and performance of the internal auditors, as well as the CAE, and that the internal auditors fulfilled their mandate.

The committee is also satisfied that the internal auditors, and the CAE, have the necessary resources, budget, standing and authority to enable them to discharge their functions effectively.

External audit

The committee has satisfied itself through enquiry that the external auditors of the company and its subsidiaries are independent as defined by the Companies Act and other applicable legislation. The committee, in consultation with executive management, has agreed to the audit fee for the 2020 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time.

There is a formal policy that governs the process whereby the external auditor is considered for the provision of non-audit services. Each engagement letter for such work is reviewed in accordance with this set policy and attendant procedures. The fees for non-audit services rendered were insignificant in value and did not affect the independence of the external auditor.

The external auditor was given the opportunity at each meeting to engage with the committee members without management being present. No matters of concern were raised.

The committee assessed the suitability of Deloitte & Touche (Deloitte) in terms of paragraph 22.15(h) of the JSE Listings Requirements. The committee has satisfied itself that the audit firm and designated auditor are accredited and do not appear on the JSE list of disqualified auditors. An overall satisfactory finding was recorded for both Deloitte and the designated auditor relating to the System of Quality Control External Inspection conducted by the Independent Regulatory Board for Auditors (IRBA).

The committee further satisfied itself that Deloitte was independent of the company, which includes consideration of compliance with criteria relating to independence proposed by IRBA.

The committee has reviewed and was satisfied with the performance of the external auditor.

The committee was of the opinion that Deloitte and the designated auditor had fulfilled all prerequisites for reappointment and recommended that Deloitte be re-appointed as the independent external audit firm of the group (17th term) and that Dr D Steyn be appointed as the audit engagement partner responsible to lead the audit (5th term) for the 2021 financial year, subject to shareholder approval at the company's forthcoming AGM.

Audit firm rotation

The committee considered and agreed to embark on a tender process for external audit services during the 2021 financial year, with a view to change the company's external auditor for the 2022 financial year ahead of the mandatory auditor rotation date in 2023.

The committee has considered and evaluated these matters and is satisfied that they are represented correctly in the annual financial statements.

Accounting practices and internal controls
Internal controls and systems have been designed to provide reasonable assurance as to the integrity and reliability of the financial information presented in the annual financial statements, and to safeguard, verify and maintain the assets of the group. Nothing has come to the attention of the committee to indicate that any material breakdown in the functioning of the group's key internal control systems has occurred during the year under review. The committee further considered the written assessment prepared by the CAE, which provided reasonable assurance that the overall system of internal controls in the group is acceptable. The committee considers the group's accounting policies, practices and annual financial statements to be appropriate.

Fraud prevention
The group's fraud reporting service was efficient in identifying fraud at an early stage. No significant fraud was identified.

Annual financial statements
The committee has evaluated the annual financial statements for the year ended 30 June 2020 and considers that it complies, in all material aspects, with the requirements of the Companies Act, International Financial Reporting Standards and the JSE Listings Requirements. The committee has therefore recommended the annual financial statements to the board for approval. The board has subsequently approved the annual financial statements, which will be presented to shareholders at the forthcoming AGM.

Evaluation of chief financial officer
As required by paragraph 3.84(g) of the JSE Listings Requirements, as well as the recommended practices as per King IV™, the committee has assessed the competence and performance of the CFO and believes that he possesses the appropriate expertise and experience to meet his responsibilities in that position. The committee is satisfied with the expertise and adequacy of resources within the finance function and the experience of financial staff in this function.

Performance assessment of the committee
During the year under review, the committee reflected on the results of its prior year performance self-assessments. No material concerns were identified except succession planning, which has since been addressed by the appointment of two new members.

....
KT Hopkins
Audit and risk committee chairman
16 October 2020

KAP Industrial Holdings Ltd
Statement of comprehensive income
for the year ended 30 June 2020

	Notes	2020 R	2019 R
Revenue	3	**2 664 214 031**	1 493 005 384
Other operating expenses		**(14 652 604)**	(7 460 911)
Operating profit before capital items		**2 649 561 427**	1 485 544 473
Capital items	4	**(2 568 991 288)**	693 543 281
Operating profit	5	**80 570 139**	2 179 087 754
Finance costs	6	**(616 488 517)**	(764 331 244)
Income from investments	7	**4 498 431**	36 495 902
(Loss)/profit before taxation		**(531 419 947)**	1 451 252 412
Taxation	8	**(411 477)**	(1 711 971)
(Loss)/profit for the year		**(531 831 424)**	1 449 540 441
Other comprehensive income for the year		**-**	-
Total comprehensive (loss)/ income for the year		**(531 831 424)**	1 449 540 441

Statement of financial position

as at 30 June 2020

	Notes	2020 R	2019 R
Assets			
Non-current assets			
Investment in subsidiary companies	9	**7 353 198 360**	7 192 696 072
		7 353 198 360	7 192 696 072
Current assets			
Trade and other receivables	10	**4 081 045**	11 344 551
Related-party loans receivable	21	**9 183 738 927**	10 933 866 395
Taxation receivable	11	**337 046**	2 237 209
Cash and cash equivalents		**288 000 900**	943 004 770
Share scheme settlement asset	13	**12 498 170**	41 306 742
		9 488 656 088	11 931 759 667
Total assets		**16 841 854 448**	19 124 455 739
Equity and liabilities			
Capital and reserves			
Stated share capital	12	**8 540 140 841**	8 908 379 766
Reserves		**1 102 006 202**	2 286 326 015
		9 642 147 043	11 194 705 781
Non-current liabilities			
Loans and borrowings	14	**4 344 833 333**	4 518 166 666
Deferred taxation liability	15	**18 120**	76 464
		4 344 851 453	4 518 243 130
Current liabilities			
Loans and borrowings	14	**1 964 390 146**	1 017 475 292
Trade and other payables	16	**3 087 365**	11 728 027
Related-party loans payable	21	**100**	98 000 101
Bank overdrafts		**887 259 649**	2 284 206 190
Shareholders for dividends	17	**118 692**	97 218
		2 854 855 952	3 411 506 828
Total equity and liabilities		**16 841 854 448**	19 124 455 739

KAP Industrial Holdings Ltd

Statement of changes in equity

for the year ended 30 June 2020

	Stated share capital R	Distributable reserves R	Share-based payment reserve R	Total R
Balance at 1 July 2018	8 790 930 218	1 144 219 139	292 824 772	10 227 974 129
Ordinary shares issued	117 449 548	-	-	117 449 548
Total comprehensive income for the year	-	1 449 540 441	-	1 449 540 441
Profit for the year	-	1 449 540 441	-	1 449 540 441
Other comprehensive income for the year	-	-	-	-
Ordinary dividends paid	-	(618 228 552)	-	(618 228 552)
Share-based payments movement through reserve accounting	-	-	8 822 597	8 822 597
Capital distribution received in terms of share scheme arrangement	-	9 147 618	-	9 147 618
Balance at 30 June 2019	**8 908 379 766**	**1 984 678 646**	**301 647 369**	**11 194 705 781**
Ordinary shares repurchased and cancelled	**(368 238 925)**	**-**	**-**	**(368 238 925)**
Total comprehensive loss for the year	**-**	**(531 831 424)**	**-**	**(531 831 424)**
Loss for the year	**-**	**(531 831 424)**	**-**	**(531 831 424)**
Other comprehensive income for the year	**-**	**-**	**-**	**-**
Ordinary dividends paid	**-**	**(621 951 565)**	**-**	**(621 951 565)**
Share-based payments movement through reserve accounting	**-**	**-**	**(30 536 824)**	**(30 536 824)**
Balance at 30 June 2020	**8 540 140 841**	**830 895 657**	**271 110 545**	**9 642 147 043**

KAP Industrial Holdings Ltd

Statement of cash flows

for the year ended 30 June 2020

	Notes	2020 R	2019 R
Cash flows from operating activities			
Cash generated from operations	18	**2 438 184 271**	1 558 681 213
Dividends paid	17	**(621 930 091)**	(618 207 925)
Income from investments		**4 364 627**	36 341 224
Finance costs		**(616 488 517)**	(764 331 244)
Taxation refunded/(paid)	11	**1 564 146**	(1 594 838)
Net cash inflow from operating activities		**1 205 694 436**	210 888 430
Cash flows from investing activities			
Cash outflow on investment in subsidiary companies		**(1 044 000 000)**	-
Decrease in related-party loans receivable		**272 905 639**	967 763 115
Net cash (outflow)/inflow from investing activities		**(771 094 361)**	967 763 115
Cash flows from financing activities			
(Ordinary shares repurchased)/proceeds on issue of ordinary shares, net of issue expenses		**(368 238 925)**	117 449 548
Increase in long-term loans and borrowings	19	**1 250 000 000**	700 000 000
Decrease in short-term loans and borrowings	19	**(476 418 479)**	(2 542 819 499)
Decrease in related-party loans payable	19	**(98 000 000)**	(364 145 310)
(Decrease)/increase in bank overdrafts	19	**(1 396 946 541)**	287 868 486
Net cash outflow from financing activities		**(1 089 603 945)**	(1 801 646 775)
Net decrease in cash and cash equivalents		**(655 003 870)**	(622 995 230)
Cash and cash equivalents at beginning of the year		**943 004 770**	1 566 000 000
Cash and cash equivalents at end of the year		**288 000 900**	943 004 770

KAP Industrial Holdings Ltd (the company) is a South African registered company.

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the company at 30 June 2020, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act No. 71 of 2008 and have been audited in compliance with all the requirements of Section 29(1) of the South African Companies Act 2008, as required.

Basis of preparation
The financial statements are prepared in South African rand on the historical-cost basis, except for certain assets and liabilities, which are carried at amortised cost, as explained in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 - Share-based Payments, or value in use in IAS 36 - Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date.
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies applied by the company, as well as accounting policies where IFRS allows choice, are set out below and have been applied consistently to the periods presented in these financial statements, except where stated otherwise.

Investment in subsidiary companies
Subsidiaries are entities controlled by the company (including structured entities). An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, substantive rights relating to an investee are taken into account. For a right to be substantive, the holder must have the practical ability to exercise that right.

Investments in subsidiaries are stated at cost less impairment losses. The company recognises impairment losses to the extent that the carrying value of the investment exceeds the net asset value of the subsidiary company.

Taxation

Current taxation

Income taxation on the profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity.

Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantially enacted at the reporting date, and any adjustment to taxation payable in respect of previous years.

Deferred taxation

Deferred taxation is provided for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used in the computation of taxable income. The following temporary differences are not provided for:

- goodwill not deductible for taxation purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current taxation assets and liabilities on a net basis.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the taxation rates (and taxation laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred taxation liabilities and assets reflects the taxation consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset will be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Share-based payment transactions

Equity-settled

The fair value of the share rights granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of the share rights that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

Group share-based payment transactions

Transactions in which a parent grants rights to its equity instruments directly to the employees of its subsidiaries are classified as equity-settled in the financial statements of the subsidiary, provided the share-based payment is classified as equity-settled in the consolidated financial statements of the parent.

The subsidiary recognises the services acquired with the share-based payment as an expense and recognises a corresponding increase in equity representing a capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

A recharge arrangement exists whereby the subsidiary is required to fund the difference between the exercise price on the share right and the market price of the share at the time of exercising the right. The recharge arrangement is accounted for separately from the underlying equity-settled share-based payment as follows upon initial recognition:

- The subsidiary recognises a share scheme settlement provision at fair value, using cash-settled share-based payment principles, and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.
- The parent recognises a corresponding share scheme settlement asset at fair value and a corresponding adjustment to the carrying amount of the investment in the subsidiary.

Share-based payment transactions (continued)

Group share-based payment transactions (continued)

Subsequent to initial recognition, the recharge arrangement is remeasured at fair value at each subsequent reporting date until settlement date to the extent vested. Where the settlement provision recognised is greater than the initial capital contribution recognised by the subsidiary in respect of the share-based payment, the excess is recognised as a net capital distribution to the parent. The amount of the settlement asset in excess of the capital contribution recognised as an increase in the investment in subsidiary is deferred and recognised as dividend income by the parent when settled by the subsidiary.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. All financial instruments are initially recognised at fair value, including transaction costs that are incremental to the company and directly attributable to the acquisition or issue of the financial asset or financial liability, except for those classified as fair value through profit or loss (FVTPL) where the transaction costs are recognised immediately in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Financial assets are classified either at amortised cost or FVTPL. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing it. The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL.

Financial liabilities

Financial liabilities are classified as either measured at amortise cost or FVTPL. Financial liabilities are classified at FVTPL when the financial liability is:

- held for trading; or
- designated at FVTPL.

Subsequent measurement

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Financial instruments (continued)

Impairment of financial assets

The company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The company considers the use of reasonable and supportable information that is relevant and available without undue cost or effort when assessing whether the credit risk of a financial asset has increased. This includes both quantitative and qualitative information based on the company's historical experience as well as forward-looking information. Where the company concludes that the credit risk of a financial instrument has not increased significantly since initial recognition, the loss allowance is measured using a 12-month ECL. The company recognises lifetime ECL for trade receivables.

Write-off policy

The company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. The EAD for financial assets is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive.

Derecognition

The company derecognises a financial asset when the rights to receive cash flows from the asset have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when, and only when, the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

Revenue recognition

Interest

Interest is recognised on the time proportion basis, taking account of the principal debt outstanding and the effective rate over the period to maturity.

Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

Segmental reporting

Since the company has only one business segment, and all its investments are managed as one segment investing in private companies, segmental reporting is not applicable.

1. New/revised accounting pronouncements

During the current year, the company has adopted all the new and revised standards issued by the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2019.

New IFRS standards applied with no material effect on the financial statements

IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 12	Recognition of income tax consequences of dividends
Amendments to IAS 23	Clarification on what is included in the general borrowings pool used to calculate eligible borrowings

New and revised standards and interpretations in issue but not yet effective

A number of amendments to standards are effective for annual periods beginning on or after 1 July 2020 and earlier application is permitted. However, the company has not early adopted the amended standards in preparing these financial statements. The following amended standards are not expected to have a material impact on the annual financial statements due to the nature of the company's business:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 - Definition of a business
- Amendments to IAS 1 and 8 - Amendments to the definition of material
- Amendments to IAS 1 - Classification of liabilities as current and non-current
- Amendment to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture

2. Judgements made by management and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Other judgements and estimates:

Valuation of equity compensation benefits

Management classifies its share-based payment scheme as an equity-settled scheme based on the assessment of its role and that of the employees in the transaction. In applying its judgement, management consulted with external expert advisors in the accounting and share-based payment advisory industry. The critical assumptions as used in the valuation model are detailed in note 13.

Credit impairment against advances and IFRS 9 expected credit losses (ECL)

Significant judgement is required in assessing the impairment of trade and other receivables in terms of the new requirements of IFRS 9 ECL. The significant judgements applied in determining the impairment include the expected realisable value of the collateral securing the advance, the probability that an advance will default (Probability of Default (PD)), credit risk changes (Significant Increase in Credit Risk (SICR)), the size of credit exposures (Exposure at Default (EAD)), and the expected loss on default (Loss Given Default (LGD)). The method and assumptions used to calculate the ECL are detailed in note 20.

Impairment of assets

Investments and financial assets are assessed annually for impairment by considering the net asset value of subsidiaries.
Also refer to note 9 and 21.

Control

Management assesses whether it controls an entity based on the following factors: the investor has power over the relevant activities of the investee. Relevant activities are the activities of the investee that significantly affects the investee's returns; the investor is exposed to variable returns from its involvement with the investee; the investor is able to use its power to affect its returns from the investee; amongst others. Control is reassessed if the facts and circumstances impacting the assessment change.

	2020 R	2019 R
3. Revenue		
Dividends received:		
Related-party (note 21)	**2 041 356 920**	753 000 000
Interest received:		
Related-party (note 21)	**622 857 111**	740 005 384
	2 664 214 031	1 493 005 384

4. Capital items

Items of a capital nature are included in the 'capital items' line in the statement of comprehensive income. These expense/(income) items are:

	2020 R	2019 R
Provision/(reversal of provision) for losses in subsidiaries - shares	**1 044 000 001**	(302)
Provision/(reversal of provision) for losses in subsidiaries - loans	**1 524 991 288**	(693 517 369)
Loans written off	**(1)**	15
Other capital items	**-**	(25 625)
	2 568 991 288	(693 543 281)

5. Operating profit

Operating profit is stated after taking account of the following items:

	2020 R	2019 R
Auditor's remuneration		
Audit fees	**265 000**	-

6. Finance costs

	2020 R	2019 R
Interest paid:		
Bank overdrafts and short-term facilities	**63 025 317**	60 357 779
Senior unsecured listed notes	**463 096 340**	539 018 205
Syndicated revolving credit loan	**11 950 978**	-
Term loans	**63 079 266**	147 351 107
Related-party (note 21)	**4 669 486**	6 954 688
South African Revenue Service	**848 456**	13 824
Credit facilities arranging fees	**9 818 674**	10 635 641
	616 488 517	764 331 244

7. Income from investments

	2020 R	2019 R
Interest received:		
Bank	**3 798 235**	36 341 224
South African Revenue Service	**133 804**	154 678
Other	**566 392**	-
	4 498 431	36 495 902

	2020 R	2019 R
8. Taxation		
Taxation expense/(benefit)		
Normal taxation		
Current year	**721 182**	1 285 537
Prior year	**(251 361)**	404 059
	469 821	1 689 596
Deferred taxation		
Current year	**(58 344)**	22 375
	411 477	1 711 971

	%	%
Reconciliation of rate of taxation:		
Standard rate of taxation	**(28.00)**	28.00
Prior year adjustments	**(0.05)**	0.03
Tax exempt income - dividends received	**(107.56)**	(14.53)
Tax exempt income - reversal of provision for losses in subsidiaries and loan written off	**-**	(15.18)
Non-deductible expenditure - provision for losses in subsidiaries and loan written off	**135.36**	1.80
Non-deductible expenditure - other	**0.33**	-
Effective rate of taxation	**0.08**	0.12

For detail on deferred taxation liabilities refer note 15.

	R	R
9. Investment in subsidiary companies		
Shares at cost	**8 397 198 365**	7 192 696 076
Provision for losses - shares	**(1 044 000 005)**	(4)
Net investment in subsidiary companies	**7 353 198 360**	7 192 696 072

	Percentage Holding %	Shares at cost R	Provision for losses R
2020			
AFU Finance Company (Pty) Ltd	**100**	**2**	**(2)**
KAP Automotive (Pty) Ltd	**100**	**219 628 297**	**-**
KAP Bedding (Pty) Ltd	**100**	**1 020 236 052**	**-**
PG Bison (Pty) Ltd	**100**	**899 770 084**	**-**
KAP Investments (Pty) Ltd	**100**	**1**	**-**
KAP Secretarial Services (Pty) Ltd	**100**	**100**	**-**
Kolosus Share Trust	**100**	**-**	**-**
KAP South Africa Holdings (Pty) Ltd	**100**	**-**	**-**
KAP Corporate Services (Pty)	**100**	**1**	**(1)**
Toolplast Holdings (Pty) Ltd	**100**	**1**	**(1)**
Safripol (Pty) Ltd	**100**	**1 044 000 001**	**(1 044 000 001)**
Unitrans Holdings (Pty) Ltd	**100**	**5 039 970 161**	**-**
Unitrans Passenger (Pty) Ltd	**100**	**106 311 071**	**-**
Share-based payments		**67 282 594**	**-**
		8 397 198 365	**(1 044 000 005)**

9. Investment in subsidiary companies (continued)

	Percentage Holding %	Shares at cost R	Provision for losses R
2019			
AFU Finance Company (Pty) Ltd	100	2	(2)
KAP Automotive (Pty) Ltd	100	57 397 756	-
KAP Bedding (Pty) Ltd	100	1 020 236 052	-
PG Bison (Pty) Ltd	100	899 770 084	-
KAP Investments (Pty) Ltd	100	1	-
KAP Secretarial Services (Pty) Ltd	100	100	-
Kolosus Share Trust	100	-	-
KAP South Africa Holdings (Pty) Ltd	100	-	-
KAP Corporate Services (Pty)	100	1	(1)
Toolplast Holdings (Pty) Ltd	100	1	(1)
Safripol (Pty) Ltd	100	1	-
Unitrans Holdings (Pty) Ltd	100	5 039 970 161	-
Unitrans Passenger (Pty) Ltd	100	106 311 071	-
Share-based payments		69 010 846	-
		7 192 696 076	(4)

During the year the company subscribed to additional ordinary shares in Safripol (Pty) Ltd for R1 044 000 000. The investment was impaired as Safripol (Pty) Ltd's liabilities exceeded its assets. The company also subscribed to additional ordinary shares in KAP Automotive (Pty) Ltd for R162 230 541 through the capitalisation of the loan.

10. Trade and other receivables

	2020 R	2019 R
Related-party receivables (note 21)	**-**	35 927
Other amounts due	**663 230**	6 198 122
Trade and other receivables (financial assets)	**663 230**	6 234 049
Prepayments	**3 417 815**	5 110 502
	4 081 045	11 344 551

The company's exposure to foreign currency and credit risk related to trade and other receivables is disclosed in note 20.

11. Taxation receivable

	2020 R	2019 R
Balance at beginning of year	**2 237 209**	2 177 288
Normal and capital gain tax charge	**(469 821)**	(1 689 596)
(Receipts)/payments	**(1 564 146)**	1 594 838
Interest accrued	**133 804**	154 679
Total taxation receivable	**337 046**	2 237 209

12. Stated share capital

	2020 Number of shares	2019 Number of shares
Authorised		
Ordinary shares of no par value	**6 000 000 000**	6 000 000 000
Cumulative non-redeemable preference shares of no par value	**1 000 000 000**	1 000 000 000
Perpetual preference shares of no par value	**50 000 000**	50 000 000

	2020 Number of shares	2019 Number of shares
12. Stated share capital (continued)		
Issued		
Ordinary shares of no par value at beginning of the year	**2 704 137 238**	2 677 874 340
Ordinary shares of no par value issued during the year	**-**	26 262 898
Ordinary shares of no par value repurchased and cancelled during the year	**(97 000 000)**	-
	2 607 137 238	2 704 137 238

	2020 R	2019 R
Issued		
Ordinary shares of no par value at beginning of the year	**8 908 379 766**	8 790 930 218
Ordinary shares of no par value issued during the year	**-**	117 449 548
Ordinary shares of no par value repurchased and cancelled during the year	**(368 238 925)**	-
	8 540 140 841	8 908 379 766

13. Share-based payments

KAP Performance Share Rights Scheme

At the annual general meeting of KAP Industrial Holdings Ltd (KAP) on 14 November 2012, a share incentive scheme was approved and implemented. The maximum number of ordinary shares that may be used for the continued implementation of the scheme may not exceed 366 274 533 ordinary shares. The share rights granted annually since this meeting are subject to the following scheme rules:

a) Rights are granted to qualifying senior executives on an annual basis.
b) Vesting of rights occur on the third anniversary of grant date, provided performance criteria as set by KAP's remuneration committee at or about the time of the grant date have been achieved.
c) In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

	2020 Number of shares
Reconciliation of the number of shares available for allocation	
Shares authorised for purposes of KAP Performance Share Rights Scheme	**366 274 533**
Cumulative share rights granted[1]	**(79 116 072)**
Shares available for allocation	**287 158 461**

[1] The cumulative share rights granted are net of grants which lapsed or were forfeited.

	2020 Rights	2019 Rights
Reconciliation of share rights granted		
Balance at beginning of the year	**23 644 092**	34 207 012
Forfeited during the year	**(27 660 299)**	(16 079 548)
Exercised during the year	**-**	(10 484 529)
Granted during the year	**20 537 694**	16 001 157
Balance at end of the year	**16 521 487**	23 644 092

Assumptions

The fair value of services received in return for share rights granted is measured by reference to the fair value of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The pricing model used was the Black-Schöles model. The volatility was estimated using the KAP daily closing share price over a rolling three-year period.

13. Share-based payments (continued)

	2019 grant	2018 grant	2017 grant	2016 grant	2015 grant
Fair value at measurement date	**R3.73**	R7.43	R8.05	R7.02	R6.62
Share price at grant date	**R4.15**	R8.05	R8.70	R7.59	R7.11
Exercise price	**R0.00**	R0.00	R0.00	R0.00	R0.00
Expected volatility	**39.55%**	28.00%	22.21%	25.58%	32.50%
Dividend yield	**3.63%**	2.71%	2.63%	2.63%	2.42%
Risk-free interest rate	**6.80%**	7.77%	7.67%	7.72%	7.48%
Life of share right	**3 years**	3 years	3 years	3 years	3 years

KAP share scheme settlement provision affecting equity

Rights granted under the KAP share schemes are subject to a recharge arrangement whereby the company is required to pay KAP the subscription price of shares granted to employees, equivalent to the quoted market price of such shares on the vesting date when the shares are secured by the company for delivery to the employees less the option subscription price payable by the employees.

This recharge arrangement does not impact on profit or loss, as the share scheme settlement provision is raised through equity.

The fair value of the share scheme settlement provision is determined based on the Black-Schöles model. The fair value of the provision is remeasured at each statement of financial position date and at settlement date.

	2019 grant 2020	**2018 grant 2020**	**2018 grant** 2019	**2017 grant 2020**	**2017 grant** 2019	**2016 grant** 2019
Share price	**R2.26**	**R2.36**	R4.95	**R2.49**	R5.15	R5.37
Exercise price	**R0.00**	**R0.00**	R0.00	**R0.00**	R0.00	R0.00
Term	**29 months**	**16 months**	28 months	**5 months**	17 months	5 months
Volatility	**98.58%**	**98.58%**	33.59%	**98.58%**	33.59%	33.59%
Dividend yield	**4.51%**	**4.07%**	5.28%	**0.00%**	5.78%	9.66%
Risk-free interest rate	**3.88%**	**3.59%**	6.67%	**3.71%**	6.65%	6.86%

	2020 R	2019 R
Reconciliation of share scheme settlement asset		
Balance at beginning of the year	**41 306 742**	116 419 034
Decrease in fair value for the year	**(28 808 572)**	(6 096 145)
Share scheme settlement received during the year	**-**	(69 016 147)
Balance at end of the year	**12 498 170**	41 306 742

14. Loans and borrowings

Analysis of closing balance		
Unsecured financing covered by intragroup cross guarantees		
Senior unsecured listed notes	**5 251 580 018**	4 896 924 472
Term loans	**554 584 283**	638 717 486
Syndicated revolving credit loan	**503 059 178**	-
Total loans and borrowings	**6 309 223 479**	5 535 641 958
Portion payable before 30 June 2021 included in current liabilities	**(1 964 390 146)**	(1 017 475 292)
Total non-current loans and borrowings	**4 344 833 333**	4 518 166 666

All loans and borrowings are carried at amortised cost. The fair values of loans and borrowings are disclosed in note 20.

	2020 R	2019 R
14. Loans and borrowings (continued)		
Analysis of repayment		
Repayable within the next year and thereafter		
Next year	**1 964 390 146**	1 017 475 292
Within two years	**1 590 833 333**	1 423 333 333
Within three years	**2 004 000 000**	1 590 833 333
Within four years	**-**	1 504 000 000
Within five years	**750 000 000**	-
	6 309 223 479	5 535 641 958

Loan details		
Unsecured financing covered by intragroup cross guarantees		
Variable interest rates		
Senior unsecured listed and unlisted notes[1] (Interest rates between 5.41% and 9.05%)	**4 794 000 000**	4 418 000 000
Term loans[2] (Interest rates between 6.16% and 9.05%)	**104 166 667**	187 500 000
Syndicated revolving credit loan[3] (Interest rate of 5.41%)	**500 000 000**	-
Fixed interest rates		
Senior unsecured listed and unlisted notes[1] (Interest rate of 10.23%)	**420 000 000**	420 000 000
Term loans[4] (Interest rate of 10.94%)	**450 000 000**	450 000 000
Interest due		
Unsecured listed and unlisted notes	**37 580 018**	58 924 472
Term loans	**417 616**	1 217 486
Syndicated revolving credit loan	**3 059 178**	-
Total non-current loans and borrowings	**6 309 223 479**	5 535 641 958

[1] The maturity dates of the senior unsecured listed notes are publicly available.
[2] Repayable quarterly ending September 2021.
[3] The syndicated revolving credit loan is repayable in August 2020.
[4] Repayable on maturity in June 2022.

Global Credit Rating Co (Pty) Ltd reviewed the company's credit rating in November 2019 and confirmed its long-term rating of KAP as A+(za) and its short-term rating as A1(za), with a stable rating outlook on both ratings.

The following companies participate in the cross-guarantees in respect of the listed and unlisted notes (jointly and severally) together with KAP Industrial Holdings Ltd: KAP Automotive (Pty) Ltd, KAP Bedding (Pty) Ltd, PG Bison (Pty) Ltd, Safripol (Pty) Ltd, Unitrans Passenger (Pty) Ltd and Unitrans Supply Chain Solutions (Pty) Ltd.

The following companies participate in the cross-guarantees in respect of the term loans (jointly and severally) together with KAP Industrial Holdings Ltd: KAP Automotive (Pty) Ltd, KAP Bedding (Pty) Ltd, Mvelatrans (Pty) Ltd, PG Bison (Pty) Ltd, PG Bison Southern Cape (Pty) Ltd, Safripol (Pty) Ltd, Unitrans Holdings (Pty) Ltd, Unitrans Passenger (Pty) Ltd, and Unitrans Supply Chain Solutions (Pty) Ltd.

15. Deferred taxation liability

	2020	2019
Deferred taxation movement		
Balance at beginning of the year	**76 464**	54 089
Current year charge	**(58 344)**	22 375
Balance at end of the year	**18 120**	76 464

Provision for taxation on temporary differences resulting from South African normal taxation rate (28%) and South African capital gains taxation rate (22.4%):

Prepayments	**15 572**	33 154
Other	**2 548**	43 310
Total deferred taxation liability	**18 120**	76 464

Unrecognised deferred taxation asset

Deferred taxation asset has not been recognised in respect of the following items:

Taxation losses	**14 110 718**	14 110 718

The taxation losses and deductible temporary differences do not expire under current taxation legislation. Deferred taxation asset has not been recognised in respect of these items because it is not yet certain that future taxable profits will be available against which the company can realise the benefits therefrom.

	2020 R	2019 R
Taxation losses		
Estimated taxation losses available for set-off against future taxable capital gains	**14 110 718**	14 110 718

16. Trade and other payables

Trade payables	**63 419**	1 459 797
Related-party payables (note 21)	**21 863**	-
Other payables and amounts due	**3 002 083**	10 268 230
Trade and other payables (financial liabilities)	**3 087 365**	11 728 027

The fair value of trade and other payables is disclosed in note 20.

17. Shareholders for dividends

Balance at beginning of year	**97 218**	76 591
Dividends declared during the year	**621 951 565**	618 228 552
Dividends paid	**(621 930 091)**	(618 207 925)
Shareholders for dividends	**118 692**	97 218

18. Cash generated from operations

Operating profit	**80 570 139**	2 179 087 754
Adjusted for:		
Provision/(reversal of provision) for losses in subsidiaries - shares	**1 044 000 001**	(302)
Provision/(reversal of provision) for losses in subsidiaries - loans	**1 524 991 288**	(693 517 369)
Loans written off	**(1)**	15
Dividends received settled via loan	**(210 000 000)**	-
Other capital items	**-**	(25 625)
Cash generated before working capital changes	**2 439 561 427**	1 485 544 473
Working capital changes		
Decrease in trade and other receivables	**6 641 622**	3 214 022
(Decrease)/increase in trade and other payables	**(8 018 778)**	906 571
Settlement of share scheme asset	**-**	69 016 147
Net changes in working capital	**(1 377 156)**	73 136 740
Cash generated from operations	**2 438 184 271**	1 558 681 213

19. Reconciliation of liabilities arising from financing activities

	Long-term loans and borrowings R	Short-term loans and borrowings R	Related-party loans payable R	Bank overdrafts R	Total R
Balance at 1 July 2018	6 575 499 999	802 987 083	462 148 411	1 996 337 704	9 836 973 197
Changes from financing cash flows					
Increase in long-term loans and borrowings	700 000 000	-	-	-	700 000 000
Decrease in short-term loans and borrowings	-	(2 542 819 499)	-	-	(2 542 819 499)
Decrease in related-party loans payable	-	-	(364 145 310)	-	(364 145 310)
Increase in bank overdrafts	-	-	-	287 868 486	287 868 486
Reclassification of loans and borrowings from long-term to short-term	(2 757 333 333)	2 757 333 333	-	-	-
Profit on early settlement of bonds		(25 625)	-	-	(25 625)
Loan written off	-	-	(3 000)	-	(3 000)
Balance at 30 June 2019	**4 518 166 666**	**1 017 475 292**	**98 000 101**	**2 284 206 190**	**7 917 848 249**
Changes from financing cash flows					
Increase in long-term loans and borrowings	**1 250 000 000**	**-**	**-**	**-**	**1 250 000 000**
Decrease in short-term loans and borrowings	**-**	**(476 418 479)**	**-**	**-**	**(476 418 479)**
Decrease in related-party loans payable	**-**	**-**	**(98 000 000)**	**-**	**(98 000 000)**
Decrease in bank overdrafts	**-**	**-**	**-**	**(1 396 946 541)**	**(1 396 946 541)**
Reclassification of loans and borrowings from long-term to short-term	**(1 423 333 333)**	**1 423 333 333**	**-**	**-**	**-**
Loan written off	**-**	**-**	**(1)**	**-**	**(1)**
Balance at 30 June 2020	**4 344 833 333**	**1 964 390 146**	**100**	**887 259 649**	**7 196 483 228**

20. Financial instruments and risk management

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively across the company, embedding a risk management culture throughout the company. The board and the KAP Industrial Holdings Ltd audit and risk committee are provided with a consolidated view of the risk profile of the company, and any major exposures and relevant mitigating actions are identified.

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

Regular management reporting and internal audit reports provide a balanced assessment of key risks and controls. The chief financial officer provides quarterly confirmation to the board that financial and accounting control frameworks have operated satisfactorily and consistently.

The company does not speculate in the trading of derivative or other financial instruments. It is company policy to hedge exposure to cash and future contracted transactions.

20.1 Total financial assets and liabilities

	2020 **R**	2019 R
Amortised cost financial assets and financial liabilities at carrying and fair values		
Related-party loans receivable	**9 183 738 927**	10 933 866 395
Trade and other receivables (financial assets)	**663 230**	6 234 049
Cash and cash equivalents	**288 000 900**	943 004 770
Long-term loans and borrowings	**(4 344 833 333)**	(4 518 166 666)
Related-party loans payable	**(100)**	(98 000 101)
Trade and other payables (financial liabilities)	**(3 087 365)**	(11 728 027)
Short-term loans and borrowings	**(1 964 390 146)**	(1 017 475 292)
Bank overdrafts	**(887 259 649)**	(2 284 206 190)
	2 272 832 464	3 953 528 938

Net income from investments		
Interest income	**627 221 738**	776 346 608
Interest expense	**(615 640 061)**	(764 317 420)
	11 581 677	12 029 188

The fair values are equal to the carrying values except for long- and short-term loans and borrowings of which the fair values are R4 333 153 461 (2019: R4 585 694 813) and R1 963 224 550 (2019: R1 019 421 872) respectively.

20.2 Fair values

The fair values of financial assets and financial liabilities are determined as follows:

Trade and other receivables and related party loans receivable
The fair values of trade and other receivables and related party loans receivable are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying amount reasonably approximates the fair value at 30 June 2020.

Financial liabilities at amortised cost
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The carrying amount reasonably approximates the fair value at 30 June 2020.

The fair values are not necessarily indicative of the amounts the company could realise in the normal course of business.

No fair value adjustments were made to any of the financial assets and liabilities.

20. Financial instruments and risk management (continued)

20.3 Foreign currency risk

The financial assets and financial liabilities of the company are all denominated in South African rand and therefore the company does not have any exposure to foreign currency risk.

20.4 Interest rate risk

Risk exposure	The company is exposed to interest rate risk on cash and cash equivalents, related party loans and interest-bearing borrowings. Financial instruments with variable rates expose the company to cash flow interest rate risk, while those linked to fixed rates economically expose the company to fair value interest rate risk.
How the risk arises	The company's interest rate risk primarily arises from the impact of movements in market rates (mainly JIBAR and SA prime) on the value of the company's interest-bearing short and long-term borrowings and receivables.
Objectives, policies and processes for managing risk	As part of the process of managing the company's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Interest rate exposure is managed through the use of a mix of fixed and variable borrowings, within limits agreed by management.

The interest and related terms of the company's interest-bearing loans and borrowings are disclosed in note 14.

At the reporting date the interest rate profile of the company's financial instruments were:

	Variable JIBAR and SA prime R	Fixed rate R	Non-interest bearing R	Total R
2020				
Related-party loans receivable	**5 559 425 275**	**-**	**3 624 313 652**	**9 183 738 927**
Trade and other receivables (financial assets)	**-**	**-**	**663 230**	**663 230**
Cash and cash equivalents	**288 000 900**	**-**	**-**	**288 000 900**
Long-term loans and borrowings	**(3 474 833 333)**	**(870 000 000)**	**-**	**(4 344 833 333)**
Related-party loans payable	**-**	**-**	**(100)**	**(100)**
Trade and other payables (financial liabilities)	**-**	**-**	**(3 087 365)**	**(3 087 365)**
Short-term loans and borrowings	**(1 956 722 978)**	**(7 667 168)**	**-**	**(1 964 390 146)**
Bank overdrafts	**(887 259 649)**	**-**	**-**	**(887 259 649)**
	(471 389 785)	**(877 667 168)**	**3 621 889 417**	**2 272 832 464**
2019				
Related-party loans receivable	8 453 556 023	-	2 480 310 372	10 933 866 395
Trade and other receivables (financial assets)	-	-	6 234 049	6 234 049
Cash and cash equivalents	943 004 770	-	-	943 004 770
Long-term loans and borrowings	(3 648 166 666)	(870 000 000)	-	(4 518 166 666)
Related-party loans payable	(98 000 000)	-	(101)	(98 000 101)
Trade and other payables (financial liabilities)	-	-	(11 728 027)	(11 728 027)
Short-term loans and borrowings	(1 009 302 986)	(8 172 306)	-	(1 017 475 292)
Bank overdrafts	(2 284 206 190)	-	-	(2 284 206 190)
	2 356 884 951	(878 172 306)	2 474 816 293	3 953 528 938

20. Financial instruments and risk management (continued)

20.4 Interest rate risk (continued)

Sensitivity analysis

The company is sensitive to movements in the JIBAR and SA prime rates, which are the primary interest rates to which the company is exposed.

The sensitivities calculated below are based on an increase of 100 basis points for each interest category. These rates are also used when reporting sensitivities internally to key management personnel.

	2020 R	2019 R
Through (profit)/loss		
JIBAR and SA prime - 100 basis point increase	**4 713 898**	(23 568 850)

A 100 basis point decrease in the above rates would have had an equal, but opposite effect on profit or loss.

20.5 Credit risk

Risk exposure	Credit risk arises mainly from short-term cash and cash equivalent and related-party loans. At 30 June 2020, the company did not consider there to be any significant concentration of credit risk that had not been adequately provided for. The amounts presented in the statement of financial position are net of loss allowances for doubtful debts, estimated by the companies' management based on prior experience and the current and future economic environment.
How the risk arises	Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations.
Objectives, policies and processes for managing risk	The company deposits short-term cash surpluses with major banks of high-quality credit standing. The company aims to minimise loss caused by default of related parties through specific company-wide policies and procedures. Compliance with these policies and procedures is the responsibility of central office management. Monitoring of compliance with these policies is done by internal audit. All known risks are required to be fully disclosed and are taken into consideration in calculating the loss allowance.

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure.

	2020 R	2019 R
The maximum exposure to credit risk at the reporting date, without taking account of the value of any collateral obtained was:		
Related-party loans receivable	**9 183 738 927**	10 933 866 395
Trade and other receivables (financial assets)	**663 230**	6 234 049
Cash and cash equivalents	**288 000 900**	943 004 770
	9 472 403 057	11 883 105 214
The maximum exposure to credit risk at the reporting date by geographical region was (carrying amount):		
South Africa	**9 472 403 057**	11 883 105 214

20. Financial instruments and risk management (continued)

20.5 Credit risk (continued)

Exposure to credit risk (continued)

The credit risk at the reporting date by Expected Credit Loss (ECL) category (excluding financial assets at fair value) was:

Carrying amount:		
12 month ECL (Not credit-impaired)	**11 090 814 511**	11 976 525 380
Less: Loss allowance		
12 month ECL (Not credit-impaired)	**(1 618 411 454)**	(93 420 166)
	9 472 403 057	11 883 105 214

The company's current credit risk grading framework comprises the following categories:

Category	Description	Credit risk
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Not credit impaired
Doubtful	Amounts is >30 days past due or there has been a significant increase in credit risk since initial recognition	Not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit impaired	Credit impaired
Write-off	There is evidence indicating that the financial asset is in severe financial difficulty and the company has no realistic prospect of recovery	Amount is written off

Expected credit loss assessment for financial assets

The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to best available external data where there is a lack of internal historic data. In some cases, external benchmarking data, adjusted for forward-looking information was considered most appropriate where it aligned to the underlying characteristics of the financial asset.

Exposures within each credit risk grade are segmented by industry and an ECL rate is calculated for each segment. These rates are adjusted to take into account forward looking information, including the current view of economic conditions, difficulty experienced in specific industries and sectors and country risk. The company also considers counterparty specific risks such as the payment history of counterparties, extended payment terms or financial support that is provided by its holding company.

At the reporting date the segment risk profile of the company's financial instruments (excluding financial assets carried at fair value) were:

	Gross carrying amount R	Net carrying amount R
2020		
Segment		
Large corporate entities[1]	**10 802 772 265**	**9 184 360 811**
Banks and financial institutions	**288 042 246**	**288 042 246**
	11 090 814 511	**9 472 403 057**
2019		
Segment		
Large corporate entities[1]	11 027 322 488	10 933 902 322
Banks and financial institutions	949 202 892	949 202 892
	11 976 525 380	11 883 105 214

[1] *Mainly related party.*

20. Financial instruments and risk management (continued)

20.6 Liquidity risk

Risk exposure	The company is exposed to liquidity risk through financial liabilities that have contractual cash flows and maturity dates.
How the risk arises	Liquidity risk arises should the company not be able to meet its obligations as they become due.
Objectives, policies and processes for managing risk	The company manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available. The central treasury office invests the net cash reserves and borrows the net cash deficits from the financial markets, mainly in short-term instruments linked to variable interest rates.

The following table details the company's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows:

	0 to 3 months R	4 to 12 months R	Year 2 R	Years 3 to 5 R	Total R
2020					
Trade and other payables	**3 087 365**	**-**	**-**	**-**	**3 087 365**
Related-party loans	**100**	**-**	**-**	**-**	**100**
Loans and borrowings	**1 119 315 169**	**1 159 798 829**	**1 846 755 057**	**2 894 192 427**	**7 020 061 482**
Bank overdraft	**887 259 649**	**-**	**-**	**-**	**887 259 649**
	2 009 662 283	**1 159 798 829**	**1 846 755 057**	**2 894 192 427**	**7 910 408 596**
2019					
Trade and other payables	11 728 027	-	-	-	11 728 027
Related-party loans	98 000 101	-	-	-	98 000 101
Loans and borrowings	149 377 697	1 291 496 061	1 807 605 117	3 402 979 748	6 651 458 623
Bank overdraft	2 284 206 190	-	-	-	2 284 206 190
	2 543 312 015	1 291 496 061	1 807 605 117	3 402 979 748	9 045 392 941

20.7 Capital risk

The company manages its capital to ensure that entities in the company will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of debt, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

21. Related-party transactions

Related-party relationships exist between shareholders, subsidiaries, joint venture companies and associate companies within the KAP Industrial Holdings Ltd group.

These transactions are concluded in the normal course of business.

21. Related-party transactions (continued)

	Related-party loans receivable R	Related-party loans payable R	Related-party receivables R	Related-party payables R
2020				
PG Bison (Pty) Ltd	**2 100 000 000**	**-**	**-**	**-**
Safripol (Pty) Ltd	**4 695 000 000**	**-**	**-**	**-**
KAP Automotive (Pty) Ltd	**786 679 522**	**-**	**-**	**-**
KAP Bedding (Pty) Ltd	**467 850 000**	**-**	**-**	**(21 863)**
Unitrans Passenger (Pty) Ltd	**400 000 000**	**-**	**-**	**-**
Unitrans Holdings (Pty) Ltd	**210 000 000**	**-**	**-**	**-**
Sakhumzi Empowerment (Pty) Ltd	**500 000**	**-**	**-**	**-**
Unitrans Supply Chain Solutions (Pty) Ltd	**754 895 753**	**-**	**-**	**-**
KAP Corporate Services (Pty) Ltd	**1 387 225 106**	**-**	**-**	**-**
KAP Secretarial Services (Pty) Ltd	**-**	**(100)**	**-**	**-**
Balance at 30 June 2020	**10 802 150 381**	**(100)**	**-**	**(21 863)**
Loans: Provision for losses	**(1 618 411 454)**	**-**	**-**	**-**
Balance at 30 June 2020	**9 183 738 927**	**(100)**	**-**	**(21 863)**
2019				
PG Bison (Pty) Ltd	7 094 999 999	-	-	-
KAP Automotive (Pty) Ltd	997 230 539	-	-	-
KAP Bedding (Pty) Ltd	483 650 000	-	-	-
Unitrans Passenger (Pty) Ltd	279 625 278	-	-	-
Sakhumzi Empowerment (Pty) Ltd	500 000	-	-	-
Unitrans Supply Chain Solutions (Pty) Ltd	960 280 745	-	35 927	-
KAP Corporate Services (Pty) Ltd	1 211 000 000	(98 000 000)	-	-
KAP Investments (Pty) Ltd	-	(1)	-	-
KAP Secretarial Services (Pty) Ltd	-	(100)	-	-
Balance at 30 June 2019	11 027 286 561	(98 000 101)	35 927	-
Loans: Provision for losses	(93 420 166)	-	-	-
Balance at 30 June 2019	10 933 866 395	(98 000 101)	35 927	-

Loans are unsecured, carry interest between 0% and prime plus 2% and have no fixed repayment terms. The following loan amounts have been subordinated in favour of the other creditors until that company's assets, fairly valued, exceed the liabilities: KAP Corporate Services (Pty) Ltd for R725 200 000 (2019: R93 500 000) and Safripol (Pty) Ltd for R995 000 000 (2019: Rnil).

	Interest received R	Dividends received R
2020		
PG Bison (Pty) Ltd	**(239 054 795)**	**(1 666 459 650)**
Safripol (Pty) Ltd	**(119 527 397)**	**-**
KAP Automotive (Pty) Ltd	**(89 552 149)**	**(114 897 270)**
KAP Bedding (Pty) Ltd	**(50 243 132)**	**(50 000 000)**
Unitrans Passenger (Pty) Ltd	**(33 758 960)**	**-**
Unitrans Holdings (Pty) Ltd	**-**	**(210 000 000)**
Unitrans Supply Chain Solutions (Pty) Ltd	**(90 720 678)**	**-**
Total 30 June 2020	**(622 857 111)**	**(2 041 356 920)**

21. Related-party transactions (continued)

	Interest received R	Dividends received R
2019		
PG Bison (Pty) Ltd	(497 322 432)	(200 000 000)
KAP Automotive (Pty) Ltd	(74 306 164)	(280 000 000)
KAP Bedding (Pty) Ltd	(44 076 473)	-
Unitrans Passenger (Pty) Ltd	(33 976 386)	(30 000 000)
Unitrans Holdings (Pty) Ltd	(58 709 896)	(243 000 000)
Unitrans Supply Chain Solutions (Pty) Ltd	(31 614 033)	-
Total 30 June 2019	(740 005 384)	(753 000 000)

	Management fees paid R	Finance costs paid R	Dividends paid R
2020			
KAP Corporate Services (Pty) Ltd	**-**	**4 669 486**	**2 641 068**
Total 30 June 2020	**-**	**4 669 486**	**2 641 068**
2019			
Steinhoff International Holdings N.V. and its subsidiaries	917 200	-	159 667 532
KAP Corporate Services (Pty) Ltd	-	6 954 688	-
Total 30 June 2019	917 200	6 954 688	159 667 532

Directors of the company are considered to be key management personal. For details in respect of key management compensation refer Annexure A.

22. Commitments and contingencies

Commitments
The company is not committed to any capital expenditure.

Contingent liabilities
There is no other litigation, current or pending, which is considered likely to have a material adverse effect on the company.

The company has a number of guarantees and sureties outstanding at year-end. However, the directors are confident that no material liability will arise as a result of these guarantees and sureties. These guarantees and sureties include but is not limited to the following:

A parental guarantee has been provided in favour of Mercedes-Benz Financial Services South Africa (Pty) Ltd, for an asset financing facility, to the value of R50 000 000 as at 30 June 2020.

Parental/performance guarantees have been provided for the obligations of subsidiaries to suppliers of goods/services in the ordinary course of business in an aggregate amount of ca. R2.981bn.

Parental/performance guarantees have been provided for the obligations of subsidiaries related to property purchases.

A limited suretyship has been provided in favour of Scania Finance Southern Africa (Pty) Ltd, for an asset financing facility, to the value of R550 000 000 as at 30 June 2020.

Limited suretyship has been provided in favour of Volvo Financial Services Southern Africa (Pty) Ltd, for an asset financing facility, to the value of R400 000 000 as at 30 June 2020.

22. Commitments and contingencies (continued)

Contingent liabilities (continued)

Cross-guarantee has been provided in favour of ABSA Bank Ltd, for the primary lending facility, to the value of R1 212 000 000 as at 30 June 2020.

Unlimited cross-guarantee has been provided in favour of Nedbank Ltd, for the general banking facility of R750 000 000 as at 30 June 2020.

Unlimited cross-guarantee has been provided in favour of Standard Bank of South Africa Ltd, for the banking facility of R1 213 898 300 as at 30 June 2020.

Cross-guarantee has been provided in favour of Standard Bank of South Africa Ltd, for the cash management facility as at 30 June 2020.

Unlimited cross-suretyship has been provided in favour of FirstRand Bank Ltd, for the combined Banking and asset-based finance facilities of R1 448 600 000 as at 30 June 2020.

Unlimited cross-suretyship has been provided in favour of FirstRand Bank Ltd, for the cash management facility as at 30 June 2020.

The following loan amounts have been subordinated in favour of the other creditors until that company's assets, fairly valued, exceed the liabilities: KAP Corporate Services (Pty) Ltd for R725 200 000 (2019: R93 500 000) and Safripol (Pty) Ltd for R995 000 000 (2019: Rnil).

Letters of support has also been issued in favour of Unitrans Passenger (Pty) Ltd for R341 200 000 (2019: R328 900 000), KAP Bedding (Pty) Ltd for R406 300 500 (2019: R517 000 000), Unitrans Holdings (Pty) Ltd for R713 552 000 (2019: R1 067 600 000), KAP Automotive (Pty) Ltd for R715 900 000 (2019: R730 500 000), PG Bison (Pty) Ltd for R1 285 700 000 (2019: Rnil), KAP Corporate Services (Pty) Ltd for R669 400 000 (2019: Rnil), Safripol (Pty) Ltd for R2 712 400 000 (2019: Rnil) and Sakhumzi Empowerment R500 000 (2019: R500 000).

23. Events after reporting date

The company subscribed for additional ordinary shares in Safripol (Pty) Ltd, to the value of R995 000 000 effective 22 July 2020. The directors are not aware of any other significant events after the reporting date that will have a material effect on the company's results or financial position as presented in these financial statements.

24. Going concern

The annual financial statements are prepared on a going concern basis. The assessment of going concern included the consideration of current economic conditions as well as all available information about future risks and uncertainties.

Projections for the company, based on various financial analyses, have been prepared, covering its future performance, capital and liquidity for a period of 12 months subsequent to the approval date of the annual financial statements. These analyses have been updated to include the ongoing developments relating to the Covid-19 pandemic. These pandemic scenarios continue to evolve as the effects of the pandemic continue to extend.

The company’s forecasts and projections of its current and expected profitability, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the limits of its existing banking facilities for at least 12 months from the approval date of the annual financial statements.

The annual financial statements were accordingly prepared on the going concern basis since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future, even considering the severe impacts of the Covid-19 pandemic.

Directors remuneration

Annexure A

	Basic R	Company contributions R	Bonuses R	Total R
Directors' remuneration				
Remuneration				
Executive directors				
2020				
GN Chaplin	**7 117 447**	**334 352**	**925 000**	**8 376 799**
FH Olivier	**4 196 425**	**335 075**	**562 500**	**5 094 000**
	11 313 872	**669 427**	**1 487 500**	**13 470 799**
2019				
GN Chaplin	7 003 424	396 576	3 000 000	10 400 000
FH Olivier	4 163 108	336 892	1 850 000	6 350 000
	11 166 532	733 468	4 850 000	16 750 000

	2020 R	2019 R
Non-executive directors		
TLR de Klerk[1&2]	**-**	367 161
LJ du Preez[1&2]	**-**	367 161
J de V du Toit	**1 077 068**	1 060 225
Z Fuphe	**284 082**	-
KJ Grové	**1 100 181**	983 455
KT Hopkins	**662 947**	-
V McMenamin	**317 046**	-
IN Mkhari	**532 127**	700 040
SH Müller	**1 056 791**	1 086 966
SH Nomvete	**538 491**	660 307
PK Quarmby	**1 256 110**	1 255 203
DM van der Merwe[2&3]	**-**	183 479
CJH van Niekerk[3]	**-**	226 644
	6 824 843	6 890 641

[1] On 3 April 2019, TLR de Klerk and LJ du Preez resigned as non-executive directors from the board.
[2] Paid to subsidiary companies of Steinhoff International Holdings N.V.
[3] DM van der Merwe and CJH van Niekerk did not make themselves available for re-election at the company's annual general meeting on 13 November 2018. They were consequently not re-appointed to the board.

All remuneration disclosed above was paid to directors in respect of services rendered as directors of the company.

Directors of the company are considered to be key management personnel.

	Offer date	Number of rights as at 30 June 2019	Number of rights (exercised)/ (expired)/ awarded during the year	Number of rights as at 30 June 2020
Share rights				
Executive directors				
GN Chaplin	December 2017	1 198 565	(1 198 565)	-
	December 2018	1 578 289	(789 145)	789 144
	December 2019	-	1 013 892	1 013 892
		2 776 854	**(973 818)**	**1 803 036**
FH Olivier	December 2017	588 636	(588 636)	-
	December 2018	959 770	(479 885)	479 885
	December 2019	-	616 556	616 556
		1 548 406	**(451 965)**	**1 096 441**
Total executive directors		**4 325 260**	**(1 425 783)**	**2 899 477**

Value of share rights exercised during the year

No share rights were excercised during the current financial year.

	Number of rights exercised	Value of rights exercised R
2019		
Executive directors [1]		
GN Chaplin	1 151 851	8 984 438
FH Olivier	486 191	3 792 290
	1 638 042	12 776 728
Non-executive director [1]		
KJ Grové	827 893	6 457 565
	2 465 935	19 234 293

[1] *The market price of share rights exercised was R7.80 for 1 November 2018.*