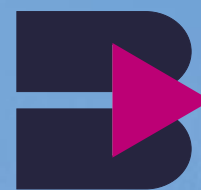


18



BIDVest

The Bidvest Group Limited
Annual report 2006



Dandelion

Latin name: Taraxacum officinale

(The specific name, officinale, means that the plant is used medicinally).

Dandelion takes its name from the French “dent de lion,” or “lion’s tooth” - a reference to the toothed edges of its leaves.

Dandelions grow virtually worldwide. Dandelions spread further and grow under more adverse circumstances than most competitors. A plant that is so active or so numerous as to seem to be present or existent in all types of environments. Unlike most other seeds, dandelions’ can germinate without long periods of dormancy.

Dandelion seeds are carried away by the wind and travel like tiny parachutes. A strong wind can carry the parachutes miles away from the parent plant. The flower head can change into the familiar, white, globular seed head overnight.

After a dandelion blooms, each of its tiny flowers produces a seed. Each seed is attached to a stem with white fluffy threads. The flower matures into a globe of fine filaments that are usually distributed by wind, carrying away the seed-containing achenes.

The entire plant is considered medicinal and has been used for medicinal purposes since the 10th century. The dandelion root is one of the safest and most popular herbal remedies.



The promise of new life reaches far and wide, where it takes root and starts to flourish



We're an international services, trading and distribution company, listed on the JSE, South Africa and operating on four continents.

We employ 93 000 people worldwide but our roots will always be South African.

In a big business environment we run our company with the determination and commitment evident in a small business heart.

We believe in empowering people, building relationships and improving lives. Entrepreneurship, incentivisation and decentralised management are the keys.

We subscribe to a philosophy of transparency, accountability, integrity, excellence and innovation in all our business dealings.

And, we strive to deliver strong and consistent shareholder returns.

But most importantly, we understand that people create wealth, and that companies only report it.

We are proudly Bidvest – a company that creates value and builds strength from diversity.

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Bidvest publications:

The Bidvest Group Limited Annual report 2006*
 The Bidvest Group Limited Financial statements 2006
 The Bidvest Group Limited Sustainability report 2006*
 The Bidvest Group Limited Our business and products 2006*
 The Bidvest Group Limited Report to our people 2006#
 Corporate video: Young at heart
 Multimedia: The Bidvest Group Limited 2006
 Bidvoice (quarterly magazine)#

*Available on our website www.bidvest.com

#Available on our intranet www.thevillage.bidvest.com

This annual report should be read in conjunction with
 The Bidvest Group Limited Sustainability report 2006

Financial highlights and results

Appreciation

Bidvest acknowledges the contribution of all 93 325 employees to these pleasing results

Revenue **R77,3 billion**
up by 23%

Operating profit **R3,7 billion**
up by 22%

Headline earnings **R2,4 billion**
up by 21%

Headline earnings per share **804,6 cents**
up by 23%

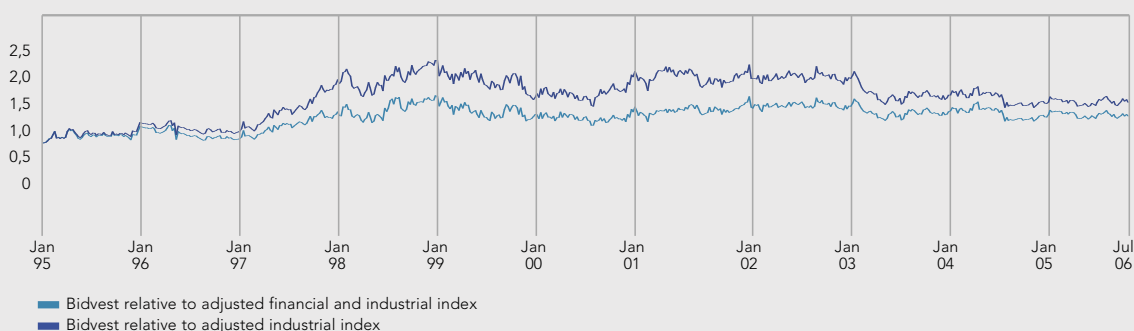
Distributions per share **369,0 cents**
up by 21%

Annual compound growth
rate in headline earnings
per share over 15 years **25,8%**

Consolidated results

	2006 R'000	2005 R'000
Revenue	77 276 493	62 811 776
Gross profit	15 686 687	12 854 494
Operating profit	3 691 507	3 016 353
Profit for the year	2 464 543	1 972 339
Headline earnings per share (cents)	804,6	656,4
Distributions per share (cents)	369,0	306,0

Share price performance



The graph represents Bidvest's share price performance relative to indices which have been adjusted to give a more meaningful comparison to that of its peer group. A major constituent of the indices, Richemont Securities AG, has been excluded from the adjusted indices as its business is offshore and in completely different markets.

Market capitalisation as at June 30 2006 was R32,1 billion

R1 000 invested at the start of Bidvest, capital and dividend distributions re-invested, would have been worth an estimated R314 000 in June 2006

The history of Bidvest

18 years of consistent growth

From the outset in 1988, Bidvest followed its entrepreneurial spirit. Through our 18 years we have continued to acquire companies and do business that follows our vision of creating value and building strength from diversity.



Our first acquisition was **Chipkins Catering Supplies**, followed shortly thereafter by **Seaworld**. The start of **Bidfood**.



Empowerment programmes begin with **Women Investment Portfolio Holdings** and **Worldwide African Investment Holdings** each acquiring 5% of **Bid Corporation**.



BID Corp
Bid Corporation becomes the pyramid holding company of **Bidvest**.



Crown Food Holdings acquired and merged with National Spice to form **Crown National**.

Rights offer raises R300 million, 10-for-1 share sub-division.

1988 1989 1990 1991 1992 1993 1994 1995 1996 1997

Acquisition of **Afcom**.



Acquisition of **Steiner Services**: beginning of the hygiene services business.

Safcor Freight acquired: the start of **Bidfreight**.



Prestige Cleaning Services acquired and grouped with Steiner to form **Bidserv**.

First steps to international expansion taken: 50,1% of Australian Stock Exchange-listed **Manettas** acquired and renamed **Bidvest Australia**.



Waltons Group acquired.

Bid Corporation unbundled and **Bidvest** incorporated into the JSE industrial index.

Bidvest plc, incorporating Bidvest Australia, was created with dual listings in Australia and Luxembourg

Acquisition of Lithotech



Acquisition of Island View Storage

Banking licence granted to Rennies Bank

77% of I-Fusion acquired

Bidvest plc enters the New Zealand foodservice market with the acquisition of Crean Foodservice



Acquisition of 56,7% of LSE-listed Jacobs Holdings plc, renamed Bidcorp plc, to form the base for the international expansion of Bidfreight

Paragon acquired and merged with Lithotech

The minority shareholding in I-Fusion acquired

Remaining 68% of Voltex acquired, to form the core of Industrial and Commercial Products



Bidvest turns 18

Acquired 100% of Deli XL a Netherlands foodservice company, acquired a controlling stake in Horeca Trade, a small Dubai-based foodservice distributor

Concluded sale of Dartline Shipping and sold loss-making Lithotech France

Global footprint expanded through investment to develop and maintain Mumbai International Airport
Board restructured



R2,1 billion BEE transaction for 15% of Bidvest with Dinatla finalised

Acquisition of minority interests of Bidvest plc



McCarthy, South Africa's second largest motor retailer, acquired for R980 million



1998 1999 2000 2001 2002 2003 2004 2005 2006



Booker Foodservice, renamed 3663 First for Foodservice, acquired by Bidvest plc

Acquisition of Rennies Group



John Lewis Foodservice acquired and incorporated into Bidvest Australia, creating the leading foodservice distributor in Australia

The Group wide-area-network, Bidnet, developed by I-Fusion

mymarket.com, Bidvest's e-commerce initiative, launched



Acquisition of shares in EnviroServ



Cyril Ramaphosa takes the reins as chairman

Acquisition of minority interest in Bidcorp plc

Acquisition of 20% of Tiger Wheels



Danel, the largest business forms manufacturing and distribution operation in France, acquired and renamed Lithotech France

The Bidvest Academy and development programme, launched

Ground-breaking black economic empowerment initiative with Dinatla Investment Holdings announced

Small strategic foodservice acquisitions in the United Kingdom, Australian and New Zealand markets

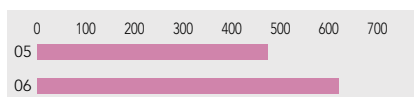
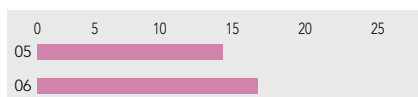
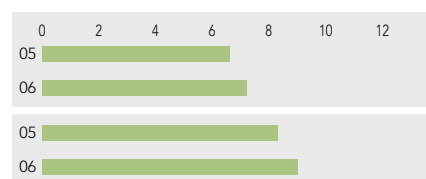
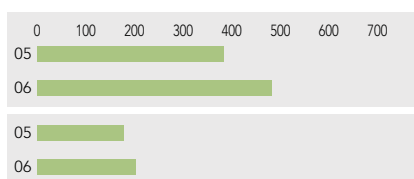
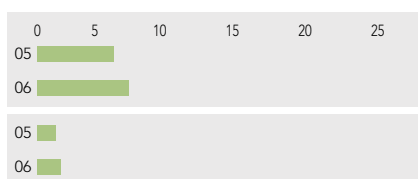
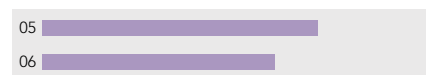
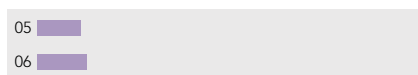
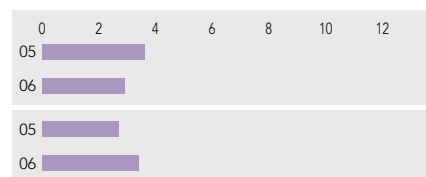
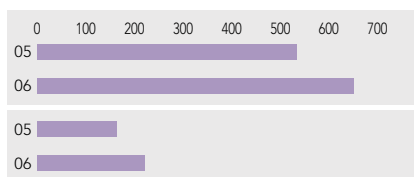
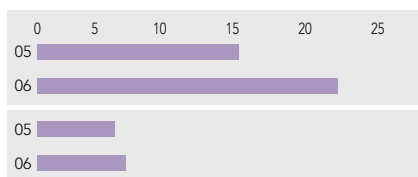
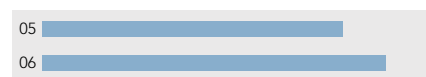
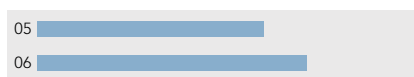
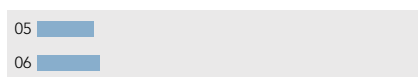
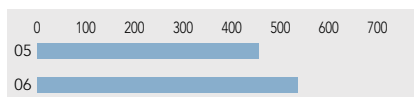
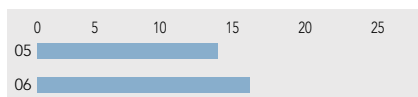
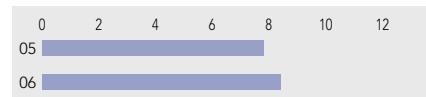
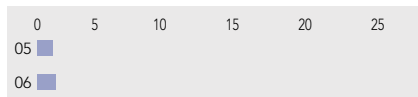
Our Group in brief

	Description of business	Incorporating
 Corporate Services	The Group's corporate office, based in Melrose Arch, Johannesburg, provides strategic direction and services to the Group, houses investments, adding value through identifying opportunities and implementing Bidvest's decentralised and entrepreneurial business model.	▶ Bid Corporate Services ▶ Bidprop ▶ Namsof Fishing Enterprise ▶ Namibian Sea Products ▶ Ontime Automotive
 Bidfreight	Bidfreight is Africa's leading private sector freight management company with a presence in every major port in southern Africa. Port operations are reinforced by strong distribution and airfreight capabilities. Bidfreight focuses on terminal operations and logistics in southern Africa, international clearing and freight forwarding and marine services.	▶ Bidfreight Terminals ▶ International Clearing and Forwarding ▶ Marine Services ▶ Manica Africa
 Bidserv	Bidserv provides South Africa's most extensive range of corporate outsourced services. Its brands operate across commerce and industry. Activities include cleaning and specialised industrial cleaning operations, hygiene, laundry and janitorial services, corporate travel and travel-related banking, aviation services and airport handling, office automation, interior and exterior landscaping and electronic procurement.	▶ Cleaning Services ▶ Laundry Services ▶ Steiner Group ▶ Bidserv Industrial Products ▶ Green Services ▶ Aviation Services ▶ Bidrisk Solutions ▶ International Payment Systems ▶ Business Solutions and Group Procurement ▶ Office Automation ▶ BidTravel ▶ Banking Services ▶ Foreign Exchange Services
 Bidvest Europe	Bidvest Europe is western Europe's leading foodservice company. Its British businesses have good claim to be UK market leaders. As a broadline distributor, Bidvest Europe supplies ingredients, finished products and equipment to the catering and hospitality industries.	▶ 3663 First for Foodservice – United Kingdom ▶ Deli XL – Belgium ▶ Deli XL – Netherlands ▶ Horeca Trade – United Arab Emirates
 Bidvest Australasia	Bidvest Australasia operates as Bidvest First for Foodservice in Australia and as Crean First for Foodservice in New Zealand. It is the industry leader in these markets and the only foodservice company to provide a national service.	▶ Bidvest First for Foodservice – Australia ▶ Crean First for Foodservice – New Zealand
 Bidfood	Bidfood serves the hospitality, leisure and catering markets with a comprehensive range of food products and consumables. The division also manufactures and distributes premixes, food ingredients, spices, seasonings and other products to the bakery, poultry, meat and food processing industries and is represented in all important urban areas and tourist centres across southern Africa.	▶ Caterplus ▶ Speciality ▶ Catering Equipment ▶ Paper Products ▶ Hospitality Accessories ▶ Bidbake ▶ Crown Foods Group
 Bid Industrial and Commercial Products	Bid Industrial and Commercial Products is South Africa's leading supplier of electrical products and cable, furniture and stationery products, industrial sewing and embroidery machines and market leader in packaging closures, fastenings and tape conversion.	▶ Voltex Electrical Distribution ▶ Berzack Brothers ▶ Eastman Staples ▶ Stationery ▶ Office Furniture ▶ Packaging Closures
 Bidpaper Plus	Bidpaper Plus is the South African market leader in print production and value-added fulfilment services. Core competence in business forms manufacture, label production and personalisation and mail is complemented by strategic growth into digital and electronic solutions. The manufacture and distribution of high quality stationery augment an extensive range of services. Bidpaper Plus has a broad national footprint and exports its products and services to markets in Africa and beyond.	▶ Printing and Related ▶ Stationery Distribution ▶ Alternative Products
 Bid Auto	Bid Auto is South Africa's second largest motor retail organisation, with nationwide representation across more than 100 wholly owned dealerships. Its activities span vehicle import and distribution, new and used vehicle sales, parts and service, financial services and fleet support, vehicle auctioneering, on-line retailing and vehicle and truck rental. McCarthy represents most vehicle marques and is the importer and distributor of all Yamaha products in South Africa.	▶ McCarthy Motor Holdings ▶ McCarthy Financial Services ▶ McCarthy Fleet Services ▶ Club McCarthy ▶ McCarthy Call-a-Car ▶ Eliance ▶ Burchmore's Car Auctions ▶ Budget Rent a Car ▶ Budget Van Rental ▶ Yamaha Distributors ▶ McCarthy Vehicle Import and Distribution
 The Bidvest Group Limited		
Southern Africa United Kingdom and continental Europe Australasia		

Operational highlights	Revenue			Trading profit		
	R'000	Proportion %	Growth %	R'000	Proportion %	Growth %
18 years, young at heart ▶ Bidprop trading profits up 18% ▶ Namsov profit up from R12,6m to R75,9m ▶ Ontime Automotive now profitable ▶ Significantly lower investment income – Reclamation Group sold and smaller dividend from Tiger Wheels	1 295 421	1,6	10,3	108 383	3,0	17,7
Capitalising on Capex ▶ Upgrades reinforce competitive advantage – capex R227m ▶ 13% overall increase in profits ▶ BEE board representation meets target ▶ Safcor Panalpina's new facilities at Johannesburg Airport attract business enquiries ▶ Rennies Ships Agency profits up 10% ▶ Manica profits up 74%	15 787 550	20,0	15,4	536 366	14,6	13,3
A shiner ▶ Revenue up 6% and profits up 21% ▶ Prestige profits up slightly off a high base ▶ TMS comes of age with profits up 5-fold ▶ Laundries profits up 16% ▶ Steiner Hygiene revenue up 12% and profits up 16% ▶ IPS orders up ▶ G. Fox acquisition exceeds expectations ▶ Top Turf has good order book ▶ Office Automation profits up 36% ▶ Travel profits up off depressed base ▶ Based model results in higher profitability ▶ Rennies bank new MD appointed ▶ Rennies Bank Retail enjoys a better second half	4 587 817	5,8	6,4	554 709	15,2	21,1
Delicious ▶ Consolidated profits up 22% to £56,9m ▶ 3663 profits up 13% to £51,5m on a 12% rise in sales ▶ Deli XL acquired effective September 2005 ▶ Deli XL – Netherlands: ROFE 19% (vs 3% at acquisition) ▶ Deli XL – Belgium sales up 15%	22 132 036	28,1	49,2	651 223	17,8	22,2
Upping the run rate ▶ Australia (A\$) record 3% margin – profits up 28% ▶ Foodservice profits up 25% ▶ Foodservice Melbourne profitable and ahead of budget ▶ Hospitality profits up 63% ▶ QSR profits up 250% ▶ New Zealand sales up 26%, profits up 13% ▶ Fresh division initiative profits up 225%	6 505 802	8,2	14,3	219 403	6,0	33,3
Gruel(ing) ▶ Sales up 13% ▶ Caterplus sales up 12% ▶ Speciality 22% rise in profits ▶ Vulcan reduced exports but market buoyant ▶ Lufil infrastructure being scaled up ▶ Hotel Amenities new contract wins	3 666 437	4,7	12,7	299 813	8,2	(5,1)
Copper Tone ▶ Profits rise 29% ▶ Electrical Wholesale profits up 67% ▶ Versalec Cables acquired ▶ Stationery and furniture profits rise 19% ▶ Waltons profits up 18% ▶ Kolok good volume growth ▶ Afcom-GE Hudson profits fall 23% ▶ Buffalo profits off 13%	6 742 508	8,5	18,4	483 899	13,2	28,8
Pushing the envelope ▶ Profits up 14% ▶ Silveray Statmark exciting product initiatives ▶ Lithotech decline in traditional business forms ▶ E-solutions contributed positively ▶ Lithotech France sold	2 011 776	2,6	4,7	181 940	5,0	13,3
Ama good good ▶ Profits up 31% ▶ Financial services profits up 42% ▶ Best new vehicle market ever ▶ Record 49 679 new units, up 20% ▶ Record 34 714 used units sold, up 12% ▶ 6 new dealerships ▶ 500 new jobs ▶ Fleet Services growing rapidly ▶ Yamaha diversifies portfolio ▶ Budget Van Rental launched	16 197 055	20,5	18,8	621 264	17,0	30,0
That's life! ▶ 20% growth in trading profit (17% organic growth) ▶ Acquisition of Deli XL ▶ Record R1,6 billion capex spend ▶ Dartline sold at significant premium ▶ Lithotech France sold ▶ Group reorganisation and board changes	78 926 402	100,0	23,0	3 657 000	100,0	20,0
	49 127 806	62,3	17,9	2 783 416	76,1	16,6
	23 292 794	29,5	38,4	654 181	17,9	33,3
	6 505 802	8,2	14,3	219 403	6,0	33,3

	Funds employed			Employees			Employee benefits and remuneration	
	R'000	Proportion %	Growth %	Number	Proportion %	Growth %	R'000	Proportion %
6	1 605 182	21,5	14,7	1 705	1,8	4,3	424	5,1
4	(170 361)	(2,3)	—	5 334	5,7	(1,7)	732	8,8
2	846 414	11,4	(1,2)	54 646	58,6	1,0	2 051	24,7
2	950 817	12,8	122,2	8 458	9,1	54,9	2 316	27,9
9	581 362	7,8	—	2 278	2,4	10,8	595	7,2
2)	562 880	7,5	18,1	4 060	4,3	5,0	369	4,4
7	1 381 693	18,5	29,2	6 976	7,5	5,3	758	9,1
9	372 128	5,0	(11,4)	4 073	4,4	2,6	348	4,2
9	1 325 675	17,8	72,5	5 795	6,2	9,6	718	8,6
1	7 455 790	100,0	22,3	93 325	100,0	5,5	8 311	100,0
3	5 592 873	75,0	30,0	81 569	87,4	2,2	5 077	61,1
6	1 281 555	17,2	6,2	9 478	10,2	46,3	2 639	31,7
9	581 362	7,8	—	2 278	2,4	10,8	595	7,2

Revenue R'bn	Trading profit R'm	Trading margin %
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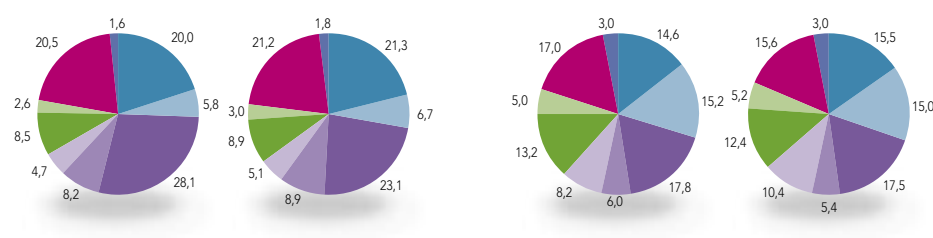
Consolidated segmental analysis

for the year ended June 30

Trading division	Segmental revenue			Segmental trading profit		
	2006 R'000	2005 R'000	% change	2006 R'000	2005 R'000	% change
Corporate Services	1 295 421	1 174 266	10,3	108 383	92 126	17,6
Bidprop				58 039	49 049	18,3
Namsov	378 430	268 387	41,0	75 925	12 589	503,1
Ontime Automotive	893 231	905 879	(1,4)	7 348	(49)	–
Investment and other income	23 760	–	–	(32 929)	30 537	–
Bidfreight	15 787 550	13 677 333	15,4	536 366	472 836	13,4
Bidserv	4 587 817	4 312 331	6,4	554 709	457 818	21,2
Bidvest Europe	22 132 036	14 836 523	49,2	651 223	532 753	22,2
Bidvest Australasia	6 505 802	5 691 085	14,3	219 403	163 844	33,9
Bidfood	3 666 437	3 254 592	12,7	299 813	316 227	(5,2)
Bid Industrial and Commercial Products	6 742 508	5 695 758	18,4	483 899	376 089	28,7
Bidpaper Plus	2 011 776	1 921 183	4,7	181 940	159 743	13,9
Bid Auto	16 197 055	13 628 958	18,8	621 264	474 672	30,9
	78 926 402	64 192 029	23,0			
Inter-group eliminations	(1 649 911)	(1 380 253)				
	77 276 491	62 811 776	23,0	3 657 000	3 046 108	20,1

Divisional contribution (%)

- Corporate Services
- Bidfreight
- Bidserv
- Bidvest Europe
- Bidvest Australasia
- Bidfood
- Bid Industrial and Commercial Products
- Bidpaper Plus
- Bid Auto

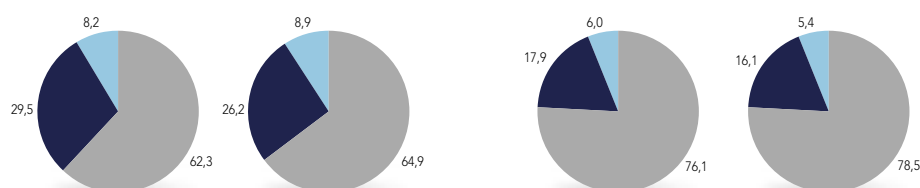


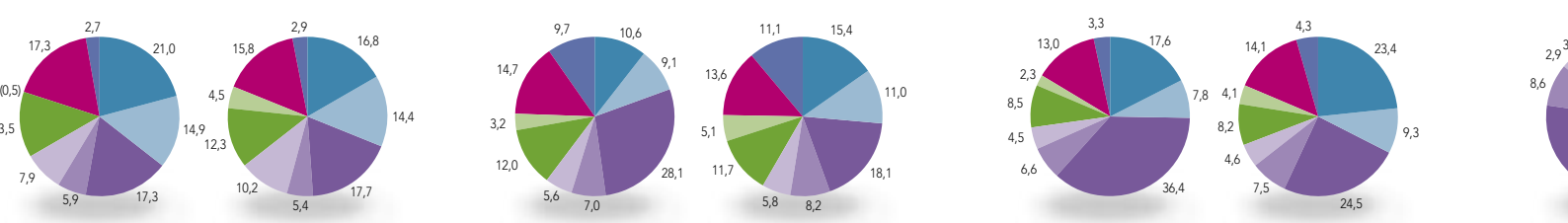
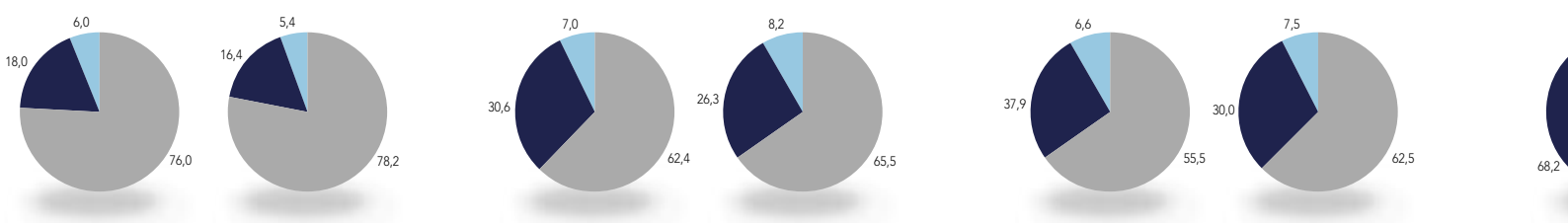
Geographic region

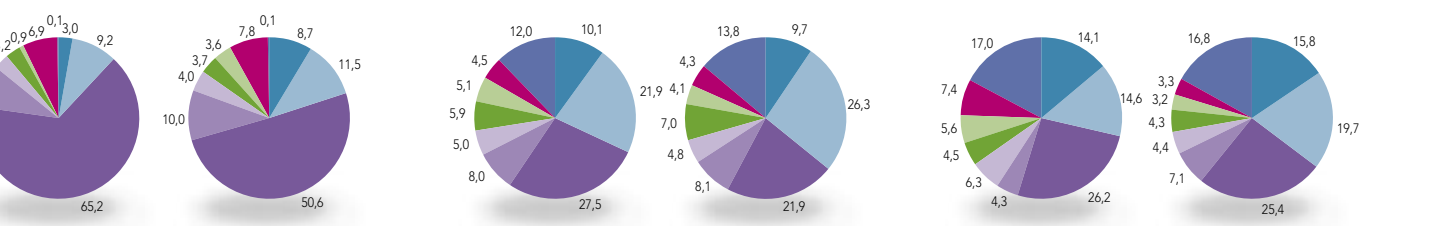
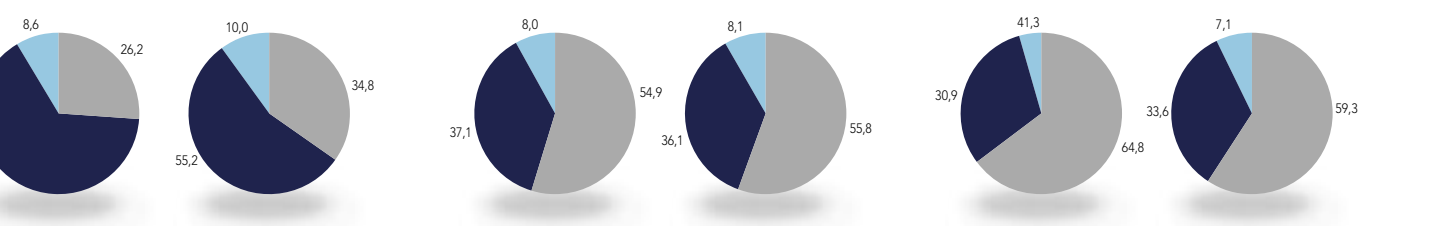
Southern Africa	49 127 806	41 665 248	17,9	2 783 416	2 392 728	16,3
United Kingdom and continental Europe	23 292 794	16 835 696	38,4	654 181	489 536	33,6
Australasia	6 505 802	5 691 085	14,3	219 403	163 844	33,9
	78 926 402	64 192 029	23,0	3 657 000	3 046 108	20,1

Geographic contribution (%)

- Southern Africa
- United Kingdom and continental Europe
- Australasia

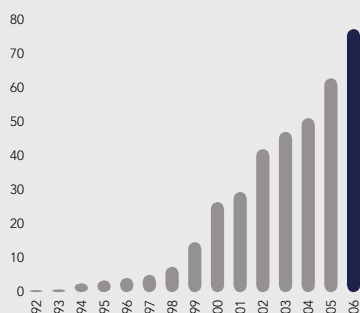


Segmental result			Segmental operating assets			Segmental operating liabilities		
2006	2005	%	2006	2005	%	2006	2005	%
R'000	R'000	change	R'000	R'000	change	R'000	R'000	change
101 141	88 750	14,0	2 049 174	1 850 896	10,7	443 992	452 388	(1,9)
58 463	54 194	7,9	534 770	376 209	42,1	358	3 885	(90,8)
75 925	12 961	485,8	159 168	116 554	36,6	64 126	35 938	78,4
(4 035)	(49)	–	481 489	419 492	14,8	176 754	184 985	(4,4)
(29 212)	21 644	–	873 747	938 641	(6,9)	202 754	227 580	(10,9)
776 057	506 693	53,2	2 241 200	2 576 644	(13,0)	2 411 561	2 481 377	(2,8)
548 360	433 974	26,4	1 918 919	1 839 139	4,3	1 072 505	982 459	9,2
639 788	532 753	20,1	5 944 454	3 017 851	97,0	4 993 637	2 589 993	92,8
219 403	163 844	33,9	1 478 636	1 371 325	7,8	897 274	790 099	13,6
293 034	307 558	(4,7)	1 183 308	968 685	22,2	620 428	492 339	26,0
497 864	370 425	34,4	2 543 719	1 942 741	30,9	1 162 026	873 918	33,0
(20 891)	136 049	–	691 137	853 157	(19,0)	319 009	432 987	(26,3)
636 751	476 307	33,7	3 113 097	2 263 889	37,5	1 787 422	1 495 431	19,5
			21 163 644	16 684 327	26,8	13 707 854	10 590 991	29,4
			(325 541)	(342 397)		(325 541)	(342 397)	
3 691 507	3 016 353	22,4	20 838 103	16 341 930	27,5	13 382 313	10 248 594	30,6
								
2 806 394	2 359 752	18,9	13 202 323	10 925 044	20,8	7 609 450	6 619 854	14,9
665 710	492 757	35,1	6 482 685	4 387 958	47,7	5 201 130	3 181 038	63,5
219 403	163 844	33,9	1 478 636	1 371 325	7,8	897 274	790 099	13,6
3 691 507	3 016 353	22,4	21 163 644	16 684 327	26,8	13 707 854	10 590 991	29,4
								

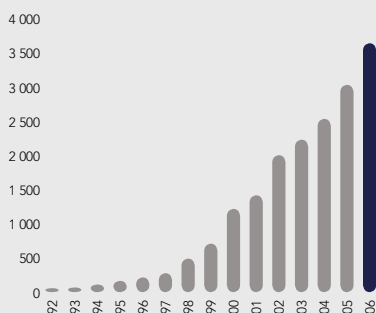
Segmental goodwill and intangible assets			Segmental depreciation			Segmental capital expenditure		
2006	2005	%	2006	2005	%	2006	2005	%
R'000	R'000	change	R'000	R'000	change	R'000	R'000	change
2 637	2 937	(10,2)	93 172	97 348	(4,3)	272 453	231 243	17,8
142	–	–	10 982	10 169	8,0	174 372	104 006	67,7
2 489	2 937	(15,3)	10 261	11 144	(7,9)	31 060	16 264	91,0
			70 465	74 152	(5,0)	66 620	107 941	(38,3)
6	–	–	1 464	1 883	(22,3)	401	3 032	(86,8)
104 754	247 863	(57,7)	78 490	68 099	15,3	226 530	218 060	3,9
320 672	326 519	(1,8)	170 405	185 768	(8,3)	234 858	271 293	(13,4)
2 281 896	1 444 387	58,0	214 481	154 790	38,6	420 783	350 422	20,1
302 586	286 113	5,8	62 601	57 466	8,9	68 708	98 014	(29,9)
103 208	113 373	(9,0)	39 171	33 744	16,1	101 373	60 650	67,1
112 729	106 075	6,3	46 274	49 503	(6,5)	72 167	59 386	21,5
33 004	101 224	(67,4)	39 841	29 149	36,7	90 178	43 496	107,3
241 045	223 455	7,9	35 304	30 237	16,8	118 321	45 863	158,0
3 502 531	2 851 946	22,8	779 739	706 104	10,4	1 605 371	1 378 427	16,5
								
918 044	992 904	(7,5)	427 931	393 802	8,7	1 040 965	816 860	27,4
2 281 901	1 572 929	45,1	289 207	254 836	13,5	495 698	463 553	6,9
302 586	286 113	5,8	62 601	57 466	8,9	68 708	98 014	(29,9)
3 502 531	2 851 946	22,8	779 739	706 104	10,4	1 605 371	1 378 427	16,5
								

Performance at a glance

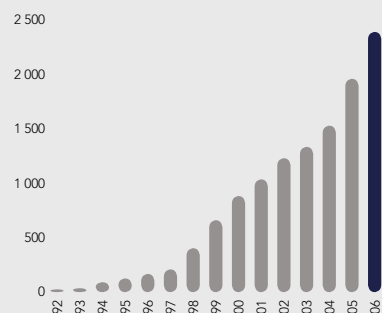
Revenue: R'bn



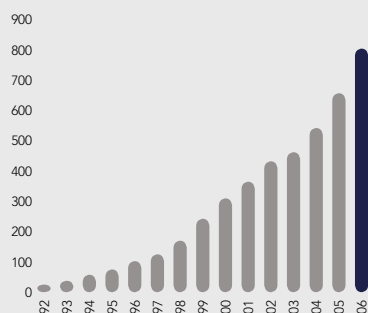
Trading profit: R'm



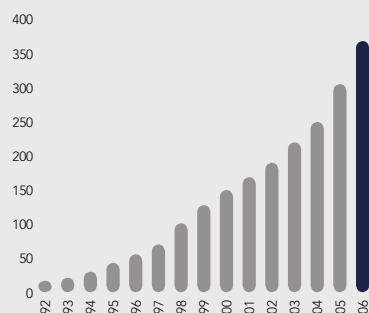
Attributable profit: R'm



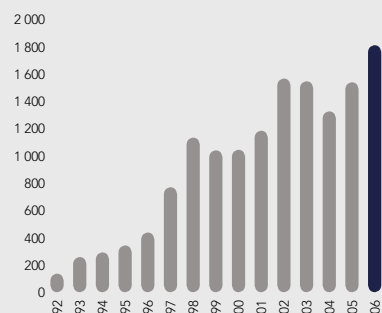
Headline earnings per share: cents



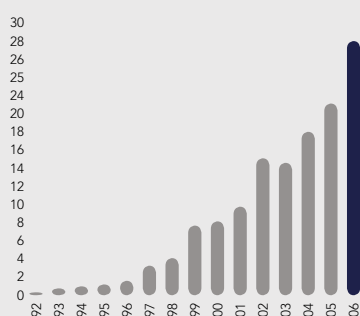
Distribution per share: cents



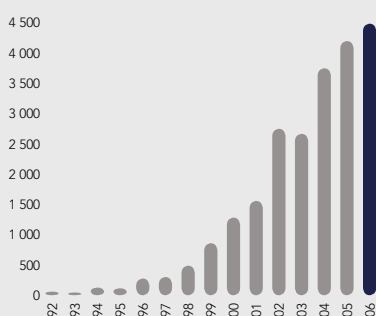
Net tangible asset value per share: cents



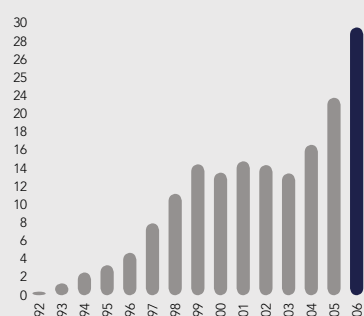
Total assets: R'm



Cash generated by operations: R'm



Market capitalisation: R'bn⁽⁴⁾



Performance at a glance

		In accordance with IFRS		
	15 year compound growth rates % per annum			
		2006	2005	2005
Extract from financial statements (R'000)				
Revenue	41,8 ⁽⁵⁾	77 276 491	62 811 776	62 811 776
Trading profit	36,2 ⁽⁵⁾	3 657 000	3 046 108	3 164 646
Attributable profit	39,1 ⁽⁵⁾	2 388 717	1 961 231	2 054 193
Shareholders' interest		8 928 995	7 468 866	7 388 482
Net debt		1 452 089	988 738	944 597
Cash generated by operations		4 490 358	4 200 449	3 977 293
Total assets		27 994 501	21 123 331	20 894 966
Total wealth created		13 911 592	11 955 216	11 744 777
Share and debentures statistics				
Headline earnings per share (cents) ⁽¹⁾	25,8 ⁽⁵⁾	804,6	656,4	686,6
Distribution per share (cents) ⁽²⁾	26,0	369,0	306,0	306,0
Distribution cover (times) ⁽²⁾		2,2	2,1	2,2
Distribution yield (%)		3,7	4,2	4,2
Net tangible asset value per share (cents)	20,5 ⁽⁵⁾	1 814	1 542	1 604
Share price (cents)				
high		11 650	8 100	8 100
low		7 200	5 195	5 195
closing (June 30)	26,8	9 875	7 270	7 270
Market capitalisation (Rm's) ⁽⁶⁾	36,7	29 541	21 768	21 768
Volumes traded (000's)		206 156	166 720	166 720
Volume traded as % of weighted number of shares		68,7	55,1	55,1
Ratios and statistics				
Return on total shareholders' interest (%)		32,0	31,8	34,2
Return on average funds employed (%) ⁽³⁾		54,1	53,5	55,0
Operating profit margin (%)		4,7	4,8	5,0
Current asset ratio		1,1	1,1	1,1
Quick asset ratio		0,8	0,7	0,7
Number of employees		93 325	89 737	89 737
Number of shares in issue (000's) ⁽⁶⁾		299 154	299 421	299 421
Number of weighted shares in issue ⁽⁶⁾		299 976	302 700	302 700

Notes

⁽¹⁾ Based on weighted average number of shares in issue.

⁽²⁾ Includes interim dividend paid, capitalisation issues at market value, distributions of share premium and final distributions approved after year-end.

⁽³⁾ Return on average funds employed is calculated using the weighted average of the Group's operating assets, excluding cash, and operating income before capital items, interest and taxation.

⁽⁴⁾ The comparative figures have been restated to account for the various changes in accounting policies over the period to comply with SA GAAP but not for IFRS purposes. Periods prior to June 30 2003 have not been restated for the effect of the recent changes in interpretation of the accounting statements.

⁽⁵⁾ Prior year amounts have not been restated to take account of changes to accounting policies as a result of the adoption of IFRS in the 2006 and 2005 years. Comparative information for the 1991 to 2005 years in accordance with the previous SA GAAP is provided for information and comparative purposes.

⁽⁶⁾ The number of shares in issue has been reduced by the treasury shares held by a subsidiary company.

2006

Acquired 100% of Netherlands foodservice company, Deli XL and a controlling stake in Horeca Trade, a small Dubai-based foodservice distributor. Concluded sale of Dartline Shipping for £58,9 million (R650 million) and loss-making Lithotech France. Global footprint expanded through investment to develop and operate Mumbai International Airport. Non-executive component of the board strengthened.

2005

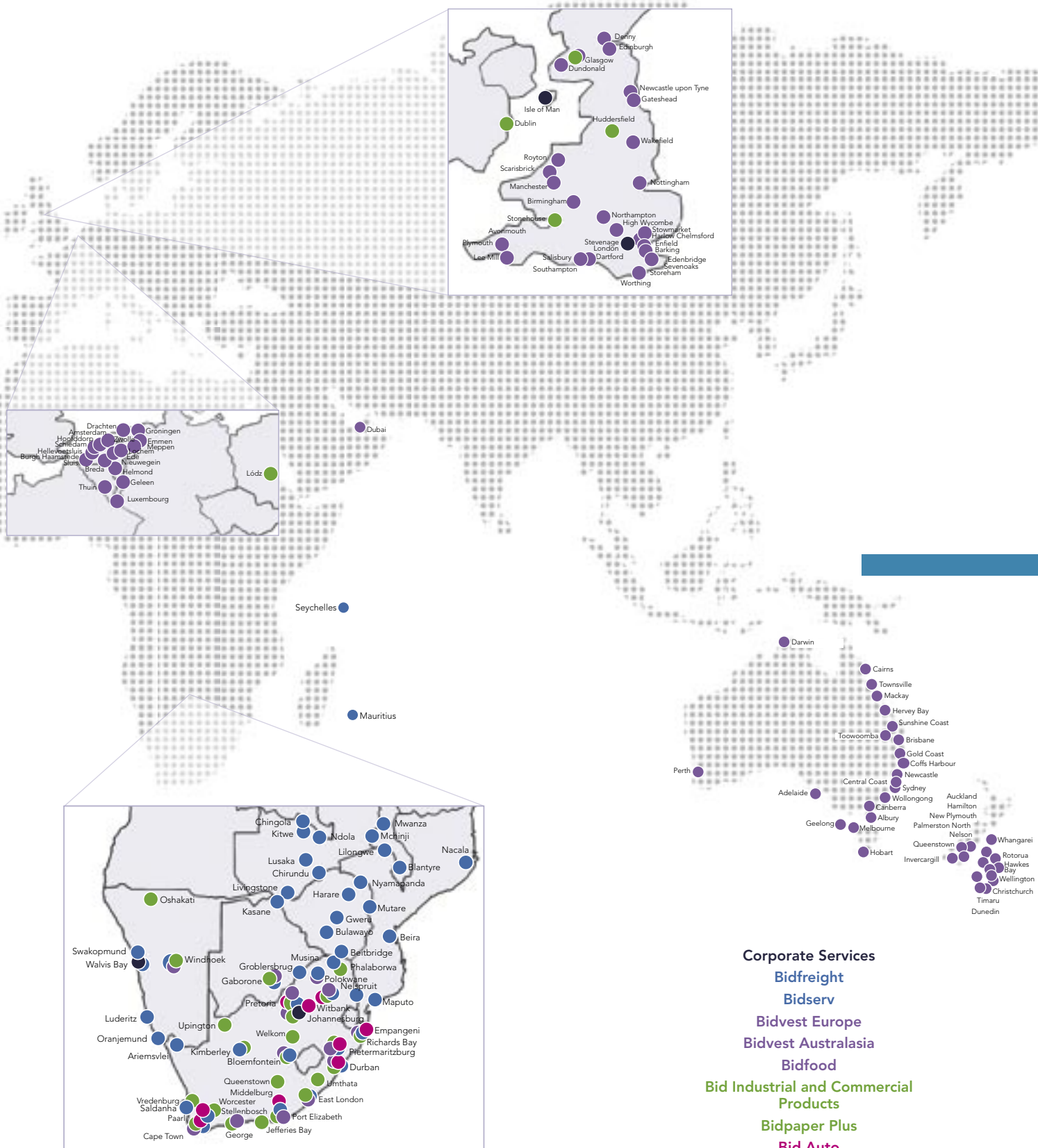
Cyril Ramaphosa takes the reins as chairman. Successful buyout of Bidcorp plc minority interest. Acquisition of 20% of Tiger Wheels. G. Fox acquired.

In terms of previous Gaap⁽⁴⁾

	2004	2003	2002	2001	2000	1999	1998
	51 262 212	47 073 375	41 950 388	29 415 011	26 427 620	14 646 145	7 432 920
	2 544 074	2 239 662	2 012 611	1 422 212	1 215 222	712 230	493 051
	1 531 868	1 334 552	1 231 041	1 035 466	884 148	659 573	400 872
	5 998 413	5 353 416	5 563 617	3 860 494	3 028 819	2 985 433	2 803 898
	674 071	–	–	–	–	–	–
	3 760 849	2 666 695	2 751 675	1 558 774	1 282 688	859 256	491 126
	18 021 382	14 592 486	15 117 104	9 741 970	8 134 879	7 680 848	4 101 777
	10 230 550	9 247 324	7 441 092	5 079 614	4 515 614	2 692 295	1 610 681
	544,0	463,5	432,8	365,2	309,7	243,0	171,2
	250,2	220,0	190,0	169,2	150,3	127,3	101,3
	2,2	2,1	2,3	2,2	2,1	1,9	1,7
	4,8	5,1	4,1	3,4	3,2	2,5	2,2
	1 330	1 549	1 569	1 186	1 046	1 042	1 135
	5 620	4 800	5 200	5 200	6 550	5 400	5 980
	4 100	3 970	3 980	4 075	3 620	2 910	3 250
	5 250	4 300	4 600	5 010	4 680	5 040	4 525
	16 570	13 462	14 316	14 821	13 555	14 435	11 181
	160 233	156 731	125 566	99 096	104 122	89 262	64 413
	53,3	50,9	42,0	34,0	36,1	32,9	27,5
	28,6	24,0	31,9	34,2	29,6	23,5	22,8
	53,6	48,9	56,8	43,6	41,7	40,4	37,2
	5,0	4,8	4,8	4,8	4,6	4,9	6,6
	1,1	1,3	1,2	1,2	1,1	1,2	2,8
	0,8	1,0	0,9	0,9	0,8	0,9	2,1
	81 931	70 754	66 879	54 251	50 941	50 132	31 420
	302 156	302 679	311 217	295 821	289 638	286 418	247 095
	300 643	308 116	299 089	291 599	288 554	271 483	234 090
2004 R2,1 billion BEE transaction for 15% of Bidvest with Dinatla finalised. McCarthy, South Africa's second largest motor retailer, acquired for R980 million. Acquisition of minority interests of Bidvest plc.				2001 John Lewis Foodservice acquired and incorporated into Bidvest Australia, creating the leading foodservice distributor in Australia. The Group wide-area-network, Bidnet, developed by I-Fusion. mymarket.com, Bidvest's e-commerce initiative, launched.			
2003 Danel, the largest business forms manufacturing and distribution operation in France, acquired and renamed Lithotech France. The Bidvest Academy, a Group training and development programme, launched. Ground-breaking black economic empowerment initiative with Dinatla Investment Holdings announced. Small strategic foodservice acquisitions in the United Kingdom, Australian and New Zealand markets.				2000 Acquisition of Island View Storage. Banking licence granted to Rennies Bank and 77% of I-Fusion acquired. Bidvest plc enters the New Zealand foodservice market with the acquisition of Crean Foodservice, renamed Crean First for Foodservice.			
2002 Acquisition of 56,7% of LSE-listed Jacobs Holdings plc, which was renamed Bidcorp plc, to form the base for the international expansion of Bidfreight. Paragon acquired and merged with Lithotech. Remaining 68% of Voltex acquired to form part of the Commercial Products division. The minority shareholding in I-Fusion acquired.				1999 Booker Foodserve, renamed 3663 First for Foodservice, acquired by Bidvest plc. Acquisition of Rennies Group.			
				1998 Bidvest plc, incorporating Bidvest Australia, was created with dual listings in Australia and Luxembourg. Acquisition of Lithotech.			

	1997	1996	1995	1994	1993	1992	1991
	5 069 948	4 166 682	3 432 155	2 560 707	775 206	595 994	411 694
	276 843	216 111	165 243	115 622	68 461	58 075	35 377
	214 249	165 577	123 751	88 602	35 745	25 071	16 898
	1 758 311	802 451	602 358	499 657	430 522	134 156	107 064
	–	–	–	–	–	46 121	–
	297 814	277 035	113 811	125 146	45 708	59 691	23 216
	3 251 061	1 583 321	1 188 202	980 743	747 401	388 563	321 639
	899 879	696 702	524 636	412 828	224 924	175 299	104 350
	124,9	102,6	77,8	58,1	38,1	28,0	25,6
	70,8	56,1	43,0	30,2	21,0	16,4	11,5
	1,8	1,8	1,8	1,9	1,8	1,7	2,2
	2,0	2,2	2,3	2,1	2,7	4,1	4,1
	771	438	343	292	258	136	111
	3 535	2 956	2 000	1 470	780	400	283
	2 275	1 838	1 450	780	343	250	180
	3 500	2 590	1 875	1 470	780	400	280
	7 968	4 681	3 294	2 502	1 301	391	271
	26 456	13 997	8 140	11 061	1 186	4 877	1 247
	14,2	7,8	4,7	6,5	1,1	5,0	1,8
	26,7	27,5	24,8	20,6	26,6	23,4	68,6
	53,9	57,6	58,8	48,9	29,0	28,2	37,9
	5,5	5,2	4,8	4,5	8,8	9,7	8,6
	2,0	2,0	1,9	1,8	2,0	2,5	1,7
	1,5	1,5	1,5	1,4	1,5	1,4	1,0
	30 001	21 506	14 970	14 117	4 749	4 784	2 226
	228 027	183 041	175 701	171 131	166 775	98 552	96 266
	186 779	179 895	173 306	169 121	105 217	97 028	69 092
	1997 100% of Waltons Group acquired, Bid Corporation unbundled and Bidvest incorporated into the JSE industrial index.				1993 Safcor Freight acquired – the start of Bidfreight. Prestige Cleaning Services acquired and grouped with Steiner to form Bidserv.		
	1996 Empowerment programmes begin with Women Investment Portfolio Holdings and Worldwide African Investment Holdings each acquiring a 5% shareholding in Bid Corporation.				1992 Crown Food Holdings acquired and merged with National Spice to form Crown National.		
	1995 First steps to international expansion taken – 50,1% of Australian Stock Exchange-listed Manettas acquired and renamed Bidvest Australia.				1991 Acquisition of Steiner Services – beginning of the hygiene services business.		
	1994 Rights offer raises R300 million, 10-for-1 share sub-division.				1990 Bid Corporation becomes the pyramid holding company of Bidvest.		
					1989 Acquisition of Afcom.		
					1988 Chipkins, the first acquisition, followed shortly thereafter by Seaworld. The start of the Bidfood.		

Geographical footprint



Corporate Services

Bidfreight

Bidserv

Bidvest Europe

Bidvest Australasia

Bidfood

Bid Industrial and Commercial
Products

Bidpaper Plus

Bid Auto

External appraisals

Empowerment rating

Bidvest, a level four and a good broad-based BEE contributor, with unrestricted operational capacity, has an "A" empowerment rating from Empowerdex.

Fitch Ratings

Fitch Ratings affirmed Bidvest's credit rating as an AA- (zaf). AA- (zaf) ratings denote a very strong credit risk relative to other issuers in the same country.



Revenue ranking

Bidvest was ranked eighth of JSE-listed companies and fourth of JSE-listed South African companies, by revenue.



Dow Jones Sustainability World Index

Bidvest is one of only four South African companies listed in the Dow Jones Sustainability World Index 2007, a grouping of global organisations that meets stringent criteria for strategic strength, innovation, financial performance and stakeholder relations.



JSE Social Responsibility Investment Index

Based on an assessment of the Group's policies, performance and reporting on economic, social and environmental sustainability, the JSE has reaffirmed Bidvest as a founding constituent of the SRI Index.

Forbes Global 2000 – the world's leading companies

Forbes Global 2000 is a comprehensive list of the world's largest and most influential companies, as measured in US dollars by a composite ranking for sales, profits, assets and market value. Bidvest is ranked 1 114th (2005: 1 162nd).



FTSE/JSE Africa Index Series ranking

In the June 2006 FTSE/JSE Africa Index Series quarterly review, Bidvest was ranked 24th in both the FTSE/JSE All Share Index and Top 40, 7th in the FTSE/JSE Industrial 25, with a market capitalisation of R32,1 billion, a 100% free float and the JSE's highest liquidity rating.

Morgan Stanley International Emerging Market Index

Bidvest is considered to have a 100% free float for the MSIEM Index in which it is included.

Bidvest as an employer of choice

Bidvest has been nominated by a panel of experts as one of the top 10 companies to work for in South Africa in research undertaken by the Corporate Research Foundation.

Company confidence predictor

In the June 2006 Campbell Belman company confidence predictor, the influential twice-yearly survey of investment analysts, Bidvest was rated highest among industrial companies for its "company basics" and was particularly strong in "makes effective use of capital", "shows good judgement in acquisitions or joint ventures" and "maintains a reassuring balance between risk and return". In "future potential" Bidvest was the leading company for being "alert to new ideas to improve its profitability", in "people" as having "an effective chief executive" and in "communications" for "chief executive is a straight talker". In "ethics" Bidvest shared the lead in "lives up to promises – company results match expectations" and "believes in full disclosure – is transparent" and was rated second in being "reputable, honest and trustworthy". Overall Bidvest was rated third on the "total" industrials across all 28 characteristics used in the evaluation. Of note was that for its "company basics" Bidvest was also rated highest among the top companies, from all sectors, in market capitalisation.

Investment communication award

Bidvest is not only recognised as an achiever in creating value for investors, but also for general reporting and investment communication. In June 2006, Bidvest received an award, for the second year in a row, from the Investment Analysts' Society for the best reporting and communication in the JSE industrial services sector.

Most admired company

In Finweek/Afrika's most admired company and CEO peer review survey, Bidvest was ranked fourth and Brian Joffe second, respectively.

Directorate

Matamela Cyril Ramaphosa (53)

Non-executive chairman

BProc

Appointed: July 6 2004

Executive chairman of Shanduka Group (Pty) Limited.

Non-executive chairman of MTN Group Limited and SASRIA Limited. Non-executive director of SAB Miller plc, MacSteel Holdings (Pty) Limited, Alexander Forbes Limited and The Standard Bank Group Limited

Cyril is the past chairman of the Black Economic Empowerment Commission and is vice-chairman of the Global Business Coalition on HIV/Aids. He was the first deputy chairman of the Commonwealth Business Council. He sits on the United Nations secretary general's panel on International Support to NEPAD and is a member of the International Business Council of the World Economic Forum. Cyril has received several honorary doctorates.



Cyril Ramaphosa

Brian Joffe (59)

Chief executive

CA(SA)

Appointed: March 1 1989

Non-executive director of EnviroServ Holdings Limited, Tiger Wheels Limited and a director of numerous Bidvest subsidiaries

Since founding Bid Corporation in 1988, Brian served as executive chairman until his appointment as chief executive in 2004. He has over thirty years of local and international commercial experience. He was one of the Sunday Times' top five businessmen in 1992 and is a past recipient of the Jewish Business Achiever of the Year award. Brian was voted South Africa's Top Manager of the Year in 2002 in the Corporate Research Foundation's publication "South Africa's Leading Managers" and represented South Africa at the coveted "Ernst & Young World Entrepreneur of the Year" award in 2003.



Brian Joffe

Executive directors

Frederick John Barnes (55)

Chief executive of 3663 First for Foodservice British

Appointed: October 27 2003

Fred has extensive international foodservice and distribution experience.

Bernard Larry Berson (41)

Managing director of Bidvest Australasia Australian CA

Appointed: October 27 2003

Bernard has nineteen years of international financial, administrative and management experience in numerous industries.

Myron Cyril Berzack (57)

Chief executive of Bid Industrial and Commercial Products

Appointed: April 29 2002

Non-executive director of Allied Electronics Corporation Limited and Amalgamated Appliance Holdings Limited. Director of numerous Bidvest subsidiaries

Myron has thirty-six years' experience in the electrical industry, specialising in the marketing, distribution, financial control and reporting functions.

David Edward Cleasby (44)

Financial director designate/Group corporate finance and investor relations

CA(SA)

Alternate to P Nyman

Appointed: June 28 2006

Director of numerous Bidvest subsidiaries

David was financial director of Rennie's Terminals when the Rennie's Group Limited was acquired by Bidvest in 1998. In 2001, he joined the Bidvest corporate office, where he has been involved in both Group corporate finance and investor relations.

Anthony William Dawe (40)

Chief executive of Bidfreight

CA(SA)

Appointed: June 28 2006

Director of numerous Bidvest subsidiaries

Anthony has twelve years' experience in the freight industry with most of those years focused in the South African port environment. Prior to this, Anthony's experience was in financing in London and he worked for one of the large accounting firms in South Africa.

Muriel Betty Nicolle Dube (34)

Commercial director

BA (Hons), Executive Programme (Harvard)

Appointed: October 27 2003

Director of numerous Bidvest subsidiaries, EnviroServ Holdings Limited and ZAICO (Pty) Limited

Muriel has senior strategic management and operational experience in the public sector and with multi-nationals in the private sector.

Lionel Isaac Jacobs (63)

Commercial director Bidserv

BCom, MBA

Appointed: October 27 2003

Director of numerous Bidvest subsidiaries, Bassap Investments (Pty) Limited and Dinatla Investment Holdings (Pty) Limited

Lionel is an entrepreneur with extensive negotiating and investment skills and established Bassap Investments (Pty) Limited, a core shareholder in the Dinatla consortium, to further his commitment to the principles of black economic empowerment.

Colin Hugh Kretzmann (59)

Chief executive of Bidfood

CA(SA)

Appointed: August 10 1992

Director of numerous Bidvest subsidiaries

Colin has extensive experience in the food manufacturing industry and joined Bidvest fourteen years ago, from which time he has been instrumental in developing the Group's food interests through local and international acquisitions.

Peter Nyman (61)

Financial director

CA(SA), ACMA, HDip Tax Law

Appointed: February 1 1991

Director of numerous Bidvest subsidiaries including Rennie's Bank Limited. Chairman of the trustees of the Quantum Medical Aid Society, Bidcorp Group Pension Fund and Bidcorp Group Provident Fund

Peter has extensive local and international financial experience in a diverse range of industries, specialising in tax.

Sybrand Gerhardus Pretorius (58)

Chief executive of Bid Auto

MCom Bus Ec

Appointed: February 19 2004

Director of numerous Bidvest subsidiaries

Brand has thirty-three years' experience in the motor industry (manufacturing and retail) and is a member of various advisory boards. He is a board member of the State President's International Marketing Council, the National Business Initiative and the President of the South African Retail Motor Industry Association.



Fred Barnes



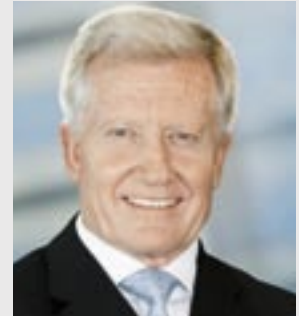
Muriel Dube



Bernard Berson



David Cleasby



Brand Pretorius



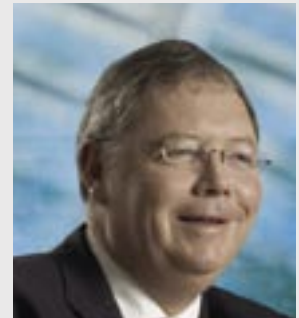
Myron Berzack



Anthony Dawe



Lionel Jacobs



Lindsay Ralphs

Lindsay Peter Ralphs (51)

Chief executive of Bidserv

CA(SA)

Appointed: May 10 1992

Director of numerous Bidvest subsidiaries and
Enviroserv Holdings Limited

Lindsay joined Bidvest as operations director in 1992.

*In 1994 he was appointed managing director of
Steiner and, following the acquisition of Prestige to
form Bidserv, appointed chief executive of Bidserv.*

Alan Charles Salomon (57)

Executive director

CA(SA), BSc (London) (with honours)

Appointed: September 10 1990

Director of numerous Bidvest subsidiaries and
Enviroserv Holdings Limited

*Alan has twenty-seven years' experience in the fields
of manufacturing and distribution. Alan is managing
director of Rennies Bank Limited.*



Colin Kretzmann



Alan Salomon



Peter Nyman

Directorate



Doug Band



Gill Marcus



Stephen Koseff



Donald Masson

Independent non-executive directors

Douglas Denoon Balharrie Band (62)

CA(SA)

Appointed: October 27 2003

Non-executive director of The Standard Bank Group Limited, Electronic Media Network Limited, Supersport International Holdings Limited, MIH Holdings Limited, Tiger Brands Limited and MTN Group Limited

Doug has extensive experience in both commerce and industry and has served in an executive position in various blue-chip listed companies.

Stephen Koseff (55)

BCom, CA(SA), HDip BDP, MBA

Appointed: June 17 1997

Chief executive officer of Investec Limited and Investec plc

Stephen has thirty years of financial experience and is the recipient of numerous business awards. He is a former member of the Financial Markets Advisory Board and former chairman of the Independent Banks' Association. His directorships include the JSE Limited and Rensburg Sheppards plc.

Prof Gill Marcus (56)

BCom (Unisa)

Appointed: June 1 2005

Professor: Chair of Policy, Leadership and Gender Studies at the Gordon Institute of Business Science, Executive chairperson of Western Areas Limited and a director of the International Marketing Council and the advisory board of the Auditor General. Patron of the Pretoria Sungardens Hospice

Gill was the former deputy minister of finance and former deputy governor of the South African Reserve Bank.

Donald Masson (75)

ACIS

Appointed: March 10 1992

Director of numerous Bidvest subsidiaries, Cashbuild Limited, Pamodzi Financial Services Limited, Valley Irrigation Limited, Faritec Holdings Limited. Trustee of Investment Solutions, Cashbuild Pension Fund and former chairman of the South African Post Office Pension Fund

Donald is the former president of the Afrikaanse Handelsinstituut and a former member of the President's Economic Advisory Council. He has forty years of diverse business experience in senior executive positions at numerous listed, unlisted and parastatal organisations.



Joe Pamensky

Joseph Leon Pamensky (76)

CA(SA), OMSG

Appointed: January 8 1990

Director of Enviroserv Holdings Limited, Schindler Lifts (SA) (Pty) Limited, Stonehage Financial Services Holdings (Jersey) Limited and Worldwide African Investment Holdings (Pty) Limited. Chairman of Rennies Bank Limited and Terra Nova Financial Services (Pty) Limited

Joe is the longest serving non-executive director of Bidvest with over forty years' experience in the financial, insurance and banking industries and the recipient of a number of business and public awards. He serves as non-executive director on the boards of public and private companies, both locally and internationally, and is a member of several audit and remuneration committees. Originally a director of Bid Corporation Limited.

Nigel George Payne (46)

BCom (Hons), CA(SA), MBL

Appointed: June 28 2006

Director of the JSE Limited

Nigel is a leading authority on corporate governance, risk management and internal audit and was the convenor of the risk management and internal audit task team at the King II report.

Adv Faith Dikeledi Pansy Tlakula (49)

LLM (Harvard)

Appointed: June 28 2006

Chief electoral officer of The Independent Electoral Commission. Director of Lehotsa Holdings (Pty) Limited, MMRT (Pty) Limited and Khomanani Women's Investment (Pty) Limited

Pansy was previously a member of the Human Rights Commission.

Non-executive directors

Lilian Garner Boyle (59)

MA Econ (Glasgow), MBA

Appointed: January 23 2001

Non-executive director of the South African Bank Note Company (Pty) Limited and SA Mint (Pty) Limited. Lilian has thirty-eight years of diverse business experience including seven years in the freight management industry and twenty years in the travel industry.

Alfred Anthony da Costa (42)

BCom (Hons)

Appointed: December 8 2003

Director of the regional board of ABSA Bank Limited, Algoa FM, Breathetex Corporation (Pty) Limited, Ukuvula Investments (Pty) Limited and Dinatla Investment Holdings (Pty) Limited, Executive Chairman Ilithe Technologies (Pty) Limited and member of Unisa Council

Alfred has fourteen years' experience in top management.

Rachel Mathabo Kunene (66)

BA English Lit (UCLA)

Appointed: December 8 2003

Chief executive officer of Nandi Heritage (Pty) Limited, chairman of ECH Management Solution (Africa) (Pty) Limited, director of Dinatla Investment Holdings (Pty) Limited, NPMS Energy (Pty) Limited, Ikhezi Lomso Laundries (Pty) Limited, Nandi/Boston Laundries (Pty) Limited, trustee of Isigodlo Trust: South African Women in Dialogue and Mazisi Kunene Foundation. Rachel is a founder member of the broad-based empowerment group Nandi Heritage (Pty) Limited which is a shareholder in Dinatla Investment Holdings.



Nigel Payne



Mathabo Kunene



Pansy Tlakula



Lilian Boyle



Alfred da Costa



Bernadette Moffat

Bernadette Erlefreda Moffat (48)

BA Pol Sc and Soc (Hons) Wellesley College: MA USA;
Juris Doctor Columbia University, New York
Appointed: December 8 2003
Chief executive officer of WDB Trust, non-executive director of WDB Investment Holdings (Pty) Limited, Advantage Asset Managers (Pty) Limited and serves on the Advisory Board of First National Bank, a division of FirstRand Bank Limited
Bernadette practised as a corporate lawyer at a Wall Street law firm for five years and has had nine years' experience as a non-executive director, chairperson and deputy president of Section 21 not for profit organisations. WDB is a shareholder in Dinatla Investment Holdings.

Lebogang Joseph Mokoena (47)

BSc (Med Sci), MBA
Alternate to AA da Costa
Appointed: December 8 2003
Director of Ten Alliance Holdings (Pty) Limited, Sesiu Investment Holdings (Pty) Limited, Bloemfontein Correctional Contracts (Pty) Limited, Culca Investments (Pty) Limited, Lumumba Capital Investments (Pty) Limited and Dinatla Investment Holdings (Pty) Limited
Lebogang has a number of years' experience as a director of private companies.
Culca is a shareholder in Dinatla.

Tania Slabbert (39)

BA, MBA
Alternate to BE Moffat
Appointed: December 8 2003
Director of Paracon SA Limited, BP South Africa (Pty) Limited, Uthingo (Pty) Limited, Rennies Travel (Pty) Limited and Dinatla Investment Holdings (Pty) Limited
Tania has been running WDB Investment Holdings (Pty) Limited since 1999.

Committees

as at September 1 2006

Group executive committee

B Joffe (chairman), FJ Barnes, BL Berson, MC Berzack, DE Cleasby, AW Dawe, SG Pretorius, LP Ralphs

South African executive committee

B Joffe (chairman), MC Berzack, NW Birch, DE Cleasby, AW Dawe, MBN Dube, LJ Jacobs, CH Kretzmann, L Madikizela, SG Mahlalela, P Nyman, SG Pretorius, LP Ralphs, AC Salomon

Audit committee

JL Pamensky (chairman), DDB Band, DE Cleasby, RW Graham, D Masson, BE Moffat, P Nyman, NG Payne, AC Salomon

Risk committee

NG Payne (chairman), FJ Barnes, BL Berson, MC Berzack, NW Birch, DE Cleasby, AW Dawe, CH Kretzmann, D Masson, P Nyman, SG Pretorius, LP Ralphs, AC Salomon

Remuneration committee

DDB Band, (chairman), DE Cleasby, D Masson, P Nyman, JL Pamensky

Acquisition committee

DDB Band (chairman), MC Berzack, DE Cleasby, B Joffe, D Masson, JL Pamensky, LP Ralphs

Nomination committee

DDB Band (chairman), B Joffe, JL Pamensky, MC Ramaphosa, T Slabbert

Transformation committee

MBN Dube (chairman), MC Berzack, NW Birch, AW Dawe, MJ Finger, LJ Jacobs, B Joffe, CH Kretzmann, SG Mahlalela, SG Pretorius, LP Ralphs, T Slabbert, FDP Tlakula



Lebogang Mokoena



Tania Slabbert

Board composition

Female	25,0%
Male	75,0%
White	70,8%
Black	29,2%
Local	91,7%
Foreign	8,3%
Executive	50,0%
Independent non-executive	29,2%
Non-executive	20,8%



Decentralised management

The seeds of opportunity are spread into unexplored territory, using their independence to create sustainable growth. Established across four continents, yet still members of the same strong family.

Headline achievements

- ▶ Remarkable record of uninterrupted wealth creation
- ▶ 4,0% growth in employee numbers
- ▶ BEE emerges as a key driver of South African economy
- ▶ Bidvest a catalyst for change across many industries
- ▶ Dinatla prepares to refinance its partnership with Bidvest
- ▶ Bidvest sees opportunity in Africa
- ▶ Streamlined board structure now in place



Cyril Ramaphosa
Non-executive chairman

Introduction

Bidvest has continued its remarkable record of uninterrupted wealth creation, delivering year after year on its core promise of returns and consistent growth.

Unfettered growth is achieved by setting people free to perform to their full potential – true empowerment. For 18 years, Bidvest has remained true to this founding vision; in the process creating opportunities for its people and value for its shareholders. Headline earnings per share were 804,6 cents, an increase of 22,6%, with total distributions per share of 369,0 cents.

Results reflect the success of operational units in seizing the opportunities presented by largely favourable economic conditions. All divisions reported sales growth and strong cash generation.

Macro factors

Bidvest is an international company, but the heart of the operation still rests in Africa. The policy environment in our South African home is critical to our success. It is doubtful if the home base has ever been in better overall shape. Our government should be congratulated on developing a policy environment that fosters opportunity, encourages growth and enables job creation.

Bidvest employs more than 93 000 people (78 000 in South Africa), a rise of 4,0% at a time of increasing domestic and

international competition. For employment opportunities to be sustainable, those jobs have to be created within companies that meet world-class performance standards and are globally competitive.

The South African economy, according to official forecasts at the time of the 2006 Budget, was expected to grow by 5% a year over the next three years. At the same time, the strategic commitment has been made to halve unemployment within 10 years.

The South African government has made substantial commitments to infrastructure development. I believe these investments will be one of the many catalysts that will stimulate job creation to achieve sustainable economic growth.

This process creates an opportunity for the private sector to partner with government in many of these projects to grow the economy of this country. Public-private partnerships (PPPs) have a significant role to play as strategic emphasis shifts to physical delivery of new infrastructure and sustainable improvements in the quality of people's lives.

Bidvest, for its part, has committed to substantial investment programmes and plans to maintain this strategic effort.

A continuing global commodities boom was positive for South Africa's resources sector, though the strong rand

created a challenge for manufacturers and exporters. By mid-2006, the currency was exhibiting signs of weakness. This development in tandem with higher oil prices seems certain to re-awaken inflationary trends.

Until the 0,5% rise announced by the South African Reserve Bank in June, interest rates were at a 25-year low. Consumer spending and household debt have moved higher – another signal that inflationary pressures may soon mount. By early 2007, some economists expect inflation to exceed the 6% limit set by the authorities when establishing South Africa's inflation targets. Yet, for much of the last year, a deflationary pricing environment was evident, representing a challenge for business and an opportunity for consumers.

The resultant consumer-led boom has provoked considerable comment. It may be useful to look beyond the statistics to the driving forces behind one of the most sustained bouts of consumer spending in decades. The context explains the nature of the spending and the motivation of many of these consumers.

Black economic empowerment

Black economic empowerment (BEE) continues to be one of the business drivers in the current South African economy. It has not been characterised as such, but the upswing of the last two years was a "first" for this country. It was South Africa's first "BEE boom". The money spent on big ticket items and consumer goods often came from black families that for the first time enjoyed a measure of disposable income.

Poverty, unemployment and lack of critical skills remain deeply entrenched in our society. Government policy and private sector programmes are in place to address these challenges and should remain a priority focus for South Africa to normalise our society.

BEE and Bidvest

Bidvest, by virtue of its size and diversification across numerous industries, showcases the national BEE process in microcosm. Bidvest has made notable progress in implementing some of the principles of BEE. It is a pleasure to see black men and women taking up executive roles with key responsibilities within the Group. As a R77-billion-a-year business with 93 000 employees, broad-based BEE developments have had a knock-on effect with the power to transform broader society. I am proud to see Bidvest emerge as a leading catalyst for positive change across so many industries.

I am happy to read reports on our ongoing training and people development, the realignment of social investment to give priority to marginalised communities and enterprise development to encourage start-up enterprises. These

developments are in line with the principles of broad-based black economic empowerment.

Bidvest's BEE procurement spend in South Africa exceeds R4,1 billion. Increasingly, this provides the "oxygen" for enterprise development among small and medium-size companies – a fundamental process that will irreversibly change the face of the South African economy.

BEE is an idea whose time has come and I am proud of the progress that has been made by Bidvest.

The partnership with Dinatla consortium

The partnership with Dinatla consortium continued to add value to Bidvest at a strategic level and is mutually beneficial across all of our business units.

The refinancing of the Dinatla transaction within the envisaged time frame has been announced.

BEE challenges

A key test of ownership has always been the ability to sell a property or a possession whenever the owner feels like it. If you truly own something, you are free to sell it. In practical terms, this key test of ownership does not apply in a BEE context. In the vast majority of BEE transactions, a BEE owner uses debt to acquire the funds needed to pay for equity. This debt must be serviced. Understandably enough, the transaction terms simultaneously create "golden handcuffs" by insisting that equity cannot be sold for a specific period. A sale would dilute BEE equity and compromise the organisation's BEE status.

It is understandable that the initial policy focus is on BEE entry. It is a measure of the success of our BEE policy-makers that we are now in a position to take the logical next step and consider the BEE exit without penalising enterprises that have created the opportunities and delivered the value.

I am confident that in the finalisation of the codes of good practice for BEE the point of "once empowered" will be positively addressed where BEE companies are in a position to realise their value. True empowerment would be achieved when an enterprise does not lose credit if the BEE partner exits, with value having been created.

African opportunities

Despite political and economic volatility in many sub-Saharan countries, Bidvest sees opportunity in Africa. The New Partnership for Africa's Development (Nepad) provides a framework for greater regional stability and economic growth. Some say "Africa's time has come".

Within Africa, Bidvest intends to replicate its model for growth through acquisitions. The acquisition of a majority stake in Namibian Sea Products (Namsea) was recently finalised and forms part of this strategy.

The integration of Namsea and Namsof Fishing Enterprise will be implemented in 2007. Bidvest plans to mould an entity run by Namibians largely for the benefit of Namibians. The same decentralised, entrepreneurial Bidvest model will be adopted. A Namibian Bidvest is in the making. Other African opportunities will be explored.

Governance and sustainability

Bidvest is characterised by both rigorous governance structures and a robust culture of compliance with the highest ethical standards. Bidvest is committed to triple bottom line reporting and measures community involvement and environmental sensitivity as well as profits.

Strong structures are in place, including executive, audit, risk, remuneration, acquisition, nomination and transformation committees.

Bidvest believes in individual accountability and organisational transparency. We report on our business in an open and comprehensive manner. These efforts were recognised for the second year in a row, when Bidvest received the Investment Analysts' Society of Southern Africa award for the best reporting in the industrial services sector of the JSE, South Africa.

Bidvest as a group has embraced the concept of sustainability and accepts the strategic need to develop processes that support our reputation for quality in everything we do – from the development of ideas, products and people to our interaction with customers, communities and the environment. To enshrine the notion of sustainability, a new culture is being inculcated at every level in every business. One of the initiatives involves asking all business units to define what "sustainability" means to them.

The results of this survey will be used to develop an implementation strategy that will take sustainable practice to every aspect of our business.

Bidvest has adopted a policy on HIV/Aids that ensures non-discrimination, support and constant education. The challenge in all areas of corporate intervention is to develop a consistently high standard of commitment throughout the Group.

Board composition

Our board structure has been streamlined in recent months and now comprises 24 directors, a net reduction of 10.

Non-executive directors Nazeer Cassim, Mervyn Chipkin and Teddy Reitman have resigned, though Mervyn Chipkin (co-founder of Bidvest) continues his involvement in an honorary capacity.

Executive directors Len Chimes, Alan Griffith, David Rosevear, Charles Singer, Philip Womersley and Howard Greenstein have resigned as directors of the Group.

I thank them for their contribution over many years. We retain the benefit of their knowledge and experience as they continue to work as directors of subsidiary companies and remain in place as senior executives.

Lilian Boyle has resigned as executive director responsible for travel and banking operations and becomes a non-executive director of the board.

Anthony Dawe, chief executive of Bidfreight, has been appointed an executive director while David Cleasby (financial director designate) has been made an alternate director.

Two further board appointments have been made. They are Nigel Payne, an independent authority on corporate governance, and Pansy Tlakula, chief electoral officer of the Independent Electoral Commission.

I welcome them to the Bidvest board and look forward to working with them and benefiting from their knowledge and perspectives.

The future

Bidvest retains its appetite for growth, both within South Africa and across international markets. Selected African opportunities will be thoroughly explored.

In South Africa, rising interest rates, renewed inflation and a weaker rand create both challenges and opportunities. Three years of price deflation appear to be coming to an end. This development may take some pressure off margins. However, lower levels of consumer spending and higher interest rates could affect levels of business activity. Competition will be as intense as ever.

Despite these challenges, Bidvest looks to the future with confidence. Our people are better trained and motivated than ever. The Group holds a leadership position in almost every industry in which it is represented and is well positioned to respond to 19 years of uninterrupted wealth generation and employment creation.

A close-up photograph of a dandelion seed head. The seed head is on the left, with many white, feathery seeds. One seed is shown floating away on the right, with its long, thin stem and a small, dark, cylindrical seed pod at the bottom. The background is a clear blue sky with a blurred green field at the bottom.

Personal ownership

Once seeds take root, each individual has the authority and responsibility to deliver results. Coupled with pride and commitment, a future full of potential awaits.

Headline achievements

- ▶ Deli XL flourishes as part of the Bidvest team
- ▶ Dartline cross-Channel ferry service sold for substantial profit
- ▶ Presence achieved in the United Arab Emirates and India
- ▶ Organisational changes prove positive
- ▶ Challenges of size, structure and succession addressed
- ▶ New investments total R715,5 million in new or upgraded capacity



Brian Joffe
Chief executive

Introduction

Results have exceeded our expectations, reflecting unstinting effort by a motivated and innovative team.

Life is about growth and for Bidvest's entire life we have witnessed expansion and new development. Another year of growth in the life of Bidvest means another year of performance records. Revenue of R77,3 billion was achieved (2005: R62,8 billion), operating profit rose to R3,7 billion (2005: R3,0 billion) and headline earnings reached R2,4 billion (2005: R2,0 billion).

Domestic macro factors

Within South Africa, these results were achieved in a largely favourable economic environment. Low inflation and a stable rand created deflationary pressures in some sectors while Bidvest customers in the manufacturing and exporting fields looked to us for pricing stability and smart solutions. Business confidence remained high, consumer spending

continued unabated and GDP growth close to 5% was recorded for the first time in decades.

Bid Auto, Bidserv, Bidfreight and Bid Industrial and Commercial Products did much to maximise these trading opportunities. However, the performance of Bidfood was disappointing.

Offshore conditions

The mature market in the Netherlands and Belgium showed limited growth but our businesses flourished under new management. The United Kingdom economy held up well, despite fears that trading conditions might soon become more challenging. UK management were disappointed but not defeated by the loss of the Ministry of Defence contract and have taken vigorous action to secure replacement business.

In Australia, the foodservice market continues to enjoy a measure of growth. New Zealand's economy has slowed, though our business continues to expand its operational base.

Major South African investments

Bidvest invested a total of R715,5 million in new or upgraded capacity. In the environment of IT systems the software investment topped R86,9 million. The investment in our people's development is also considerable with training spend now at R101,9 million.

In South Africa, our investments dovetail well with the policy initiatives of national planners. Much of the investment by Bidfreight will improve South Africa's ability to handle larger trade volumes through freight management efficiencies – a key strategic goal for South Africa.

Other major corporates have also engaged in significant capital expenditure programmes. The industrial and commercial landscape of our country is being expanded and modernised. More has to be done, but South Africans should draw comfort from the growth in the nation's productive capacity. However, continued expansion of national infrastructure and on-time delivery of social improvements remain a challenge for South Africa. The mechanism of public-private partnership (PPP) can be leveraged to expedite delivery and should be utilised to a much greater extent. Planning the work is merely stage one; now we must work the plan.

Supportive environment

The ability to operate in a modern environment, with sophisticated financial systems and access to the latest technology continues to attract foreign entrants to the South African market.

Corruption and unethical business practices are a challenge in many countries. Whistle-blower legislation and the proliferation of "fraud lines" demonstrate that the problem is taken seriously in South Africa. Standards of governance at leading companies bear comparison with the best in the world.

Our regulatory environment is fair and transparent. Business people always seek lower tax structures, but our tax regime could hardly be called punitive. Policy initiatives such as black economic empowerment (BEE) may require explanation, but are generally understandable in the context of our unique past.

South Africa's crime scourge

The principal challenges for South Africa are job creation, crime and personal security. We urgently need to build capacity in our judicial system and improve the standard of policing and law enforcement.

Crime blights South Africa's prospects as a nation and as a destination for foreign direct investment. Our citizens not only meet the costs of crime through the trauma of a family loss or the hijacking of a loved one – they also pay as consumers.

Business is increasingly the target of organised crime, which bleeds company profits and pushes up the investment in systems to protect both the employee and the businesses. While the criminals prosper, we as citizens face the consequences at the shop counter in the form of higher prices.

The challenge has been with us for so long, we are in danger of resigning ourselves to it. We cannot simply accept the situation and sign off the extra costs as part of the price of doing business in South Africa. Energetic steps to defeat the scourge of crime must be taken. The authorities have a duty to "walk the talk" and ensure measurable improvements are delivered.

In terms of both national renewal and business growth, there can be no sustainability without the resolution of our crime problems. It is the responsibility of government to ensure a safe environment for its citizens. It is not the duty or role of business to fight crime.

Business-friendly jurisdiction

In other respects, huge progress has been made in transforming South Africa into a business-friendly jurisdiction. Our democratic institutions are sturdy. Our judiciary is independent. Our press is free. Our Government's management of the economy has contributed to one of the longest periods of sustained growth on record.

Organisational change

Bidvest is continually engaged in a process of change and new development. Several key organisational changes have been successfully implemented to meet the needs of an ever-changing business environment.

The businesses of Bid Office were reallocated between Bidserv, Bid Industrial and Commercial Products, and Bidpaper Plus.

Office Automation, the e-procurement platform mymarket.com, the Renfin travel, banking and foreign exchange businesses now form part of Bidserv. Bidserv operates in a business-to-business environment and the travel, banking and foreign exchange focus falls firmly on corporate business.

Stationery and Office Furniture now fall within an expanded structure at Bid Industrial and Commercial Products.

Bidpaper Plus has been created to house Bid Office's former printing, label manufacture, paper conversion businesses.

Decentralisation works

The Bidvest model requires business unit autonomy and local level accountability. It is a testament to the strength of operational management that divisional realignments resulted in minimal or no disruption. The change in reporting lines entailed no culture-shift. All business units have continued to perform at high levels of efficiency.

Disposals

We had hoped to refocus Lithotech France and stem persistent losses. This strategy did not prove to be a practical proposition within any realistic timeframe. Rather than face recurring loss, the decision was made to exit the business.

In the UK, the Dartline cross-Channel ferry service, was sold for £58,9 million. The realisation confirmed the value potential identified within the Dartline business when this company was acquired in 2002. Dartline owned the Thames Euro Port, a large property portfolio that underpinned our investment. The prospect is for cross-Channel operations to remain under pressure from cut-price operators and the decision was taken to accept an unsolicited offer. For reporting purposes, Ontime Automotive, which formed part of the Bidcorp business in the UK, now falls under Corporate Services.

Bidvest Network Solutions was sold to Business Connexion Group.

International growth

Bidvest purchased Deli XL from Koninklijke Ahold of the Netherlands. The €140 million transaction became effective in September 2005. As anticipated, the transaction proved earnings-enhancing and significant synergies have opened up for Bidvest's European foodservice businesses. Deli XL is the leading delivered foodservice wholesaler in the Netherlands and Belgium. The businesses have been split into two separate businesses in line with Bidvest's decentralised model. Operations have been successfully integrated into Bidvest Europe and an exciting platform for growth into mainland Europe has been established.

Bidvest Europe has bought a controlling interest in Horeca Trade, a small Dubai foodservice company. A presence in the United Arab Emirates will enable Bidvest to monitor growth possibilities in the Gulf's hospitality and leisure markets.

The Group is also in position to follow strategic developments in another fast-growing economy – India. Bidvest has an interest in the South African and Indian consortium that was awarded the 30-year contract from the Indian government to modernise, operate and manage Mumbai International Airport. Our partners are the Indian infrastructure group GVK and the Airports Company South Africa.

Opportunities for growth are also being explored in Africa.

Bidvest remains an acquisitive and opportunistic company. We will continue to explore transactions where we can add value and earn an acceptable return.

BEE progress

Bidvest's "A" BEE rating was confirmed while further wide-ranging BEE improvements were noted by the empowerment auditors. The role of our empowerment partners in the Dinatla consortium in helping drive forward these processes is readily acknowledged. It will come as no surprise that Bidvest is eager to prolong and deepen this successful relationship.

Initially, the Dinatla deal attracted some criticism. Yet the structure has proved to be a robust and imaginative solution that has created enormous value for our BEE partners.

The refinancing of the Dinatla transaction within the originally envisaged timeframe has been announced. It is anticipated that Dinatla will continue to assist Bidvest as we strive for "AAA" empowerment credentials.

The wealth effect

Within South Africa, the issues of value creation, wealth distribution and the role of business are increasingly seen in the context of BEE policies. Reference is sometimes made to "trickle-down" effects, with the assumption that wealth comes to us all in the end.

In a well-run, expense-conscious business there is no such thing as "loose change" (you tighten it). Similarly, there is no such thing as a "trickle-down effect" when wealth is distributed between rich and poor. Wealth is not governed by the laws of gravity and the wealthy don't let money slip through their fingers into someone else's pocket. In short, wealth does not trickle. It is created by entrepreneurs who take calculated risks to achieve substantial returns and it is earned by hard-working employees who contribute their efforts and talents to a profitable enterprise.

The South African media have drawn attention to continuing wealth disparities. According to one report, half our black population still survives on R20 a day. Another says BEE transactions have led to the creation of 5 880 BEE millionaires.

Unsurprisingly, the contrast between continuing poverty and sudden wealth has raised questions about the efficacy of BEE as an engine of wealth distribution. The current policy may not be ideal, but BEE, or something close to it, is essential for South Africa's continuing stability, prosperity and progress.

The need to broaden the scope of empowerment initiatives is recognised by government. The emphasis increasingly falls on broad-based structures that channel benefits to black industry entrants, trainees, workers, managers and communities. BEE is a process. The concept is not immutable. It will evolve and change as new challenges arise.

BEE opportunity

The criticism of the commentators cannot be ignored, however. Some key BEE adjustments must certainly be considered. In particular the concept of "once empowered, always empowered" needs to be addressed. Once BEE shareholding structures unwind at the conclusion of a successful relationship, the points previously earned need to be retained. In my view, issues such as risk and the role of

the entrepreneur should be examined closely as they apply in a BEE economy.

It is evident that thousands of black people within the top echelons of business have been substantially benefited by BEE transactions. The key issue surely is not that they now possess wealth, but what they do with it.

They are in a position to drive forward the next stage of empowerment by using their own money to buy into empowered enterprises and projects. By risking loss (the key criterion of entrepreneurship) they can demonstrate their faith in start-up black businesses or refocused companies that embrace broad-based empowerment.

The knowledge and insights they have gained by working in senior positions can be fully utilised as they help build the mega-corporations of the future. These BEE beneficiaries have the energy and ability to make a huge contribution to our economy.

BEE wealth might not “trickle down”, but it can be put to work to launch businesses, create jobs, put cash into pay packets and build a wider, deeper economic base. In this way, more of our people will enjoy the benefits of broader, more inclusive BEE.

Business risk

BEE is not a business risk though some temporary distortions may occur. Most business practice is self-correcting. Flawed practice creates losses. Loss leads to business casualties or motivates business improvements. Distortions will not last long. Sustainable BEE will occur hand-in-glove with service improvements. Businesses that embrace BEE and a quality ethic will prosper in the long term. They are not at risk.

The principal business risk at Bidvest relates to people and their skills. This issue is addressed by training investment and by building innovative, exciting businesses that energetic, imaginative people want to join.

Our companies are often industry leaders. Leadership entails a hidden risk – that of complacency. Bidvest guards against this risk through its decentralised, entrepreneurial business model. We may be a big business, but our culture insists that we behave like small operators with margins to mind, expenses to watch and returns to earn.

Some major groups think that a corporate bureaucracy is inevitable; part of the price you pay when you gain industry stature. We at Bidvest think we can do without “red tape” as we strive to be agile and nimble.

Size, structure and succession

Three other risks should be acknowledged: size, structure and succession.

In terms of capitalisation, Bidvest is significantly larger than it was at inception. In some cases, a single mid-size business unit within one of our divisions generates more cash than the whole of Bidvest 18 years ago.

We run major businesses in Europe, Australasia and Africa and have a presence in Asia. We also straddle different industries as our operations in distribution, trading and services are not confined to a single sector. At some stage, speculation is bound to surface about the wisdom of constant growth in so many regions and so many spheres.

This discussion goes back at least a decade. When conventional wisdom lauded “core competence” and “focus” we bucked the trend and kept faith with our diversified business model. In Bidvest “focus” is a management rather than an investment term. Experience has confirmed the continuing relevance of diversified businesses, particularly in emerging markets, but the debate about the strategy and the timing of any changes has never entirely subsided. The debate at board level is ongoing.

Some analysts may conclude there is a risk that the current diversified structure will at some point be unable to take the load and that a separation into geographic or industry-specific units will become necessary.

This discussion is sometimes put into the context of succession planning when the question is raised "Has Bidvest got the managerial strength and depth to support the structure and has provision been made for the replacement of the "Old Guard" that built the Group in the first place?"

Recent developments support the contention that the issues of size, structure and succession are well managed.

A new Bidvest generation

A new generation of Bidvest managers is emerging because our model encourages personal growth in the context of business growth.

Bidvest's newly appointed divisional chief executives have more than demonstrated their ability to lead large, growth-minded enterprises at a time of change.

I have the greatest confidence in the ability of Bidvest business leaders to cope with change and growth. I have the same confidence in the ability of the versatile Bidvest business model to evolve and adapt, as it has under my leadership.

A key figure, financial director Peter Nyman, announced his intention to retire next year and a successor is already carrying out his duties.

Succession plans are in place at all levels within the Group to cover both long-term natural succession and short-term forced succession which may arise as a result of unexpected occurrences.

Recognition

Interest by analysts in Bidvest strategies is understandable. This is a large business. It is expected to communicate clearly and set an example. Thankfully, Bidvest performs well under scrutiny as highlighted in the external appraisals. 7

Appreciation

Bidvest's staff complement has grown to more than 93 000. They are a cohesive, creative and hard-working team. It is a privilege to lead them and I extend my heartfelt thanks for their contribution this past year.

The individual workload of our streamlined board of directors has grown significantly in recent months. I thank all directors for their input, wisdom and support. It is invigorating to work in such company.

My appreciation also goes to our shareholders, suppliers and customers. Your support is invaluable. Accept my assurance that Bidvest will constantly strive to meet or exceed your expectations.

The South African authorities have revealed that the nation's current account deficit in the first quarter of 2006 was equivalent to 6,4% of GDP. Further deficits are expected and the rand has weakened against major currencies.

In these circumstances, it is understandable that the authorities take a cautious stance by adjusting interest rates. However, it is important not to over-react. Government's growth strategy should not be radically altered. Infrastructure spending is an investment in South Africa's future. More homes, roads, power generation capacity, trains and public works mean more jobs. Employment creation remains a national priority.

The growth strategy is based on a sound, long-term vision. That vision deserves to succeed. Do not cut back too drastically. Give growth a chance. Growth creates growth.

Some consumers will have little option but to curtail at least some of their spending and some Bidvest business units may feel the effects. In the business-to-business environment, higher interest rates may affect cash flows. Insolvencies in South Africa have been at a 20-year low. The graph may tick a little higher in the coming year and the deflationary environment which has existed for some time in certain categories may soon come to an end.

Bidvest operations are well positioned for this challenging environment. Strategic investments have been maintained in capacity, systems and skills. Our business model is adaptable; so are our people. They have the ability to create solutions, protect margins and pursue further growth.

Bidvest has achieved a remarkable record for sustained growth over 18 years. Our intention is to keep up the momentum and seek continued growth in revenue, operating profit and headline earnings.



Incentivisation

A transparent and competitive environment encourages outstanding performances that are justly rewarded. True empowerment – achieved by setting people free to grow and reach their full potential.

- 18 years of sustained growth in shareholder value
- Annual compound growth rate in headline earnings per share in excess of 30% over the past 18 years
- Revenue for the year grows 23,0% to R77,3 billion
- Operating profit up 22,3% to R3,7 billion
- R4,1 billion generated in cash with wealth creation of R13,9 billion
- Income attributable to shareholders rises 21,8% to R2,4 billion
- Headline earnings per share of 804,6 cents, up 22,6%
- Total distributions per share of 369,0 cents per share
- Successful transition to IFRS reporting



Peter Nyman
Financial director



David Cleasby
Financial director designate

Introduction

Financial results were pleasing, with good contributions from Bidvest's international businesses, notably the new European acquisitions. Within South Africa, increased investment in national infrastructure, construction sector growth and buoyant consumer spending proved beneficial for several divisions. However, a stable but strong rand for much of the period increased international competition, keeping margins under pressure.

Despite these challenges, all business units maintained strong cash flows.

Bidvest maintained its record of sustained growth in shareholder value. The compound annual growth rate in headline earnings per share over 15 years is 25,8%. The growth rate is somewhat understated as headline earnings per share for the early years were not adjusted for International Financial Reporting Standards (IFRS).

People often ask why there is a difference between the 18 years of our existence and our financial reporting over 15 years. The explanation is that for the first three years of our existence Bidvest had a holding company structure and results for that period are not comparable and therefore are not included.

In 2006 we adopted IFRS. The effect was a reduction in the previously reported 2005 profit attributable to shareholders by R93 million.

Highlights

Revenue grew 23,0% to R 77,3 billion (2005: R62,8 billion) and includes the contribution of Deli XL for the first time. Operating profit was up 22,3% at R3,7 billion (2005: R3,0 billion).

Headline earnings per share of 804,6 cents reflect growth of 22,6% (2005: 656,4 cents).

Profit attributable to shareholders of the Company rose 21,8% to R2,4 billion (2005: R2,0 billion).

Cash generated by operations was R4,5 billion (2005: R4,2 billion) while wealth created rose to R13,9 billion (2005: R12,0 billion).

International growth and disposals

International acquisitions and offshore disposals are highlighted.

In respect of Lithotech France the most practical and ethical way of resolving a frustrating situation was to dispose of the business to a consortium consisting of management and write off the loss. To save French jobs, we also agreed to finance a €7 million loan to the new owners, secured by bonds on the business, French properties.

In an unrelated development, another business based in France – Ontime's French national car transport subsidiary, was closed down. The operation proved unprofitable despite extensive restructuring.

Debt and deal-making

The Deli XL transaction was funded through Bidvest's banking facilities. The arrangements in no way impair Bidvest's ability to carry through major transactions, both within Africa and offshore.

Bidvest debt is currently at historically high levels, yet the debt-to-equity ratio remains within the target level of 40%. The Group has been criticised by some analysts for its cautious approach to debt and its "lazy balance sheet". We believe our approach is prudent, particularly in view of the potential for extreme volatility in South Africa.

Higher gearing was prompted by a particularly favourable interest rate climate. Within South Africa, rates were at

the lowest level in a generation until the 0,5% increase by the Reserve Bank in early June. Bidvest exploited the opportunity to borrow at extremely competitive rates. The Group is an acquisitive company and further gearing will be utilised should favourable opportunities present themselves.

Our balance sheet remains strong. Bidvest develops cash-generative businesses to their full potential, instils a culture of vigorous capital management at operational level and uses cash from mature businesses to fund growth businesses and acquisitions. This pragmatic approach has served us well and will not be abandoned. Bidvest's credit rating has been maintained.

Greater flexibility

Increasing flexibility is evident in Bidvest's approach to ownership when examining possible acquisitions. Traditionally, Bidvest has preferred to take 100% equity ownership which results in control of the cash flows and no conflicts of interest between the shareholders and the business.

There are occasions, however, when Bidvest no longer strives for 100% control. Greater flexibility is necessary for various reasons.

Many Bidvest divisions are industry leaders, particularly in South Africa. A strategic interest rather than full control of a related business enables Bidvest to continue to grow.

In South Africa, Bidvest is mindful of its BEE responsibilities. The Group contributes to enterprise development by supporting black-owned businesses. There may be occasions when operational support and facilitation of a company's growth strategy can best be accomplished by buying equity without affecting the status of the original black owners as majority shareholders.

In some markets in which Bidvest has little experience, there are good grounds for limiting one's exposure until a better understanding of the region has been developed. We, therefore, preferred to take strategic stakes in the initiatives in Dubai and India.

In areas of Bidvest core competence our focus is still 100% ownership. In other areas, the Group will be flexible and judge each case on its merits.

International standards

The current accounts are IFRS compliant. The 2005 accounts were restated to permit meaningful comparison. We decided not to restate 2004 numbers to enable us to present a three-year picture in the financial statements, as the effort and cost far outweighed the potential benefits, particularly in light of the relatively minor effect of IFRS on the results. The new accounting approach offers an investor a common base of understanding across multiple jurisdictions and businesses. However, after more than a year of work on the IFRS conversion, we continue to hold reservations.

IFRS helps the experts. A common accounting methodology is employed by listed companies wherever they are based. However, the methods can be complex. Numerous oddities occur and have been thoroughly debated in professional journals. As a result, these quirks are understood by the specialist, but not the layman.

This shortcoming has received relatively little attention. For several years, the need for transparency in corporate affairs has been emphasised. Transparency surely cannot be promoted when some aspects of the accounts are opaque from a non-specialist's perspective.

Without a thorough understanding of the nature of calculations, the non-specialist is lost. This situation sits uncomfortably with the overall intention of corporate reforms; namely, to foster improved governance by

making the workings of a business understandable to all stakeholders, not just sophisticated investors and accounting professionals.

Furthermore, IFRS creates another level of complexity in trying to manage one's business. In Bidvest we manage the business with a returns focus on actual cash flows rather than by complicated IFRS standards.

Incentivisation

IFRS requires share-based payments to be recognised as an expense at the date of grant and, therefore, introduces an additional non-cash expense into the financial statements. The cost of Bidvest share-based payments in 2006 came to R50,1 million (2005: R37,6 million).

Bidvest has a special interest in the application of share options as a means of enhancing performance. Over many years, share options have shown themselves to be an effective tool in leveraging Bidvest success and rewarding our "owner-managers" for exceptional efforts.

Bidvest is carrying out a review of its share option schemes and, notwithstanding the financial implications of options at this stage, will continue to use this tool as a motivator for staff and a reward for exceptional performance.

Share buy-backs

As part of the BEE initiative with Dinatla in 2003, existing shareholders were awarded options to acquire shares in Bidvest at R60 per share. It is anticipated that in December 2006 option-holders will exercise their rights to the 18 million shares available to them.

In order to minimise the dilution, Bidvest acquired an additional five million shares on the open market. The buy-back programme cost R508,8 million in 2006 (2005: R532,1 million) and the shares are held as treasury shares.

Applauding government

BEE funding in both listed and unlisted South African companies may become easier as a result of government's proposed amendment to section 38 of the Companies Act. This clause currently prevents a company from providing financial assistance to a third party to enable the third party to buy equity in the company.

The effect of the current legislation is to stop a business from securing a strategic BEE partner because the prospective black owners cannot raise sufficient funding without a "hand-up" from the company.

Bidvest called for the removal of section 38 in last year's annual report because of the adverse effects on BEE ownership initiatives. We understand that an amendment is imminent with the necessary proviso that financial assistance from the company requires the special approval of its shareholders and may not be advanced if it endangers the solvency of the business.

Bidvest applauds government for taking prompt action to clear this obstacle to wide-ranging BEE ownership.

The government is also considering the deductibility of interest for tax purposes in respect of shares purchased in a BEE transaction. It might also be appropriate to consider the extension of interest deductibility to all share purchases.

Government action

Another initiative by the South African government – abolition of the Regional Services Council levy – is also welcomed. The expected saving at Bidvest in 2007 will be in excess of R50 million. The abolition reduces the cost of doing business while cutting red tape. The effects are particularly positive for small business.

In recent years, South Africa's democratic government has demonstrated that it is both amenable to suggestion and extremely efficient at revenue collection. The receipts of the South African Revenue Service have significantly exceeded expectations, creating a possible opportunity for further review and reform of certain aspects of our tax system. The Group paid R14,7 billion in taxes and duties of which R12,9 billion was paid to South African authorities, most of which was collected on behalf of government.

Business risks

Bidvest is exposed to numerous financial risks; including interest and exchange rate risk. Risks cannot be abolished, but they can be mitigated. The Bidvest structure creates a balance due to its geographic spread and wide range of multi-faceted businesses.

To some extent the Group is protected from an interest rate rise due to our long-term loans which locked in relatively low interest rates.

The rand's vulnerability was evident at the close of the financial year while its ability to stage a recovery was apparent a few weeks later. The gyrations underline the prudence of the Bidvest policy of taking forward cover and conservative gearing policies.

The contribution of Bidvest's offshore interests – already considerable – is enhanced by a depreciating rand. Some consumer-focused South African businesses may achieve higher sales when the price of imports falls. Those engaged in local manufacture can be adversely affected, however.

Similarly, the interest rate climate affects different Bidvest businesses in different ways. Higher rates inhibit credit

extension and can constrain sales to the consumer. However, higher rates and inflationary pressures may prove beneficial in business-to-business trading activities.

Diversification does not make Bidvest risk-neutral. Bidvest is an opportunistic and acquisitive business; misreading the potential within an acquisition is an abiding risk. Tension is evident between the urge to grow and the need to become more watchful as scale aggravates the consequences of one false step. Early in Bidvest's life, a deal-making miscalculation involving a small or mid-size transaction was easily manageable. At a higher level of magnitude, the consequences could be more severe.

Bidvest's track record indicates this risk is well managed, but there is no room for complacency. Business risk receives intense scrutiny at Bidvest. To this end, the risk committee is being expanded to harness fresh opinions and ensure vigorous debate across a wider forum.

The future

Inflation is expected to trend higher in the coming year while interest rates in South Africa – and some international markets – are moving to higher levels. These factors suggest that deflationary pricing pressures may ease to the benefit of many of Bidvest's trading businesses.

Bidvest divisions are strongly cash-generative. Considerable resources are available for continuing investment in new capacity and infrastructure. The strong financial base also creates a platform for further growth, both organic and acquisitive.

Personal note

I have served Bidvest as financial director for over 15 years. The position has provided an opportunity to work with stimulating and insightful executives and directors on four continents; for which I am most grateful. I am currently working with my successor, financial director designate David Cleasby, and have the satisfaction of knowing that I will be leaving my portfolio and the Group's shareholders in good hands.

Review of operations

Corporate Services

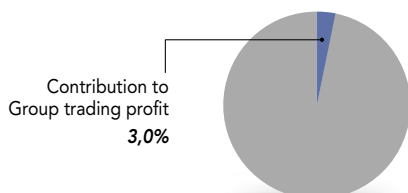


The Group's corporate office, based in Melrose Arch, Johannesburg, provides strategic direction and services to the Group, houses investments, adding value through identifying opportunities and implementing Bidvest's decentralised and entrepreneurial business model.

- ▶ Revenue increases by 10,3% to R1,3 billion
- ▶ Trading profit rises to R108,4 million
- ▶ Bidvest Academy entrenches position as incubator of leadership talent
- ▶ "Proudly Bidvest" positioning successfully implemented
- ▶ Bidprop spends R174,4 million on new facilities for operational companies
- ▶ Controlling interest taken in Namsea



Brian Joffe
Chief executive



Bid Corporate Services

Corporate Services is deliberately lean. It is a facilitator for our business units, not a bureaucracy. Business units are responsible for implementation of Bidvest policy as developed by the board of directors. Corporate Services monitors policy adherence and the achievement of key strategic objectives in areas such as BEE Bidvest's reputation as a good neighbour and respecter of the environment, and the development of the Bidvest leaders of tomorrow.

Leadership training is fostered through the Bidvest Academy and is a key focus area.

Other key responsibilities include investor relations and communications. As a listed company, we pay close attention to the needs of the investment community, but all

stakeholders have a right to timely, comprehensive and open communication from Bidvest.

Marketing and advertising activities are co-ordinated by Corporate Services as is the "Proudly Bidvest" initiative. Bidvest's operational arms are responsible for the development of individual brand identities. However, Bidvest's reputation and stature as an international group brings an added dimension to their marketing efforts. Association with the wider Bidvest brand is emphasised by the "Proudly Bidvest" signature that underpins the communication of each individual business unit.

The "Proudly Bidvest" positioning has become a unifying component of all Bidvest communication in South Africa.

Specialist service providers and strategic investments also form part of Corporate Services, including Bid Property Holdings (Bidprop), Namsof Fishing Enterprise (Namsof), Namibian Sea Products (Namsea) and Ontime Automotive.



Bidvest's corporate office based in Melrose Arch, Johannesburg



Bidprop's portfolio comprises close on 100 properties in South Africa



The Bidvest Academy provides a platform for developing young executive talent within the Group



Ontime Automotive is the UK's second largest automotive business

Bid Property Holdings

The industrial property market experienced both buoyant conditions and sharp increases in building costs. Constant steel and fuel price increases and rand weakness compounded building cost inflation.

Unprecedented demand for land led to a severe shortage of vacant proclaimed industrial sites in the main centres. Land prices soared while demand put further pressure on local authorities to supply services to new sites. Disproportionate increases in the cost of these services added to the cost of bringing new land to market.

It took only a short period for rentals in new developments to climb by more than 25%.

These factors complicated the task of Bidprop as we pressed ahead with an ambitious programme of upgrades, expansion and relocation for several Bidvest divisions. In an extremely active year, Bidprop spent R174,4 million on new facilities for Group companies.

Review of operations

Corporate Services

In Johannesburg, we provided new premises for Kolok, Bidbake, Crown National and Safcor. In Durban, our clients were Kolok, Minolta and Vulcan. For McCarthy, we created a new showcase dealership for Mercedes, a new mega Toyota dealership in Durban and a new dealership (for Toyota) in Paarl.

Work is in progress on several additional projects.

The cost challenge may mount in view of rising interest rates and factors such as the proposal to include both land and buildings for rate assessment purposes. This will force occupiers of industrial property to make better use of facilities. Bidprop anticipates further activity as we assist Bidvest businesses to develop appropriate solutions.

Namsov Fishing Enterprise

Namsov, in which Bidvest holds an effective 31,0% stake, recorded highly creditable results. Revenue grew 41,0% to N\$378,4 million while trading profit rose strongly by 503,1% to N\$75,4 million. Growth was achieved despite pressure on operating costs attributable to spiralling fuel prices (which account for 37% of input costs). Thankfully, the strategic decision was taken some time ago to convert the fishing fleet to operate on intermediate heavy fuel oils, which are more competitively priced than diesel.

Huge fluctuations in the supply of Namibian horse mackerel were mirrored by volatile price fluctuations. Foreign exchange vigilance was required in view of the continuing strength of the Namibian dollar against the US dollar, Namsov's main trading currency. The licensing practices of a major competitor and unusually high volumes of small fish from north-west Africa caused prices to plummet in early 2006 but, by the end of the financial year, prices had recovered.

A continued improvement in Namsov's results will be energetically pursued. New methods of managing the flow of production are being examined with the aim of creating greater price stability. Diversification into other sectors of the industry and into Angolan waters will also be considered. However, several challenges need to be addressed; including

the implementation of a new Labour Act and less favourable demarcation of Namsov's fishing areas with the pending introduction of automatic location communicators for all fishing vessels.

In terms of sensitivity analysis, the principal risk applies to fish resources and fluctuations in resource biomass beyond the control of management. The available resource affects Namsov's annual quota allocations and this determines business volumes, revenue and profit. In the event of a catastrophic drop in the fish resource, assets could be redeployed to alternative waters (for example, off Mauritania and Chile), but the effect would still be material.

Namibian Sea Products

Bidvest holds a controlling interest in this Walvis Bay fishing operation. In November 2005 we acquired a 30,0% stake in Namibian Sea Products Limited (Namsea) and in March of this year bought a further 35,0%. Namsea, through its subsidiary United Fishing Enterprises, owns a fish-processing factory, including buildings and plant. It is also the owner of a fleet of four Purse-Seine fishing vessels.

These operations have under-performed for several years, largely as a result of shrinking pelagic fish resources. Annual revenue stood at a modest N\$58,4 million and a loss before taxation of N\$6,1 million was recorded.

Namsea's principal activity is fishing for small pelagic fish species, and the processing of the catch into canned fish, fishmeal and fish oil. A subsidiary (Atlantic Harvesters of Namibia) has a mid-water horse mackerel concession, creating opportunities for integration with Namsov's horse mackerel fishing operations.

Namsea management will strive to stem the pattern of recurring losses while seeking new opportunities in Angolan waters to counteract the adverse pelagic fishing conditions off Namibia. Diversification into new spheres of activity, such as the development of Namsea's seafront property and utilisation of under-roof storage facilities, will also be explored.



Namsoy Fishing Enterprise
the largest quotaholder in the midwater fishing industry in Namibia

Ontime Automotive

This UK business comprises Ontime Rescue and Recovery (vehicle roadside assistance), Ontime Parking Solutions (parking enforcement), Specialist Transport Operations (enclosed vehicle transport), Prestige Vehicle Distribution (worldwide vehicle distribution) and Fleet Assistance (national roadside assistance).

England's low unemployment rates affected the recruitment and retention of quality staff while substantial increases in fuel prices bedevilled expense management. The trading environment was characterised by supplier consolidation within the automotive industry, car market over-capacity and the fluctuating financial fortunes of original equipment manufacturers (OEMs).

A leading competitor became a victim of aggressive market testing of OEM business while Ontime won new contracts in a consolidating marketplace and, by year-end had, emerged as the UK's second largest automotive logistics company.

Long-term prospects of delivering consistent and acceptable financial returns were enhanced by the closure of Ontime's French national car transport subsidiary, SVTV. This business failed to make a positive contribution despite extensive restructuring.

Specialist Transport Operations, Prestige Vehicle Distribution and Fleet Assistance performed exceptionally well.

The Group's sale of Dartline, the cross-Channel ferry and terminal operator, creates a challenge as it affected our strategy of carrying out pre-delivery inspection work for OEM clients at port of entry. A major contract has been lost. However, management are focused on replacing this business.

Bidvest's financial strength, the empowerment of local management and Ontime's strategy of providing quality solutions for fair remuneration are having an impact. The market remains challenging, but growth is being achieved and the fortunes of the business are being restored.

Review of operations

Bidfreight

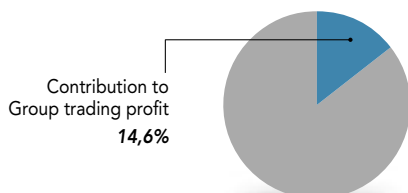


Bidfreight is Africa's leading private sector freight management company with a presence in every major port in southern Africa. Port operations are reinforced by strong distribution and airfreight capabilities. Bidfreight focuses on terminal operations and logistics in southern Africa, international clearing and freight forwarding and marine services.

- ▶ Met challenging targets as South Africa's consumer-led boom underpins import activity
- ▶ Growth of 15,4% takes revenue to R15,8 billion
- ▶ Trading profit rises to R536,4 million – up 13,4%
- ▶ Bidfreight exits European cross-Channel ferry and terminal business through advantageous sale of Dartline
- ▶ R226,5 million investment in infrastructure across the division with a strong focus on port operations
- ▶ Leaner structure adopted, with focus on 10 principal business activities



Anthony Dawe
Chief executive



Introduction

Revenue showed satisfactory growth of 15,4% to R15,8 billion while trading profit increased by 13,4% to R536,4 million. These figures are in line with challenging targets and reflect robust efforts to optimise the opportunity presented by continued growth in global trade and a largely buoyant national economy.

South Africa has trading relationships with more than 200 countries and territories. The national strategy of rapid reintegration with the global economy has achieved remarkable success, creating unprecedented opportunities and challenges for the freight management sector.

Record volumes of freight were handled by Bidfreight's portside operations. High-value imports by air increased by 8% for the year, topping 30 000 tons for the first time.

In this environment, the throughput and productivity per individual and per asset have to be constantly enhanced, requiring appropriate investment. At just one infrastructural project, Bidfreight has committed R44 million for upgrading bulk-handling capacity at Maydon Wharf. In addition, we spent R12,1 million on the training and development of our staff.

Improved freight-handling efficiency is in the national interest and we are happy to applaud the recent success of Transnet which recently reported a 57% increase in profit from operations to R8,5 billion and is currently engaged in a R64,5 billion capital investment programme to extend and upgrade national transport infrastructure. A significant portion of this investment will be made at South Africa's ports to expand container and vehicle terminals, deepen berths, improve infrastructure and buy new equipment.

South Africa continues to achieve significant growth in container volumes. Containerised traffic at South Africa's ports grew by 54% between 1998 and 2005. Last year, more than three million containers were handled and this growth should continue.



Safcor Panalpina

is a global network spanning six continents and the oceans to meet freighting and logistics requirements



Island View Storage
is South Africa's leading provider of liquid bulk storage



Manica
provides total freight management systems across southern Africa



Bulk Connections
operates from a strategic site in the port of Durban

In some respects, Transnet are competitors of Bidfreight, but they are also our partners. Modern logistics is characterised by mutual dependence. All players in the freight management sector have a shared interest in the growth and development of transport infrastructure. Growth in trade translates directly into growth in national prosperity.

It is also heartening to report that improved understanding has been achieved with the National Ports Authority (NPA), our landlord at many portside operations, notably in Durban where we are the biggest private sector tenant of harbour premises. New consolidated Durban harbour leases were signed in the previous year, giving the security of tenure that is a prerequisite for strategic investment.

National planners have consistently indicated that South Africa cannot remain a commodity-reliant economy. The country's manufacturing base has to expand and diversify. Bulk-handling efficiency remains a key requirement, but the ability to move finished high-value products will become increasingly important as South Africa transforms itself into a value-adding economy.

Review of operations

Bidfreight

Modern facilities are crucial at the portside while airfreight for time-sensitive, high-value imports and exports will become a vital part of the nation's freight management mix.

It is pleasing to record that the first phase of Safcor Panalpina's expansion programme at Johannesburg International Airport has been completed. The second phase is now in progress. This expansion involves close co-operation with another national agency, the Airports Company South Africa.

Bidfreight Port Operations (BPO) in Durban have completed a new 12 500 square metres warehouse. In addition, South African Bulk Terminals are completing the on-site construction of a R44 million ship unloader on Maydon Wharf. This will significantly enhance Bidfreight's handling capacity and efficiency. The infrastructure investment at Bulk Connections continued.

Inland distribution capacity has been improved in the chemical sector following the purchase by Rennies Distribution Services (RDS) of a chemical warehouse in Denver, Johannesburg.

Macro-economic factors

Business and consumer sentiment remained positive thanks to low inflation, relatively low interest rates, strong credit extension and continued economic growth.

The 2006 National Budget included a three-year government allocation of R372 billion to capital projects. Strong imports of electronic and automotive products and other consumer appliances were evident.

The energy needs of industry and buoyant car sales were also reflected in strong imports of petroleum products.

Industry-related issues

The resilient rand supported demand for imported consumer goods. The strong appetite for technology items and consumer electronics confirmed the soundness of the Bidfreight strategy of investing in expanded airfreight-handling capacity and container pack-unpack activities. These container services assist importers looking for seamless progression from the wharf to their warehouse.

The downside of rand strength was the pressure on exporters trying to remain price-competitive on world markets. This has a knock-on effect on Bidfreight margins as exporters press for pricing efficiencies along the logistics chain.

Maize exports in 2006 were disappointing, following strong growth in the previous year. A substantial maize export programme was anticipated, but did not occur due to increases in domestic prices.

Business risks

Efficient freight management is dependent on co-operation and support from all the participants in the chain. Bidfreight is dependent to some extent on the performance of other players in the national logistics and transport sector. All contributors have the same objectives, but priorities can vary and optimum advantage can only be gleaned when national transport infrastructure operates to maximum efficiency.

This not only requires significant investment to which government has committed, it also demands prompt implementation of strategic plans. Government, however, is simultaneously committed to broad consultation and inclusive processes. This break with the authoritarian past is applauded, but it can slow on-the-ground delivery and create strains on existing capacity. Realising our potential as a trading nation requires fast action, but realising our democratic potential demands deliberation.

Major decisions on port operations and facilities are imminent and grow more urgent by the month. Pressures on transport infrastructure increase as the economy moves toward the goal of 6% GDP growth a year.

A policy review is urgently required to create a strategic framework that would encourage greater utilisation of the rail network. Our roads would benefit; so would port efficiency and throughput.

The more government succeeds in driving economic growth, the greater the volume of goods South Africa has to handle. A volume challenge requires a volume solution. Railways are designed for the safe, continuous movement of big volumes of freight. Our rail network is a national asset. Let us optimise it.



Bulk Connections
operations are based on a strategic site in
the port of Durban

Capacity utilisation levels can never be predicted with certainty, but investment has to be made to support strategic industries and important customers. This business risk is inescapable, but can be managed through strong relationships and constant exchange of information between partners.

All logistics and ports operations are exposed to the risk of dramatic downturns in the economy. At Bidfreight, this risk is mitigated to some degree by long-standing relationships with major groups. They engage in long-term planning and make strategic commitments that ensure continuing volumes, even when the business cycle turns.

Some exchange rate risk is acknowledged. It is sometimes assumed that a business, active in both imports and exports, is rand-neutral. This is not entirely true. A degree of rand weakness favours Bidfreight as it tends to increase the income from disbursement business.

Sensitivity analysis

Strategic risk is the key risk factor for Bidfreight. Our business prospects are inescapably entwined with the prospects of South Africa as a trading nation. Policies that foster commercial contacts across Africa and with the rest of the world are positive for Bidfreight. Any policy shifts that affect trading relations could have a material effect on the business.

Similarly, at a macro-economic level Bidfreight is affected by changes in the business cycle and policy initiatives that affect trade volumes. A major recession or a significant shift in international investor or business sentiment toward South Africa would affect the business. Some of these possibilities are not manageable at a company level. However, regular communication with policymakers, ongoing co-operation with state agencies and good relationships with customers provide some "comfort" and enable planning.

Structures and growth

The main structural change involved the disposal of the Dartline business in the UK. The sale of these cross-channel ferry and terminal operations was concluded on advantageous terms and provided us with a suitable exit.

Review of operations

Bidfreight

Disposal of these overseas operations in no way implies that Bidfreight will not explore further international opportunities. We remain an acquisitive business.

Internally, Bidfreight has flattened structures still further by focusing on 10 major business units: Safcor Panalpina, Island View Storage, Bulk Connections, South African Bulk Terminals, SACD Freight, Bidfreight Port Operations, Rennies Distribution Services, Rennies Ships Agency, Manica and Naval.

The restructure led to the closure of some sub-divisional offices and has created cost savings. There were no major job losses. The staff complement is stable at 5 334.

One feature of the restructure is the close integration of Bidfreight Intermodal with SACD Freight, leading to improved service for customers looking for an all-in-one offering from the container, via road or rail, to the customer's door.

Safcor Panalpina has benefited from a brand repositioning exercise to improve awareness and communicate the brand mission to its customers and staff. The repositioning coincided with the launch of expanded operations at Johannesburg International Airport.

Increases in revenue and profitability are largely the result of organic growth. No significant acquisitions have taken place.

Black economic empowerment

Bidfreight works closely with several state agencies and a wide variety of large corporate groups. BEE status is increasingly important to both public and private sector bodies. At a Group level, Bidvest's broad-based BEE approach is well publicised. Within every business unit at Bidfreight, there is strong commitment to BEE and some notable successes have been achieved.

Safcor Panalpina and Rennies Ships Agency have achieved an "AA" empowerment rating and South African Bulk Terminals an "A" rating. Rennies Ships Agency has appointed Bidfreight's first black managing director. The six black financial directors who were appointed in previous years at various businesses within the divisions are performing well,

so much so that four of them have been appointed to the Bidfreight board.

New investments

In total, Bidfreight committed R226,5 million to new premises and facility upgrades. This included spending by Bulk Connections in Durban, investment by Safcor Panalpina at Johannesburg International Airport, a new ship unloader at South African Bulk Terminals, spending on BPO's new Maydon Wharf warehouse and the cost of the new chemical warehouse in Denver.

Innovations

Higher imports of liquid products have significantly increased the demand for bulk liquid capacity. IVS responded with an innovative programme to optimise available assets. New berth lines and new loading points were established while an electronic access and product receipt and release system was put in place. As a result, IVS has achieved increased throughput through the same tanks.

Bulk Connections launched several innovative approaches to achieve further improvements in operational efficiency. The terminal was reconfigured into rail-, stockpile- and vessel-handling zones and a mobile stacking machine for efficient stockpile building was designed and produced.

The business also introduced automated bottom discharge containers for the soft loading of products. These are carried on specially designed trailers and loaded by converted container cranes. In addition, by changing the way we move products around the site, Bulk Connections has halved ship handling times.

More innovations are planned, including the modification of container cranes to discharge bulk products from vessels.

Challenges

HIV/Aids remains a major challenge and Bidfreight businesses have expanded their HIV/Aids programmes. These initiatives typically include a strong educational component, awareness campaigns, peer-group input, condom distribution and voluntary counselling and testing.



Rennie's Distribution Services creates logistics solutions for a blue-chip client base

In addition, some business units provide anti-retrovirals through in-house clinics.

Bidfreight is responsible for the safe, environmentally secure handling of a wide variety of products, commodities and chemicals. Employees working in hazardous environments receive appropriate training and attend regular refresher courses. Safe and efficient materials handling is a core competence while employee health is regularly monitored. One notable success was the one million disabling-free hours recorded by the Richards Bay operations of IVS.

Bidfreight not only strives to be a good neighbour in an environmental sense, we also try to foster close ties with the communities in which we operate and from which we draw our people. The level of corporate social investment continues to increase and tends to focus on health, education or infrastructure.

Development of our people is a priority at Bidfreight. In all, 7 015 training days were logged. The training investment of R12,1 million is up 18,5%.

The future

There has been no sign of any slackening in business activity or demand for Bidfreight capacity. The import of consumer goods remains buoyant. However, higher interest rates and a weaker rand may affect the consumer's appetite for imports.

The effect of government's commitment to major capital and infrastructure projects may also affect the nature of the import-mix. Should local cement manufacturers be unable to meet the surge in demand, we may see the import of significant volumes of bagged cement. Major infrastructure projects are in prospect until at least 2010. This import category may, therefore, represent a growth opportunity.

Continued economic growth will also sustain demand for petroleum imports.

Growth in international trade is expected to continue and will underpin further gains by our freight forwarding and distribution businesses. The strategy of growing our value-added services for importers has proved its worth and will be continued.

A weaker rand – predicted by many commentators – will tend to favour export activity and will assist Bidfreight's disbursement activities.

Bidfreight foresees similar and continued growth in revenue and operating profit. Rigorous expense management will be crucial if we are to achieve appropriate returns on the increase in our level of new investment.

Capacity has already been enhanced at the port and at our airfreight operations. This provides a platform for new growth. The pace of new investment will not slacken; nor will our efforts to deepen our relationships with our clients and with public-sector agencies.

As Bidfreight grows its infrastructure, efforts will be made to ensure that SMEs with the appropriate BEE profile are among the contractors employed on these projects.

Negotiations with the NPA for renewal of the Bulk Connections lease are nearing conclusion. A successful outcome will enable Bidfreight to commit to further improvements at the bulk-handling terminal. Our strategic intent is to work in close collaboration with state agencies to foster continued growth of the country's freight management capacity.

Review of operations

Bidfreight

BIDFREIGHT TERMINALS

Bulk Connections

Pleasing increases in volume throughput and operating profit have been achieved by this bulk-handling specialist. Volume improvements have been seen in both sized and unsized coal.

Good progress has been made on the upgrade to the bulk-handling terminal. This has not only improved operational efficiency on current contracts, but has attracted the attention of prospective customers. Opportunities for marketing the new facility to a wider range of industry users will be pursued.

Further improvements to the facility are envisaged with the intention of handling a wider variety of bulk products. Bulk Connections can move rapidly on the implementation of these plans once certainty over the new lease conditions is achieved.

Island View Storage

Improvements in tank capacity usage and throughput have been achieved, resulting in satisfactory growth in revenue and trading profit at this leading provider of liquid bulk storage and handling services. Strong demand is expected to continue, particularly from the petro-chemical industry. Tank occupancy rates were particularly high at IVS's Durban and Isando operations.

Additional capacity is required at Durban and a R200 million plan for new tankage has been drawn up. A new facility is planned at Richards Bay to provide storage capacity for a major customer in the petro-chemical industry. Construction work has begun.

Bidfreight Port Operations

Growth in both revenue and profitability was achieved despite the pressure on key exporters in the steel and forest products sectors. BPO provides quayside services and is a specialist in the handling of steel, forest products, containers and break-bulk cargo. These operations have achieved efficiency gains and are making a growing contribution to BPO results.

BPO's new 12 500 square metres warehouse at Maydon Wharf went into operation in May.

Rennies Distribution Services

Competition remains intense in the inland distribution sector and RDS was challenged to maintain its margins and volumes in a flat year. Distribution services for exporters performed well, but other activities came under pressure. Expansion in the chemical industry began at Denver in May.

SACD Freight

SACD Freight, the leading container depot in South Africa, and Bidfreight Intermodal achieved notable revenue and profit growth. Good volume increases have been seen at the new Durban warehouse. Bidfreight Intermodal has also achieved good volume growth, though margins have been under continued pressure as a result of rand strength and intense competition for business. The strong rand had a braking effect on export pack business.

Investment in new capacity continues. Construction will begin on a new R70 million Cape Town warehouse as soon as final council approval is received.

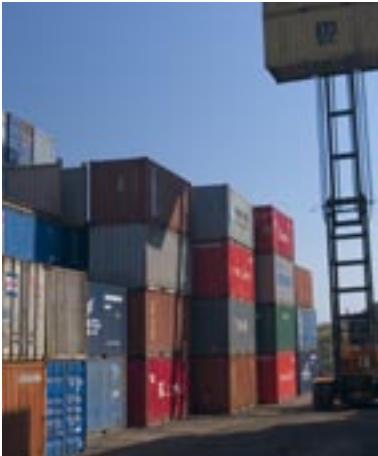
South African Bulk Terminals

The business – a strategic partner of clients in the agricultural and mining industries – was adversely affected by the low level of maize exports, as high prices caused some international buyers to cancel orders. Despite this setback, overall volumes were maintained, though margins came under pressure.

Improvements to plant efficiencies are a point of focus for management. Construction of SABT's new ship unloader will improve the speed of operations on the berth and reduce costs.

Naval

Mozambique's leading private-sector provider of stevedoring services enjoyed a much-improved year, achieving higher-than-anticipated growth in revenue and operating profit.



South African Container Depot has representation at all major ports and the inland port of Johannesburg

INTERNATIONAL CLEANING AND FORWARDING

Safcor Panalpina

Billings showed strong growth at the South African market leader in freight forwarding, though margins were under pressure. Even so, rigorous expense management enabled good profit growth. Activities are underpinned by the long-standing relationship with the Panalpina World Transport Group and its extensive network of overseas offices. We congratulate our global partners on their successful listing as a public company in September 2005.

There was pleasing growth in business from new clients while operational efficiencies were achieved following the restructuring of Gauteng operations. These operations have been consolidated under a single management team.

Growth was assisted by our re-branding as a provider of complete supply chain solutions. This is in contrast to our former traditional clearing and forwarding services. One regional driver of growth was our relationship with clients in the Western Cape oil and gas industry. The sector is experiencing strong growth, reflected in higher demand for imported equipment and consumables.

The first phase of new premises at Johannesburg International Airport has been completed, adding 10 000 square metres in warehouse capacity. The second phase (another 10 000 square metres) is under way and should be completed by April 2007.

Efforts to further improve our BEE credentials were rewarded when a "AA" rating was achieved.

MARINE SERVICES

This leading ships agency business put in a strong performance on the back of an increase in liner volumes and growth in principals' global trade portfolios. Though volumes are pleasing, pressure is being felt on margins as freight rates are subject to intense competitive activity, primarily as a consequence of excess vessel capacity. The non-liner and freightbulk businesses continue to stake their claim in this highly competitive market. New opportunities are being pursued. Marine insurance turned in satisfactory earnings.

MANICA

Manica – a provider of total road and rail freight solutions across southern Africa – recorded pleasing growth in operating profits. This trend is expected to continue, despite difficult trading conditions, particularly in Zimbabwe.

Routes into Zimbabwe were well utilised to maintain the supply of humanitarian aid from international donors. Botswana operations (largely geared to through-transport) performed well.

Facilities are being upgraded while increasing focus falls on the development of alternative trade routes via the ports of Dar-es-Salaam and Walvis Bay to facilitate the handling of large cargo volumes. Increased traffic is anticipated in view of the opening of new mines and the refurbishment of existing mines in Zambia and southern Democratic Republic of Congo.

New opportunities are being explored in some national markets. Zambia's success in reducing its former reliance on commodity exports may enable Manica to widen its offering by targeting the agricultural and commercial sectors centred in Lusaka. This will complement Manica Zambia's traditional focus on minerals and the Copperbelt.

Review of operations

Bidserv

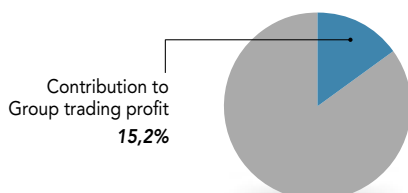


Bidserv provides South Africa's most extensive range of corporate outsourced services. Its brands operate across commerce and industry. Activities include cleaning and specialised industrial cleaning operations, hygiene, laundry and janitorial services, corporate travel and travel-related banking, aviation services and airport handling, office automation, interior and exterior landscaping and electronic procurement.

- ▶ New structure puts wider range of corporate service-providers into a single, cohesive business unit
- ▶ Platform created for new synergies and fresh growth
- ▶ Total number of Bidserv jobs reaches 53 144, up from 51 818
- ▶ Revenue increases to a record level of R4,6 billion
- ▶ Trading profit rises 21,2% to R554,7 million
- ▶ Return on funds employed exceeds 65,1%, the highest ever



Lindsay Ralphs
Chief executive



Introduction

Bidserv's structure has been widened to include office automation, procurement services and the banking operations and travel brands of what was previously Rennie's Financial Services. These businesses have been included within Bidserv with effect from July 1 2005 to enable meaningful annual comparisons. However, operational integration did not begin until March 2006. No other provider of outsourced business-to-business services offers such an extensive range.

Revenue increased by 6,4% to R4,6 billion while trading profit rose 21,2% to R554,7 million. Return on funds employed was 65,1%, the highest level yet achieved. These results were largely driven by organic growth.

The commonality of the corporate client-base gives inner logic to the Bidserv restructure. Many customers for office automation, corporate travel and travel-related banking

services are also customers for hygiene, cleaning, security and other services. Increased stature bestows some tendering advantages. An entity as well resourced as Bidserv commands attention as a potential partner and features on the tender list whenever a major group seeks outsourced expertise. A number of Bidserv companies have achieved "A" empowerment ratings, a factor that often assists our new business strategy, especially when we seek inclusion in major procurement programmes.

A highly motivated team has delivered some exceptional performances through rigorous expense management, operational efficiency and service quality. The challenge is to raise the bar across all operations to ensure consistently high performance by every contributor. There can be no leaders and followers at Bidserv – we all have to be winners.

Macro-economic factors

Business confidence remained high. Many companies are energetically pursuing growth and the pace of commercial property development has picked up in several sectors. As Bidserv is a business-to-business service provider these stimuli are positive.



TMS Group
is a dynamic role player in the industrial cleaning and manpower facilitation industries in southern Africa



Premier Club
lounges located at all major airports



Steiner Hygiene
is South Africa's leading provider of hygiene services



Montana Laundries
offers on-premises laundries 24 hours a day

The interest rate environment remained stable and the consumer's propensity to spend assisted some of our clients in the retail, travel and leisure sectors. Inflation continued at historically low levels and entrenched the corporate resistance to price rises.

Government's SME-friendly policies are also having an impact with the emergence of aggressive new competitors in areas where barriers to entry are relatively low.

Industry-related issues

The most notable event for Bidserv's security operations was the divisive and confrontational strike by security guards seeking a double-digit pay rise. Thankfully, this action has now been resolved, but it blighted the fourth quarter of our year.

Industrial relations have been severely impacted. This is particularly hard on quality-conscious security companies which committed themselves three years ago to rapid compliance with three-shift working practices and the dismantling of the old two-shift system, despite the impact on labour costs. Better working conditions helped to create an improved industrial relations climate at leading

Review of operations

Bidserv

companies. A new start now has to be made to rebuild trust and the image of the guarding sector.

Media coverage of the security guards' strike drew the attention of everyone, including Bidserv clients, to the level of wage demands. If nothing else, this will help the industry communicate the message to corporate clients whose blanket refusal to countenance increases above CPI is unreasonable in a sector affected by statutory wage settlements that significantly outstrip this benchmark. It has to be remembered that in the security industry labour costs account for 80% of the overall contract price.

Regrettably, cleaning staff subsequently went on strike. This national action was initiated at the start of our 2007 year and affected all companies in the office cleaning sector. In a low-wage environment, there is a continuing risk that workers may resort to industrial action from time-to-time. It is hoped, however, that strike action and picketing will be conducted within the framework of our labour legislation. The start of the strike by cleaning staff was certainly conducted in a calm and orderly fashion.

The trend toward aggressive tendering and re-tendering continued as corporate customers applied pricing pressures. Bidserv lost some contracts while retaining or winning others at lower margins. In this environment, our significant increase in trading profit was even more creditable.

Business risks

Cyclical factors have little impact on the historic core of Bidserv operations (cleaning, laundry, janitorial and security services) as these fundamental needs have to be met no matter what the business climate. Newer Bidserv members in aviation, travel, financial services and office automation are more exposed to cyclical factors and exchange rate fluctuations. Built-in balance is created by including two sets of companies with contrasting risk profiles in the same "basket".

Legislative and industrial relations risks are also evident. Several Bidserv brands offer low-skilled employment. On occasion, these operations may benefit from government policy initiatives to promote jobs growth, but there is also a risk that some regulatory changes may affect the cost base. The risk of a sudden worsening of the industrial relations climate in some lower paid job categories was underlined by recent strike action.

Our business-to-business base also entails risk as major corporate groups can exercise considerable negotiating power. This is counteracted by Bidserv's extensive services and ability to provide complete integrated solutions across various competencies. A major group looking for a single outsourced package need look no further than Bidserv.

Low barriers to entry may also create a business risk. Many smaller black-owned companies today compete for office cleaning and washroom hygiene contracts as relatively low levels of investment and skills are demanded of newcomers. Established service-providers who perform to world-class standards now find that a quality differential has less influence on the award of a contract. Business can be lost to industry entrants with strong BEE ownership credentials but little experience as major groups seeking BEE recognition are predisposed toward these new owners.

Bidserv has a commitment to grow jobs and maintain world-class service standards. However, it is difficult to be an engine for jobs growth in the face of such pressure. Our defence is our strong brands and proven track record. We will not compromise on quality. The Bidserv difference underpins our relationship with clients; it will also prove a decisive factor when reclaiming business lost to the current wave of unproven industry entrants. A further defence to competition from inexperienced entrants is the trend to higher regulatory safeguards and the corporate sector's commitment to hazard analysis critical control point (HACCP).

Crime remains a risk to business. Bidserv has a banking licence and handles cash, making us a target for criminal gangs. Crime also creates a risk to the image of "brand South Africa", with adverse effects for tourism.

Sensitivity analysis

Bidserv is dependent to a great extent on annuity-based income, often linked to contract business from major corporate groups. Tender activity is constant. Bidserv brands are therefore engaged in an unrelenting effort to ensure that contract gains counterbalance contract losses. Net contract losses for a protracted period would be detrimental to the business in view of a relatively high base of fixed costs. These costs are an investment in high standards of service demanded by corporate clients. These same clients tend to manage their own expenses quite aggressively.



Execuflora is a leader in the interior plant industry

Structures and growth

Procurement services and the Renfin travel and banking brands have now been placed under the Bidserv banner, as have the office automation operations (Minolta SA) that were previously housed in Bidoffice. There were no major acquisitions, though strong momentum was maintained by widening the national footprint of brands that were previously locked into a single region.

Black economic empowerment

The Bidvest BEE model is now better understood and our BEE credentials help to ensure our participation in many procurement programmes. All operational units strive to improve their BEE scores and achieve improved recognition. This process is constrained by the capacity of credible empowerment auditors to keep pace with demand, not by any lack of commitment by Bidserv business units.

New investments

No major capital expenditure programmes were launched. However, work was completed on Security Services' state-of-the-art remote monitoring centre and the specialised equipment and fleet needs of TMS were met at a cost of R24 million. In other areas, the emphasis was on optimising benefits flowing from recent investments in major installations such as the high-tech laundry completed last year at Spartan for Boston Launderers.

Investment in technology is on-going to maintain Bidserv's qualitative edge in all operational areas.

Innovations

Renfin Travel services successfully deployed their online booking engine, creating an easy-to-access website that brings together a range of competitive options on a single page.

Cleaning Services organised the local production under licence of a range of environmentally friendly chemicals (previously only available from the United States).

Review of operations

Bidserv

Challenges

HIV/Aids remains the greatest challenge affecting Bidserv and its workforce. Our awareness and educational programme continues in all regions and is periodically stepped up in those areas where prevalence rates are high.

Bidserv repeats its call to other providers of soft services and outsourcing services to work together on ways of taking HIV/Aids programmes to the next level – provision of anti-retroviral treatment (ART). The cost of fully subsidised ART is high and would have to be reflected in pricing. In cost-sensitive categories such as office cleaning and hygiene, any company which adopted a go-it-alone approach to ART would rapidly be at a significant pricing disadvantage. This makes it imperative that industry-wide programmes be developed. Bidserv is willing – indeed eager – to participate in industry discussions.

Regrettably, significant numbers of workers are incapacitated through HIV/Aids and the Aids-related death toll continues to rise. Often those falling casualty to Aids are sole providers for extended families. Where possible, an attempt is made to offer employment to a family member to ensure that dependants are not rendered destitute.

BEE challenges are being effectively addressed. All operational units are on target to achieve their five-year scorecard objectives. A pragmatic approach has been taken to periodic confusion around codes of good practice. Rather than wait for clarification, businesses are encouraged to press ahead in accordance with the Bidvest BEE charter as it reflects overall government strategy. If necessary, points of detail can be adjusted later.

Skills-training investments have been reinforced by the deployment of mentorship programmes.

Employment equity programmes are ahead of target. Bidserv was a net creator of jobs. The current headcount of 53 144 shows a net gain of 1 326.

Bidserv recognises its obligation to behave in an environmentally responsible manner. All chemicals and other supplies are audited to make sure they are the most environmentally friendly available. New products are assessed for their environmental impact before they are used by Bidserv companies.

Bidserv companies operate more than 3 000 vehicles. The average age of the fleet has been consistently reduced, a key factor in the control of exhaust emissions. Our CSI programmes are often linked to environmental initiatives. Social investment also focuses on the upliftment of previously disadvantaged communities as many of our workers are drawn from these areas.

The future

We plan to achieve real growth as a result of several positive factors. Continued growth of the economy is anticipated; this will encourage investment and expansion by our corporate customers. New office and retail developments are anticipated; another positive factor for Bidserv companies.

High fuel prices and strong power demand (a function of higher growth) will keep the focus on energy efficiency. This should underpin Bidserv's relationship with major customers in the energy and petro-chemical sectors.

In addition, it is to be hoped the healing process will begin in the industrial relations environment within the guarding sector, with beneficial effects for our security brands.

In the fourth quarter of 2006, increased rand volatility was evident. This may assist our banking operations as margins improve on foreign exchange dealings when values fluctuate. A weaker rand, however, may dampen the propensity for international travel.

Bidserv has a growing presence in Africa thanks to its travel brands, support for regional hospitality groups through Green Services and the international expansion by the Puréau Fresh Water Company. Opportunities to extend this African footprint will not be neglected.

Our strategy is to seek net real growth in all our businesses while securing price increases that at least match our levels of internal inflation. We have only recently begun to exploit the potential synergies of our new, broader structure. Opportunities for further structural efficiencies, deeper customer relationships and new growth will be energetically pursued.



mymarket.com
offers electronic procurement
services to the Group and
external companies

CLEANING SERVICES

Prestige Group

Prestige and its individual brands made a significant contribution to trading profit, despite a highly competitive environment and margin pressure. Prestige is proud that it maintained its staffing levels in such challenging circumstances.

Hospitality and Healthcare operations gained market share as quality of service benchmarking inhibits competition by inexperienced and under-resourced industry newcomers. Both revenue and trading profit grew.

Prestige is well positioned for further penetration of the public sector now that effective delivery has become an urgent priority for policy-makers. The potential role of public-private partnerships (PPPs) is well accepted in theory. Unfortunately, roll-out of the PPP model has been delayed for some considerable time. Prestige has the resources and skills necessary to tackle the capacity constraints which bedevil some state, regional and municipal departments.

TMS Group

This specialised business unit put in the best performance of any single Bidserv contributor. The highly motivated team is to be congratulated on optimising the opportunities flowing from strategic investment in the latest specialised cleaning technology. As a result, TMS entrenched its position as the undoubted leader in the industrial cleaning field.

TMS won a five-year contract from Sasol and increased its revenue from leading companies in the petro-chemical

industry. In addition, the business has become a key partner of Eskom as the national electricity provider refurbishes its power stations in order to meet rising energy demand. Contract gains enabled TMS to grow jobs as well as trading profit.

LAUNDRY SERVICES

All brands, Boston Launderers, First Garment Rental and Montana Laundries, strengthened their position as the private sector leaders in the provision of superior laundry services. Productivity, revenue and trading profit rose significantly as management leveraged the benefits of the recently completed capital expenditure programme. Market share growth was also achieved.

A four-year capex programme saw the completion of ultra-modern facilities in Spartan. Fine-tuning of systems to secure optimal results will continue for some time.

The garment rental business enjoyed strong growth, thanks to continuing penetration of the food processing industry. HACCP regulations and growing health and safety demands are expected to promote further growth. Laundry brands were also assisted by higher hotel occupancy levels.

HYGIENE SERVICES

Steiner Hygiene

Steiner Hygiene put in a notable performance, achieving growth in profit and trading profit. The company is positioned as the leader in the washroom equipment sector at a time when awareness of hygiene standards is rising in many industries.

This is an unglamorous industry but Steiner continues to deepen customer relationships through its high standards, reputation for reliability and ability to innovate. Steiner pioneered the use of a new automated urinal sanitiser with an extended product life. The sanitiser is more effective and efficient and has proved a market winner nationwide.

Execuflo

Execuflo, previously part of Green Services, is now managed as part of Steiner because of a common customer-base.

Execuflo, formerly a regional Gauteng operation, is now represented in all major centres and is being positioned as a

Review of operations

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national brand. Synergies with other Steiner businesses have been identified as an area of strategic opportunity.

Increased efficiencies were achieved through improved routing and better utilisation of Steiner's IT systems.

Puréau Fresh Water Company

Puréau Fresh Water Company continues on the growth path. Five new facilities were opened (in Cape Town, Durban, Nelspruit, Port Elizabeth and East London). The Puréau brand has now established itself nationwide. The Mozambique facility – opened last year – has proved to be a success.

BIDSERV INDUSTRIAL PRODUCTS

Industrial Products put in a strong performance, drawing benefit from growth in the national economy and some job creation by the manufacturing sector: the greater the number of garment wearers, the greater the demand for garments, safety clothing and associated equipment. Garments are made in Malawi by Giant Clothing, distributed by the wholesalers at Clockwork Clothing and sold at retail level by G. Fox & Company.

Another factor driving the division's growth was the expansion of G. Fox & Company. It was previously a regional Gauteng brand, but synergies with the extensive branch network of Commercial Sundries have enabled it to become a national player.

SL Distributors, a small-scale clothing and equipment supplier, was acquired and integrated into the G. Fox & Company operation. Their lines are complementary.

The janitorial supplies business of Commercial Sundries had another good year.

GREEN SERVICES

The operation faced a challenging year. Top Turf's contracting business was constrained by a dearth of resort projects. More promising prospects have been identified in the golf estate niche and a specialised golf course development unit has now been launched. It is busy on its first significant contract. Other work is in the pipeline.

AVIATION SERVICES

The umbrella brand "Bidair Services" was launched to create a single package of aircraft-cleaning and cargo and passenger-handling services. A majority interest was acquired in CHS (a ramp-handling service) and a strategic holding is being pursued in a passenger-handling operation to strengthen the single package.

Bidair Services has established a strong national presence and draws benefit from the increasing number of domestic, regional and international flights into and out of South Africa. Plans for faster growth have been constrained by delays in securing further ground-handling licences. Even so, a satisfactory performance was recorded.

SECURITY SERVICES

A major change of structure was completed. Previously, all security companies (Magnum Shield, Vericon Outsourcing, Provicom Electronics and International Payment Systems) were individually managed and followed separate marketing strategies. All operations have now been integrated into a single brand, Bidserv Risk Solutions. Three areas of core competence are covered: guarding, electronic systems and remote monitoring. A consolidated management team is now positioned to market the optimum security solution for any need.

The new structure recognises the continuing trend toward technology-intensive solutions. The strategic change proved timely as the security guards' strike is almost certain to increase the demand for smart solutions that are less reliant on the human element. Bidserv Risk Solutions is well placed to respond, thanks to the recent completion of its R4 million remote-monitoring centre.

Magnum Shield had a difficult year as a result of the security guards' strike.

Syndicated crime is growing. Cash-in-transit heists and thefts from warehouses have reached epidemic proportions. Clients are responding by installing more CCTV systems, stricter access controls, electric fencing and remote-monitoring capabilities. Continued growth is foreseen.

International Payment Systems had another good year. Its brands (De La Rue cash depositing and dispensing devices



Océ technology revolution is reshaping the local printing industry

and Ingenico point-of-sale swipe card terminals) enjoy growing market penetration. Strong demand is expected to continue as the major banks are committed to user-friendly technology installations in revamped banking malls.

BUSINESS SOLUTIONS AND GROUP PROCUREMENT

mymarket.com offers electronic procurement services to both the Group and external companies. The e-procurement offering has proved itself a robust and reliable platform over several years. Growing marketplace acceptance of e-solutions in the procurement field was reflected in some notable new business successes, particularly among external users.

Revenue increased by 43%, taking the business to a break-even level after several years of sustained investment. mymarket.com is confident it is now positioned to achieve acceptable returns.

OFFICE AUTOMATION

Excellent results were achieved. The search for business efficiencies gave added impetus to the trend toward standalone, integrated and fully networked digital solutions. In this field, Office Automation has become a strategic partner of its clients thanks to strong brands and highly knowledgeable representation. The sustained training investment in our people has created a qualitative edge and entrenched Minolta's position as the market leader in South Africa.

Océ achieved both revenue and profit growth thanks to a highly motivated local team and the strength of this international brand. A technology revolution is reshaping

the local printing industry, giving rise to strong demand for sophisticated yet proven solutions on the Océ pattern.

BID TRAVEL SERVICES

Bid Travel Services led the industry in the adoption of transparent fee-based remuneration and derived first-mover advantage as the outdated commission system was abandoned by more and more industry players. Higher profitability was achieved, though trading volumes declined. Corporate travel is a core competence for all brands. The group is, therefore, affected by the wave of re-tendering triggered by the sectoral shift to fee-based payments. To date, our brands appear to be net winners in the re-tendering process.

Bid Travel reacted proactively to the threat of dis-intermediation through online bookings by investing in the development of the Rennies Travel Engine, our own online service. It offers comprehensive comparison of rates by carriers and other travel/leisure brands and enjoys growing client acceptance.

Premier Club Airport Lounges witnessed strong growth as air traffic continued to increase. Another positive factor is growing demand by loyalty programmes for lounge services for favoured customers. Further growth is anticipated. Lounge upgrades are planned in collaboration with our loyalty programme partners.

BANKING AND FOREIGN EXCHANGE SERVICES

Travel banking experienced a difficult year. New investment in infrastructure was required. A strong full-service offering is increasingly necessary as the market preference shifts between cash, traveller's cheques or card-based transactions. Delays with the launch of our own debit card products inhibited our ability to derive optimum benefit from developments in this niche.

The rand exchange rate was stable for much of the period. This affected earnings from currency trading as margins remain depressed when foreign exchange fluctuations are kept in a narrow range. Operating profit fell.

The bank retained its B+ credit rating and an improved rating is being sought.

Bidvest Europe



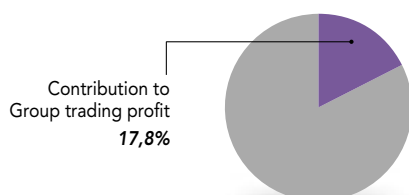
Bidvest Europe

Bidvest Europe is western Europe's leading foodservice company. Its British businesses have good claim to be UK market leaders. As a broadline distributor, Bidvest Europe supplies ingredients, finished products and equipment to the catering and hospitality industries.

- ▶ Acquisition of Deli XL foodservice business provides a solid platform for growth into continental Europe
- ▶ Bidvest's decentralisation philosophy embraced by Deli XL resulting in rapid integration into cohesive business units
- ▶ Trading profit across UK and Europe up 23,2% to £56,9 million
- ▶ Growth of 50,3% takes total Bidvest Europe revenue to £1,9 billion
- ▶ UK depot renewal and expansion programme continues
- ▶ Foothold obtained in high-growth Gulf region through a strategic stake in Horeca Trade
- ▶ Major contract success widens strategic penetration of market in non-food consumables



Fred Barnes
Chief executive



Introduction

The decentralised, entrepreneurial Bidvest model was put to work when consolidating the Deli XL operations into the European foodservice division. The local Dutch and Belgian management teams were freed to seek operational efficiencies and business growth while exploiting the synergies resulting from the greater scale of the augmented business.

The workforce has greeted the Bidvest model with enthusiasm. Deli XL's acquisition by South African owners with a successful trading record in the UK ended fears of a sale to a Benelux competitor, with the prospect of sizeable retrenchments.

Bidvest Europe achieved pleasing growth in its mature markets, driven largely by the full-year effect of earlier new business gains and its success in retaining large national accounts. Further contract successes have again been recorded, notably in the fast-food sector.

Revenue rose 50,3% to £1,9 billion while trading profit increased 23,2% to £56,9 million

The acquisition of management control at Horeca Trade in the United Arab Emirates creates a bridgehead into a national market that is transforming itself into one of the world's premier holiday and retailing destinations. Significant growth in the five-star hotel sector is being achieved at pace. This is putting pressure on existing foodservice infrastructure. Bidvest Europe, in tandem with its local partners, is well placed to optimise this strategic growth opportunity.

The only significant disappointment was the loss of the UK Ministry of Defence supply contract. Management took vigorous action to replace the lost business to ensure that lost volumes are largely restored.

Macro-economic factors

The UK and the Benelux countries have mature economies characterised by modest natural growth and modest gains in GDP. The business units have similar customer profiles (the catering trade, hospitality sector and corporate and institutional clients). The labour market is tight. This is a



3663 First for Foodservice
delivers quality ingredients, finished products and equipment to the catering industry



3663
First for Foodservice is made up of specialist teams designed to match the needs of the foodservice market and deliver the best personal service to every customer



Deli XL
supplies a wide range of fresh and frozen food items to hospitals and company canteens, as well as to contract caterers and restaurants



Horeca Trade
is a dedicated service company in the United Arab Emirates

product of social legislation and job protection in continental Europe and almost full employment in many regions of the UK.

Inflation in the UK is 2,2%, slightly above the Bank of England target. In the Benelux countries it is about 1,5%. Interest rates are stable in both regions.

GDP growth in the Benelux region has been running at 1,8%. In the UK the rate is 2,2%, though the rate of growth in the distribution, hotel and catering industries is more sluggish at just 1,5%.

Industry-related issues

All distribution businesses have been materially affected by ongoing fuel-price increases. These impacts are compounded in the UK by substantial rises in gas and utility charges.

Increasing public awareness of health issues and the growing problem of obesity continue to affect the food and catering industries. A trend to healthy eating is gathering momentum, creating special challenges in the institutional-feeding segment of the market.

Bidvest Europe

The trend is positive for Bidvest Europe as it has been given an industry lead in the creation of healthier eating choices through its UK campaign, “positive steps”, toward a healthier future. In the UK, the Smart Choice brand continues to grow market-share.

The market positioning of Bidvest Europe has benefited from management’s receptive and sympathetic response to media and political pressure for healthier foods. Executives have workshopped the policy issues in extensive sessions with representatives of various official departments. As a result, an assurance has been given that Bidvest will engage in a process of re-engineering some food brands to further reduce their salt and sugar content. This process is now under way.

Our UK business, 3663 First for Foodservice has given an industry lead in the realm of local sourcing. The initiative, launched two years ago, seeks social, economic and environmental benefits through support for local business. A key result from a logistics standpoint is a reduction in “food miles” and improved energy efficiency. A growing proportion of locally sourced products is represented in the 3663 brand. As a result, more than 100 small producers have gained access to local markets. The programme will be extended to cover the whole of the United Kingdom.

Business risks

Consumers are well informed by a media that is increasingly vigilant on health issues. Both the British and west European public are concerned about avian flu, though as yet this has had little impact on poultry consumption. Outbreaks of foot-and-mouth disease in Brazil, Botswana and Namibia and disruption of Argentinian supplies affected beef supplies. However, disruption was minimal thanks to a prompt management response and the division’s ability to rapidly arrange alternative sources of supply.

Terrorism remains a risk in view of the potential impact on catering business into the hospitality industry. The risk is more marked in the United Kingdom than in continental Europe – London’s transport system was targeted by suicide bombers in July 2005. In the UK market, however, international tourist arrivals rose 7% for the year, though there was only a 1% rise in US visitors.

Legislative risk is acknowledged. The United Kingdom and continental European businesses are subject to a welter of legislation from both national governments and European regulators. However, the process is well understood by all parties. Any planned initiatives are known well in advance, giving sufficient time to factor the anticipated changes into business planning.

The labour market is more rigid in continental Europe than in the United Kingdom. The challenge is to equip the workforce with the skills necessary to improve productivity. Motivation within the workplace is a key issue. Bidvest addresses this risk by preferring hands-on management by executives who are close to the shopfloor and know their workers.

This non-hierarchical approach is not imposed. Decentralised management has free rein to achieve its business objectives. However, this model is being rapidly embraced by Belgian and Dutch Deli XL business units that were eager to break with the multi-layered structures of the past.

United Kingdom and continental European demographics pose a challenge rather than a risk. There is no strong population growth to spur demand and mature economies are less influenced by volatile boom-and-bust cycles. Stability enables strategic planning and puts a premium on operational efficiency and product innovation to constantly freshen the offering.

Sensitivity analysis

Foodservice is a low-margin business. Any increase in expenses that cannot easily be passed on to customers, such as a large rise in the cost of fuel, results in a decline in profitability. As a major industry player, we hold a number of large accounts. Loss of major contracts creates a challenge to replace the volumes. Sales are also affected by changing levels of consumer confidence. This factor is not only beyond the control of management, but difficult to predict. Terrorist attack, or the threat of one, can have a material impact on tourism and the propensity to eat out of home. Transport can also be disrupted.

These challenges are addressed by high-quality service, a large portfolio of customers and a distributed facilities network.



3663 Catering Equipment
offers a comprehensive range of catering equipment

Structures and growth

The major structural change involved the consolidation of the Deli XL operations into the division. The Belgian and Dutch units are treated as separate businesses, though local management is expected to develop synergies within the European business and across the wider division.

In the United Kingdom, a joint-purchasing arrangement was established with a major customer. The arrangement will ensure pricing efficiency across a wide range of items.

Several contract successes have driven organic growth and a measure of jobs growth has been achieved. Bidvest Europe now employs 8 050 staff members.

Acquisition of the contract to supply non-food consumables to the Compass Group (one of the world's largest caterers) has created the basis for major expansion. This contract success, combined with the existing business, makes Bidvest the third largest non-food supplier in the UK market.

Bidvest's decentralised business model is being applied at Horeca Trade in Dubai. Our local partner has an established base of business. This is being aggressively expanded by seeking further penetration of the rapidly growing hotel sector.

New investments

Investment in training, technology and new capacity is ongoing.

In the United Kingdom, an investment was made in the continuing depot renewal programme. New depots were completed in Harlow (Essex), Birmingham and in Manchester for The Barton Meat Company. A new logistics facility was completed in Lichfield and a new depot in Edinburgh is fast nearing completion.

Design work has begun in the UK on a planned replacement of the current IT platform. An 18-month implementation programme is envisaged.

Review of operations

Bidvest Europe

Innovations

Brand innovation, especially among healthy eating lines, is constant.

New initiatives in the United Kingdom to ensure greater use of local products provide caterers with the opportunity to satisfy consumer demands for “locally sourced” food while still enjoying the reassurance of high standards of quality set by 3663.

A significant operational innovation is the introduction of “voice picking” by warehouse staff. Instead of simply working from handheld lists, staff members are fitted with headsets and given voice prompts as they select goods for delivery. The intention is to improve “right-first-time” efficiency levels and thereby boost productivity. It is also intended to deploy this technology in Belgium.

An extensive innovation programme is planned in the Gulf to ensure international service standards are met, particularly in the multi-temperature environment.

Challenges

The supply of skilled labour remains constricted in the United Kingdom. In continental Europe, unemployment levels are higher, but labour legislation keeps employment costs high. The challenge in both regions is to achieve higher productivity with a largely stable pool of workers while retaining skilled employees.

Bidvest Europe’s total training investment was £1.1 million while 39 376 training hours were logged.

In the United Kingdom, the company has long employed a people quality management programme to audit levels of motivation, service and performance. Consistent gains have been recorded. However, the latest audit indicated that some key readings are starting to plateau. This was to be expected after the improvements of recent years, but energetic steps will be taken to raise the bar.

Occupational safety and environmental management standards are rigorously controlled. Bidvest Europe has long given an industry lead in the provision of a safe, hygienic and congenial workplace.

The environmental management system adopted by UK operations complies with the ISO 14001 environmental standard. This certification covers all sites, a first for a UK company in the food distribution industry. In addition, a voluntary environmental performance improvement scheme has been launched in the United Kingdom covering own-brand suppliers. The aim is to encourage suppliers to improve their environmental performance and comply with 3663’s pollution and environmental standards.

Deli XL Belgium has implemented an environmental protection plan in partnership with local authorities. More than 90% of depot waste is recycled, sold or appropriately incinerated. Deli XL Netherlands is optimising inbound transport logistics to cut transport costs and fuel consumption.

Social investment at Bidvest Europe has a food or food industry focus.

3663 First for Foodservice is the leading contributor to Hospitality Action, the registered industry charity established to alleviate hardship among workers in the UK hospitality industry.

Deli XL Belgium provides about 20 tons of food a year to a programme to support the needy. Financial help is given to Doctors Without Borders in the Democratic Republic of Congo. Deli XL Netherlands supports a cooking, exercise and educational programme that assists children in deprived areas of Amsterdam.

The future

An economic slowdown was expected in the United Kingdom. However, little slackening in business activity has been evident. In the Benelux region, economic growth remains modest. However, significant growth potential exists in both regions. Opportunities for growth will be pursued, particularly in the fresh food and meat business. The full-year effect of contract gains in the fast-food and non-food areas will underpin the United Kingdom growth strategy.

Investment in depot renewal provides new capacity and a robust platform from which to achieve further gains in market-share and support our national customers.



Deli XL
is focusing on service quality

Both the Dutch and Belgian operations have initiated projects to unlock efficiency improvements and further synergies are being explored. Bidvest's decentralised, entrepreneurial model has been enthusiastically adopted by operations which had under-performed for several years. Negative trends have been reversed and new growth is expected.

In the United Arab Emirates, the Horeca Trade transaction gives Bidvest Europe a stake in a business at an embryonic stage of development. Exciting opportunities exist for developing the operation and achieving strong growth, especially among airline and hotel groups that demand international foodservice standards and quality assurance.

3663 FIRST FOR FOODSERVICE

The UK business achieved 12% sales growth to £1,5 billion while year-on-year trading profit rose 13% to £51,5 million. This highly satisfactory performance was driven by the full-year effect of major contracts secured in 2005 enhanced by continued new business growth.

New contracts were awarded by Pizza Hut, Nando's and De Vere. New business was also won from the Three Cooks bakery chain, while the contract to supply non-food consumables to the Compass Group gives the business critical mass in an area of strategic opportunity.

The multi-temperature business has opened new depots and is working to realise the efficiency improvements offered by these facilities. The frozen, fresh and chilled business has continued to integrate the fresh and meat operations. This entailed the opening of a southern depot for the fresh business. The logistics division has had the Lichfield depot and new contracts such as Pizza Hut to absorb.

DELI XL

Belgium

The Belgian economy has shown only 1,5% growth. A revitalised management team – with a new managing director and operations team in place – is expected to put the business back on the growth path by focusing on service quality and improved internal communications. New Ultra Fresh contracts have been won from the Compass Group.

Netherlands

The Dutch and neighbouring German economy have suffered four years of recession and steep price escalation after conversion to the euro. However, the economy has begun to show signs of a modest revival. There have been several management changes, but continuity has been achieved in key management positions and the organisational structure has been much strengthened. The business is moving from a negative to a positive position after years of decline. Cash flows have improved. Purchasing and logistics efficiencies are points of focus.

HORECA TRADE

A controlling stake in this foodservice business was acquired in October 2005. The operational base is relatively modest, but substantial potential exists in view of the exponential growth of Dubai's hospitality and leisure sector. Significant organic growth is forecast. Bidvest's international profile adds considerable value to local operations as multinational leisure and hotel groups are key players in the fast-growing economy of the United Arab Emirates and are eager to form relationships with foodservice companies that perform to world standards.

Review of operations

Bidvest Australasia

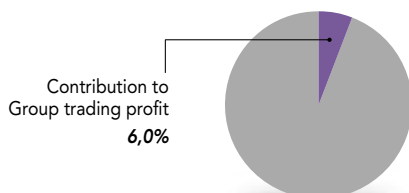


Bidvest Australasia operates as Bidvest First for Foodservice in Australia and as Crean First for Foodservice in New Zealand. It is the industry leader in these markets and the only foodservice company to provide a national service.

- ▶ Bidvest Australasia's revenue increases 11,0% to A\$1,4 billion
- ▶ Trading profit reaches A\$45,6 million for the first time, a rise of 30,0%
- ▶ Return on funds employed reaches a record 35,7%
- ▶ Organic growth and efficiencies drive positive performance
- ▶ Strong performance in Australia by all three divisions
- ▶ Business draws benefit from expanded national footprint in both Australia and New Zealand
- ▶ Strategic acquisition enables Crean to begin the development of a fresh produce division; a logistics division is also planned



Bernard Berson
Chief executive



Introduction

The business derived growing benefit from the targeted acquisitions and investment in new branches and depots made in the previous period. Successful integration of the new business units and constant focus on operational efficiencies enabled Bidvest Australasia to achieve a pleasing rise of 30,0% in operating profit to A\$45,6 million.

Revenue rose by 11,0% to A\$1,4 billion. Sales were buoyed by steady increases in market-share and the growing success of house brands.

In Australia, strong growth in sales and income has been achieved from our strategy of national expansion, particularly in the Queensland market where our presence was further enhanced with the acquisition of a wholesaler in Mackay in July 2005.

In New Zealand, a strategic acquisition has provided a platform for further growth into the fresh produce business. Distribution capabilities have also been strengthened, setting the scene for the imminent launch of a New Zealand logistics division.

In both markets, Bidvest Australasia entrenched its position as industry leader.

BIDVEST FIRST FOR FOODSERVICE – AUSTRALIA

Revenue rose by over 10% while trading profit grew by 27% in local currency and the return on funds employed increased to 35%. The business also generated more than A\$20 million in cash, which was utilised to reduce borrowings.

Organic growth accounted for 80% of the sales success while further improvements in operational efficiencies and enhanced purchasing ability supported the rise in profitability.

The house-brand programme has been extended, with highly satisfactory results.



First for Foodservice
the leading national broadline foodservice products distributor in New Zealand



Crean
provides total food supply solutions to customers



Crean
our customers in Australia and New Zealand range from small restaurants to large institutional caterers



Bidvest Australasia
provides quality home-brand products giving great value to their customers

Operations in Sydney and Melbourne were affected by mounting costs and an even tighter labour market in these major metropolitan centres. Despite these difficulties, our operations in both markets experienced growth and performed at better levels.

The quick-service restaurant division, bolstered by its Yum! contract and the take-on of the Hungry Jacks business in early 2005, achieved a pleasing increase in profitability. However, the division only contributes 4.5% to overall profitability, despite contributing 20% to total revenues.

Macro-economic factors

The Australian economy did not perform as strongly as in previous years, with GDP growth at about 2.5%. Unemployment remained at historically low levels below 5% while inflation moved higher. The economy was also affected by an increase in official interest rates and the prospect of further rate rises.

Substantial increases in the price of fuel are having an inflationary effect. Retail spending has started to dip and

Review of operations

Bidvest Australasia

consumer confidence is beginning to fall. Despite the challenges, the economy has held up well and the federal budget remains in surplus.

Industry-related issues

The principal industry challenges relate to higher fuel prices and their effect on operational costs and consumer spending patterns. Every spike in the fuel price puts a brake on consumer spending, including discretionary spending on food. Fortunately, growth in the overall market for foodservice products has continued.

Low unemployment rates are reflected in skills shortages and the need for premium pay rates to attract certain grades of staff.

Business risks

Strategic business risks are little changed. A continuing concern is the skills shortage and the effect this has on labour and recruitment costs. In relative terms, smaller, less well-resourced competitors are worse affected than we are.

Bidvest First for Foodservice is the country's leading distributor of multi-temperature foodservice products. We can offer career development opportunities to ambitious industry entrants, backed by quality training.

All business in Australia is affected to some extent by the nation's dependence on imported fuel and commodity exports. Concern has again surfaced about reliance on the long-running commodities boom while recent rises in the cost of fuel come as a reminder that Australia's energy needs are met entirely by imports.

Terrorism is acknowledged as a potential threat to the region's tourism industry. The hospitality sector in nearby Bali was dramatically affected by bomb attacks. However, Australia has been spared and out-of-home eating in restaurants and hotels is as popular as ever.

Sensitivity analysis

The propensity of the consumer to spend is the key area of sensitivity. Rising inflation, a spike in oil prices and the overall performance of the economy affect spending and consumer confidence. All factors are beyond the control of management. Some "cushioning" is provided by the range of operations, with the institutional and healthcare sectors well represented in the customer-base while basic foods and ingredients have a central place in the product mix. This means there is not total vulnerability to discretionary spending by the consumer. However, falling consumer spending and low confidence levels would affect growth prospects and further sharpen the expense management challenge in view of the high level of fixed costs at a distribution business.

Structures and growth

The only acquisition was that of a foodservice wholesaler in Mackay, North Queensland, in July 2005. This operation performed in line with expectations and was rapidly integrated into the business.

Bidvest First for Foodservice benefited from the full-year effect of recent geographic expansion and improvements to existing facilities.

Our online ordering system, FindFoodFast, continues to grow and has become a significant source of competitive advantage.

Organic growth, continual improvements in existing working practices and operational efficiencies drove the business.

New investment

No significant investments were made in infrastructure. Training investment is continual and reached A\$1,5 million last year.

Although no new businesses were acquired in 2006, Bidvest First for Foodservice remains an acquisitive company. Further acquisitions will be made should appropriate opportunities emerge on both a geographic and range-extension basis.



Bidvest Australia
are market leaders in innovation, a status supported by continued investment in technology

Innovations

We are the market leaders in innovation, a status supported by continued investment in technology. More than 30% of our sales transactions are now handled electronically and we have now launched online product reference information (OPRI), putting our full catalogue of over 50 000 products on view over the internet.

Challenges

Labour and skills shortages are the principal challenges. The issues are addressed through our extensive training programmes, safe and congenial working conditions and the opportunity for career development.

Challenges in the field of service quality and occupational safety are addressed through the Bidvest Quality Management System, which incorporates our ISO 9002 and HACCP certifications.

Bidvest First for Foodservice operates in a well-regulated environment. Environmental issues are controlled by state and federal legislation. The business is scrupulous in its observance of all relevant statutes.

The future

The Australian economy is expected to remain resilient, though inflationary pressures have begun to mount. In July 2006, Australian inflation moved up to 4% (well above the 3% target) and interest rates were increased in response. However, personal tax cuts that same month are expected to stimulate the consumer economy and should be positive for the hospitality and food industries.

Any further significant increases in fuel prices will again affect consumer confidence and spending, though overall prospects are buoyed by the continuing resources boom.

Bidvest First for Foodservice will pursue continued efficiencies and seek further growth in market share. It is estimated that the business holds 20% of the national foodservice market, suggesting there is substantial scope for continued sales growth.

Review of operations

Bidvest Australasia

CREAN FIRST FOR FOODSERVICE – NEW ZEALAND

Strong cash flows were generated and the business increased revenue by 26% and trading profit by 13% in local currency. These results were highly satisfactory in view of a challenging trading environment and maintain the momentum built up in 2005

Sales successes were the result of both organic and acquisitive growth as we continued to expand our geographic footprint and entrench our position as market leader.

The acquisition of Auckland Fresh in May 2005 has provided a catalyst for the creation of new divisional structures and the pursuit of renewed growth across the foodservice industry.

Macro-economic factors

The New Zealand economy has slowed. The economy contracted slightly in the first two quarters of 2006, though a modest 1% increase in GDP is forecast for the year.

Interest rates are rising; so are fuel and electricity costs. The New Zealand dollar has weakened against the currencies of major trading partners and inflation has again moved higher. Consumer spending has begun to fall. However, unemployment remains low and many sectors – including the distribution and foodservice industries – are affected by labour shortages.

Industry-related issues

Industry challenges reflect the macro-economic environment. Skills shortages constrain all growth-minded companies.

Crean is no exception. Attractive remuneration packages are necessary when recruiting. This can result in knock-on wage inflation across the existing pay structure. Higher distribution costs and higher general inflation also put pressure on margins.

As the only broadline foodservice company with nationwide distribution capabilities, Crean operates as a partner of

leading national brands. Simply passing on price rises is not an option. Efficiencies have to be sought and a measure of cost inflation must be absorbed until this can be dissipated through all industry participants.

All efficiencies and synergies flowing from Crean's larger footprint have to be exploited to protect our competitive advantage.

Business risks

Risks to the business are little changed and mirror those encountered in Australia. New Zealand's recent economic challenges are a reminder that the food industry is not immune to a downturn in the business cycle. Trading conditions are strongly affected by consumer confidence and the effect of fuel price increases on discretionary spending.

Sensitivity analysis

Key sensitivity factors are similar to those affecting our Australian operations.

Structures and growth

The acquisition of Auckland Fresh, a fresh produce distribution business, created an opportunity to further extend our reach and expand Crean's operational structure.

Auckland Fresh has been integrated into the Fresh Rotorua and the Southern Lakes Fresh businesses to create a focused fresh produce division. The division is in an early stage of development and the full benefits will not be apparent until 2007.

In addition, operational and cost efficiencies have been achieved by merging our Queenstown business with business units from Southern Lakes.

A distribution subsidiary based on Auckland's North Shore has been given a dedicated logistics role, providing an opportunity to create a new logistics division.



Crean is the innovation pacesetter in the New Zealand foodservice industry

New investments

To strengthen the distribution arm of the business, new trucks were purchased and leased vehicles replaced. New IT investments will strengthen the systems infrastructure.

Work began on the Bidvest Logistics distribution centre in Auckland. This will entail an investment of approximately A\$8 million.

Innovations

Crean is the innovation pacesetter in the New Zealand foodservice industry.

A process of constant incremental improvement ensures we maintain our lead in service quality, e-commerce, quality of cool-chain management and the marketing and promotion of our comprehensive product range.

Challenges

Recruitment, talent retention and training are the principal challenges. We invest in quality people and train constantly. The training investment topped A\$0,3 million.

The future

The economy is expected to show low or no growth, while inflation threatens to move higher. The prospect of "stagflation" is a concern for both business and the consumer.

Crean has strengthened its operational structure and is in a position to achieve continued efficiencies. Rigorous expense management will be necessary. Further growth in both sales and trading profit will be sought, despite sombre macro-economic conditions.

Review of operations

Bidfood

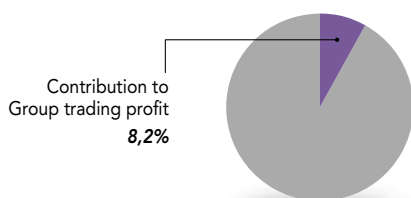


Bidfood serves the hospitality, leisure and catering markets with a comprehensive range of food products and consumables. The division also manufactures and distributes pre-mixes, food ingredients, spices, seasonings and other products to the bakery, poultry, meat and food-processing industries and is represented in all important urban areas and tourist centres across southern Africa.

- ▶ Revenue reaches R3,7 billion, up 12,7%
- ▶ Operating profit of R299,8 million
- ▶ Caterplus and Combined Foods division consolidated to form Bidfood
- ▶ Bidbake and Crown National relocate to world-class, purpose-built premises
- ▶ Significant inroads into independent foodservice market
- ▶ BidBro's Cash and Carry concept launched; national roll-out imminent



Colin Kretzmann
Chief executive



Introduction

Bidfood entrenched its position as an industry leader differentiated by high quality and market innovation. The relocation of Crown National and Bidbake to state-of-the-art manufacturing and distribution facilities at Longmeadow east of Johannesburg has underlined the division's quality profile.

Bidbake's new Longmeadow manufacturing plant is very close to being HACCP compliant. An increasing number of major accounts insist on HACCP standards. Our adherence to strict quality standards is a key factor as we strive to expand our customer-base and improve our share of the market.

Strong demand for high-quality local and imported brands in the speciality foods sector created marketing opportunities for Patleys, which registered pleasing growth. Significant inroads were also made into the independent segment of the foodservice market.

Revenue increased by 12,7% to R3,7 billion. Improvements were largely the result of organic growth.

Trading conditions were challenging and judicious margin management was demanded in a largely low-inflation climate. However, no jobs were shed and modest jobs growth was achieved in some business units. Bidfood has a workforce of 4 060.

Trading profit declined 5,2% to R299,8 million.

Macro-economic factors

The trading environment was characterised by positive business sentiment, continued economic growth, stable interest rates and buoyant consumer confidence. The stronger rand showed great resilience, undermining the perception that South Africa remained a "cheap" tourist destination and reducing the international visitor's spending power after converting to rand. Exchange rate factors ensured continued competition from other foreign tourist destinations.



Crown National and Bidbake
the new premises for Crown National and Bidbake's distribution and marketing services



D & R Lowe
supplies the catering industry



BidBro's
new cash and carry concept



M&M Quality Choice
is a leading supplier of groceries and allied products to the catering, hospitality and foodservice industry in Gauteng

General expense inflation remained well controlled; with food inflation at historically low levels, offset by exceptionally high distribution costs.

Industry-related issues

Relatively high wage settlement, low food inflation and high fuel costs have had a negative impact on the foodservice wholesaling industry. The impact of the fuel price increase is material for a distribution-based business. Wages, rentals and transport costs significantly outstrip the general level of food inflation while the low inflationary environment strengthens resistance to price rises across Bidfood's customer-base. Internal inflation has to be absorbed rather than passed on, creating constant pressure on margins. Prices have been driven lower on many product lines.

Rising house prices, low interest rates and increased access to credit have added to the "feel-good factor" at consumer level, but the knock-on effect is not as positive in the restaurant sector as one might imagine. No significant increase in out-of-home eating has taken place. Fear of street crime may be a factor.

Review of operations

Bidfood

In contrast, we see a strong trend towards in-home eating and home entertainment. As a consequence, strong growth is evident in convenience foods. Stronger sales of “special occasion” food items and paper products are also apparent. Prolonged rand strength and stable pricing of imported foods have fostered the appetite for some international products, a positive factor that helped to drive Patleys’ strong performance.

In the baking industry, the large plant bakeries have established qualitative superiority over small in-store bakeries, which now focus increasingly on confectionery items.

Bidfood has strengthened its relationship with major bakeries by developing an advanced range of cream yeast dispensers and batch control procedures. This initiative was undertaken in collaboration with the product providers and yields considerable operational efficiencies. Unfortunately, the yeast industry has been forced to reduce margins to combat the threat of yeast imports.

Business risks

Public health issues and other health risks can affect food consumption patterns. An outbreak of Newcastle poultry disease caused a drop in chicken sales. The prospect of widespread outbreaks of avian flu caused disquiet internationally, but has had no effect in the South African market. These risks are managed through diversification. Bidfood has a strong position across all food groups.

Relatively low barriers to entry permit opportunistic competition from non-traditional quarters. A new direct importer may achieve short-term price advantage in a specific line. An energetic response is necessary and has been implemented. Strong relationships with international suppliers are also helpful when pricing flexibility is necessary.

The business is affected by exchange rate risk, but an extensive range of local and international products provides a measure of balance. A strong rand can also affect tourist patterns as it turns South Africa into a relatively expensive long-haul destination for high-spending visitors from North America and Europe. Overall tourist numbers may

appear to be unaffected, but recent tourist growth tends to come from visitors from Africa on shopping trips. Their spending is not usually focused on hotels and restaurants and consequently is not beneficial for our market.

This risk is managed to some extent at national policy level as tourism industry planners focus increasingly on leveraging the spend per visitor. The growth of sports tourism is materialising and some success is being achieved in putting South Africa on the map as an international convention destination.

As a major industry player, we experience the general business risk of intense competition from smaller, niche-focused operators. However, our national distribution capability and broad footprint make us the natural partner of major international and national brands. We increasingly operate as the strategic partner of our customers – further defence against competitive attack.

Sensitivity analysis

The critical risk factor affecting all aspects of the business is food safety, particularly in the context of food tampering. Public concerns about the safety of food would affect consumption patterns and have material impact on Bidfood activities. In general terms, public confidence can be maintained by stringent quality controls and appropriate packaging solutions, but criminal acts of sabotage to deliberately contaminate the food supply can be extremely difficult to combat.

Structures and growth

Caterplus and Combined Foods have been consolidated into a single division, Bidfood. The change of name and formal integration recognised the operational reality as close co-operation across business units has been a factor for some time. The new structure involved no disruption.

Revenue gains are largely a function of organic growth. A small acquisition was concluded involving a Johannesburg-based manufacturer of toothpicks, Steri Pic.



Crown National
new distribution facility in Longmeadow, Johannesburg

Black economic empowerment

Bidvest's commitment to BEE has helped to further strengthen our position with major clients who increasingly demand that their suppliers have a credible BEE profile.

Operational units within Bidfood are in the process of obtaining individual BEE ratings. Progress is being made across the broad-based BEE scorecard. Our BEE targets are consistently being measured.

New investments

The pace of new capital investment slackened following the commissioning of the Crown National production facilities in Cape Town and the construction of the Longmeadow premises for Bidbake and the Crown Foods Group.

A recapitalisation programme was launched at Lufil Packaging to enhance manufacturing capacity in response to strong demand for its range of paper products.

This will lead to some growth in jobs at this KwaZulu-Natal operation.

Innovations

Crown Foods and Bidbake have collaborated to launch BidBro's, an innovative cash-and-carry concept. The first outlet has opened at Longmeadow, Johannesburg. BidBros carries a range of bakery ingredients, spices, herbs and pre-mixes. Initial market response has been positive, setting the scene for national roll-out of a BidBro's cash-and-carry chain.

The purchase of Steri Pic creates a platform for further penetration of the fast-food sector. Its flow-wrap technology can be used to supply fast-food outlets with a single package containing individually wrapped toothpicks, condiments, vinegar and serviettes. The handy wrap solution will enable franchises to keep better control of the consumption of these items.

To widen the offering of Hotel Amenities Suppliers, new opportunities are being explored to bring a broader range of accessories to the hospitality market.

Review of operations

Bidfood

Vulcan, our catering equipment manufacturing business, closed the only significant gap in its product offering by forming an alliance with Desmon, one of Italy's leading suppliers of refrigeration technology. This will enable Vulcan to enter the market for up-market refrigeration equipment.

Bidfood responded rapidly to public concerns around butchery hygiene and official investigations into the cleanliness of some butchery equipment. The division is investigating an opportunity to create an equipment cleaning solution targeted specifically at the equipment items mentioned in official reports.

Challenges

Bidfood has a decentralised structure. We are, therefore, challenged to deliver a consistently high standard of service across the organisation. Sustained investment in the training of our people is essential in all operations.

In 2006, the training investment topped R4,7 million; 4 340 training days were logged.

The in-house First for Service Quality Management Programme is proving highly effective at sustaining service quality and motivating higher levels of performance. Quality people have become a source of competitive advantage for Bidfood.

Retaining skilled people is an on-going challenge. It has always been Bidfood policy to develop people from within. We have now embarked on a programme to identify and fast-track staff members with high potential.

Social investment is an opportunity to strengthen the bond with the communities and industries we serve. Contributions to the Bidvest community upliftment effort at Group level are increasingly complemented by local initiatives, notably the pilot programme in Cape Town to contribute to the training of chefs from disadvantaged communities. Bidfood sponsors a trainee at a chef training school. Further investment in this project is envisaged.

The environmental challenge is focused mainly on waste discharge from Bidfood's yeast-making operations. Our Johannesburg-based yeast-manufacturing joint venture,

YeastPro makes use of state-of-the-art effluent disposal systems. At the NCP yeast factory in Durban, waste management is accorded high priority. Close liaison is maintained with city authorities whose recent reports confirm that initiatives to dilute toxicity levels are proving successful. Our current control is acceptable to local authorities, but work will be continued to achieve improved standards of waste management.

There has been no slackening in the effort to provide HIV/Aids support to our people. Education and awareness training is on-going. Free condoms are distributed and voluntary counselling provided.

The future

Some weakening of the rand has become evident while there is a general expectation that interest rates may move higher in the coming months. At the same time, the impact of several fuel price rises will add to inflationary pressures. The core challenge for management is to embrace the discipline of trading in a largely low-inflation environment.

Crown National (at Montague Gardens, Cape Town) and Bidbake (at Longmeadow, Johannesburg) have world-class production facilities that are the envy of their industries. Modern manufacturing capabilities create continuing opportunities for new efficiency gains. These will be vigorously pursued.

The marketing landscape is being changed by the rapid emergence of a new middle class. These upwardly progressive families have an appetite for new experiences. Demand can be expected to grow for a wider range of foods. As the distributor and marketer of one of the widest food ranges in South Africa we are well positioned to draw benefit from these trends. The continued emergence of South Africa as a major events and sporting destination is evidenced by the fact that the 2010 World Cup Soccer Tournament will be coming to our country. These developments are positive for Caterplus.

Margin pressures will continue, but all opportunities for further growth will be exploited to the full.



Bidbake
manufactures and distributes
a wide range of pre-mixed,
convenience products and
ingredients and bakery
consumables

CATERPLUS CATERING SUPPLIES

Performance was disappointing in a challenging year. However, the strategy of seeking new opportunities in the independent catering sector has begun to gather momentum. Caterplus will seek wider penetration of this segment of the market.

CATERPLUS FROZEN FOODS

Frozen Foods' operations achieved profit growth with a pleasing growth in the second half. The business unit has entered into strategic product development and marketing alliances with certain suppliers. The full benefit of these arrangements will soon become more evident. Most significant was the improved market share as evidenced by top-line growth.

SPECIALITY FOODS

The speciality foods business had a successful year. It is well positioned to derive advantage from a growing consumer appetite for imported lines and quality food brands and the growth of home entertainment.

CATERING EQUIPMENT

Volumes and trading profit fell in a challenging year for equipment manufacturing operations as a result of the conclusion of a major contract to supply feeding schemes in Botswana. Expansion of the range to include refrigeration equipment will strengthen Vulcan's product offering.

PAPER PRODUCTS

Sales declined year-on-year as a distribution contract for a major fast food chain came to an end. These activities were non-core and had been entered into to derive opportunistic advantage from Lufil's distribution capabilities. Conclusion of the contract enables Lufil to focus on core competence. Strong demand for Lufil's paper products sets the scene for further growth. Growth in paper products is strong and the entry into serviettes is proving very profitable.

HOSPITALITY ACCESSORIES

Good growth in revenue was achieved. At year-end, Hotel Amenities Supplies won a major contract to supply a leading hotel group. Opportunities are being explored to expand its product offering to the independent hotel sector. Steri Pic's acquisition creates new marketing opportunities in the fast-food sector. A good level of profit growth was recorded.

BIDBAKE

The business experienced a disappointing year, though pre-mix volumes are showing encouraging growth. Import competition in the dry-yeast field drove prices down. A major brewing industry customer was unfortunately lost to an imported product. The yeast business is now very price-competitive and margins remain under extreme pressure. Bidbake aims to improve its share of the bakery ingredient market in the short term.

CROWN FOODS GROUP

The group experienced several setbacks. The move to the new Longmeadow offices and distribution facility proved disruptive at operational level. In addition, severe margin pressure was experienced on some lines. The import of soya products by some competitors at very advantageous prices disrupted the market. This issue was addressed by our foreign suppliers of soya products and the business is once again competitive in this area.

An outbreak of poultry disease caused additional difficulties.

The net effect was a marginal decline in profits.

Review of operations

Bid Industrial and Commercial Products

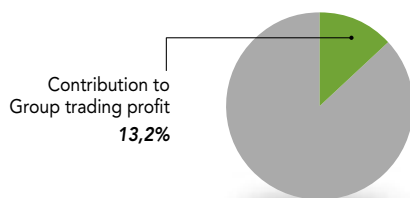


Bid Industrial and Commercial Products is South Africa's leading supplier of electrical products and cable, furniture and stationery products, industrial sewing and embroidery machines and market leader in packaging closures, fastenings and tape conversion.

- ▶ Trading profit rises 28,7% to R483,9 million
- ▶ Revenue increases by 18,4% to R6,7 billion
- ▶ Achieved a return on funds employed of 39,5%
- ▶ Major supply contracts signed, with increased sales to the mining industry
- ▶ Tender success highlights impact of improved BEE credentials
- ▶ Strategic shift at Afcom-GE Hudson and Seating strengthens focus on import and distribution
- ▶ Buffalo Executape launches DIY range in pursuit of retail sector opportunities
- ▶ Cecil Nurse re-branded CN Business Furniture
- ▶ Kolok's business restructured to focus on market channels
- ▶ Successful roll-out of national network specialising in electrical supplies to the retail industry



Myron Berzack
Chief executive



Introduction

Industrial and electrical products, incorporating the Voltex group, Afcom-GE Hudson and Buffalo Executape, have been successfully consolidated with the stationery and office furniture business of what was previously Bidoffice. Revenue increased by 18,4% to R6,7 billion while trading profit rose 28,7% to R483,9 million. Strong organic growth underpinned these successes. Two targeted acquisitions occurred in the electrical distribution business.

Significant growth was achieved in electrical distribution and the newly incorporated commercial business units. However, import pressures and aggressive competition reduced margins in certain business units.

The division was a net creator of jobs and now employs 6 976 people.

The office businesses achieved pleasing volume growth. Waltons achieved a bridgehead into the public and parastatal sector, confirming growing acceptance of Bidvest's BEE credentials.

A strategic shift at Afcom-GE Hudson resulted in greater emphasis being placed on import and distribution activities.

There was a positive response to consumer-focused range extensions at Buffalo Executape, previously a dedicated supplier to industrial users.

Berzack continues to concentrate on embroidery machines and up-market domestic appliances to counteract weakness in the clothing manufacture industry.

Macro-economic factors

Strong economic growth, low interest rates, modest general inflation and increased spending on national infrastructure created a positive business environment. High GDP growth drives up energy consumption and sharpens the need for



Afcom-GE Hudson
is the leading manufacturer and distributor of packaging closures and fastening solutions



Buffalo Executape
is an importer and converter of self-adhesive tape



Berzack Brothers
holds the agency for leading brands – Moulinex, Krupps, T-Fal and Rowenta



Pago
manufactures and distributes office furniture to corporate and commercial markets

improved demand-side management – positive factors for our electrical supply business.

World demand for commodities, especially copper, proved positive for Voltex, though greater volatility became a cause for concern. A more buoyant construction sector also supported demand for electrical cabling and equipment. Specialist tool supplier Ramset (a subsidiary of Afcom-GE Hudson) benefited from construction industry growth.

High levels of business confidence and a year of better-than-expected earnings by corporates created marketing opportunities while strong consumer spending was positive for business units with direct retail exposure.

The strong rand affected exporters in the manufacturing sector while encouraging cheaper imports; a threat to a number of traditional locally manufactured products.

Review of operations

Bid Industrial and Commercial Products

The move into a higher interest rate environment was a reminder of the need for credit extension vigilance.

Industry-related issues

The dominant factor in the electrical distribution industry was the substantial increase in the price of copper. The effect was to prompt electrical cable customers to increase stock levels to cover both current and projected needs. Copper prices declined marginally toward year-end, though the effect was masked to some extent by rand weakness.

Trading was adversely affected by high levels of Chinese imports, resulting in lower margins across many product lines. Local manufacture of certain low-cost seating ranges became uneconomical and was discontinued.

The business environment encouraged opportunistic competition from entrepreneurs seeking quick profit as direct importers of specific lines.

A strategic initiative with long-term significance for Bid Industrial and Commercial Products is government's commitment to national energy savings as power demand threatens to outstrip supply. Demand will continue to rise through further economic growth, coupled with plans to step up the national electrification programme. In the 2006 Budget, government pledged R4,4 billion over three years to help bring electricity to more low-income families.

Energy efficiency and cost savings have become key factors for major users of power in all sectors of the economy. This gives added impetus to the strategy of achieving stronger market penetration.

Business risks

Cyclical risk applies to various product lines, but the risk is balanced by enduring, day-in-day-out demand for many items in our range. The timing of office furniture purchasing is discretionary and influenced by the general business climate. However, demand for office consumables

is ongoing. Demand for packaging closures is affected by demand in the manufacturing sector, but there is a continuing, solid underlying demand for a wide range of electrical products.

Political risk is present as sales can be affected by policy priorities in areas such as housing, infrastructure investment and industrial development where backlogs currently exist.

The policy climate can also mitigate risk such as tactical incursions by direct importers and wholesalers focused on short-term profit. Such entrepreneurs rarely invest in skills transfer, make social investments or commit to empowerment. In view of BEE procurement policies, these opportunists may receive less support from major customers. International manufacturers wishing to align themselves with the needs of our market should also be made aware of the long-term benefit of supporting businesses that make wider social commitments.

Exchange-rate risk applies to all imported lines as order patterns are affected by expectations of rand weakness or strength. The risk is addressed by rigorous inventory control and judicious buying by an experienced management team with a proven track record.

Commodity price fluctuations – notably the copper price – create similar risks. Given appropriate buying skills, these fluctuations can represent a significant opportunity.

Competition from foreign imports affects some areas of the business, making it necessary to select the product lines in which to compete and those areas where an alliance with foreign manufacturers is more appropriate. This flexible approach has been adopted by Seating and Afcom-GE Hudson.

Skills shortages are an enduring challenge. Bid Industrial and Commercial Products responds by ongoing people development. Some technical fields are becoming



Voltex
is active in the industrial, reticulation, domestic and general electric markets

progressively more complex. Bid Industrial and Commercial Products increasingly consults to customers and offers optimum solutions. This deepens relationships, but requires training investment and the development of specialist staff.

Large, national companies all face attack by smaller competitors. Bid Industrial and Commercial Products responds by maintaining a balanced mix of customers and by offering South Africa's most extensive product lines and most substantial stockholding on a national basis.

Crime is another risk. Stockists of high-value goods are targets for organised theft. Constant vigilance and rigorous stock control are the only defence.

Sensitivity analysis

Major movements in exchange rates and copper prices are material risk factors. Metals prices can be volatile. In one short period of 2006, the copper price rose by R13 000 per ton. An inflationary pricing environment appears to favour a trading business, but cost increases of this magnitude are difficult to pass on to end-users. Conversely, significant price reductions can prompt strategic de-stocking by customers.

Prolonged bouts of rand strength reduce demand from the manufacturing and export sectors. Imports become even more price competitive and can make it uneconomic to continue with the manufacture of some items in our own range. Flexible staffing arrangements, therefore, have to be maintained. Management has to be vigilant to the risk of price and currency movements.

Structures and growth

The office stationery and office furniture businesses previously housed within Bidoffice have been integrated into Bid Industrial and Commercial Products. In common with

Review of operations

Bid Industrial and Commercial Products

our electrical distribution operations, these businesses have extensive branch networks and face similar warehousing and distribution challenges. Across certain lines it will be possible to offer a bigger basket of products to the same customer-base. These synergies will be pursued.

Two acquisitions took place. Versalec Cables, a specialised cable distributor based in Johannesburg, further broadened the extensive cable range. Litemor Electrical, an electrical wholesaler, which has a strong base in Mossel Bay and Oudtshoorn. These acquisitions strengthen our geographic coverage in an area of strong growth potential.

The businesses were buoyed by substantial organic growth.

National reach was achieved by our new specialist initiative to serve the retail supplier market. Our original stockist to this industry is located in Pretoria and has now been joined by sister operations in Cape Town, Durban and East London. Marketplace response has been positive.

The 50% holding in UK-based Stenochair was sold. The business had under-performed in recent years.

Kolok, South Africa's leading supplier of printer consumables, computer peripherals and data storage products, relocated its Gauteng operations to larger, purpose-built premises south of Johannesburg.

Black economic empowerment

Almost all business units across the expanded division have now achieved empowerment ratings. In most cases, "A" ratings have been achieved. Strong buy-in is evident by all businesses. The aim in the short to medium term is to further improve our ratings.

Performance across the BBBEE scorecard is reviewed every quarter. Consistent improvement has been noted in all areas.

We are now taking the BEE philosophy to a wider audience by organising "Supplier Days" to communicate our policy and explain the benefits of an improved BEE profile to late-adopters.

Each business within Bid Industrial and Commercial Products has in place a five-year rolling employment equity plan which is reviewed annually. Good progress has been made at junior- and middle-management levels. Renewed efforts are being made at senior management level to address continuing imbalances.

New investments

Significant investment in capital expenditure to maintain and improve the extensive branch network is ongoing. Investments in new technology and IT systems are progressing.

Investment continues into the upgrade of Cecil Nurse (CN) furniture showrooms nationwide while commitment to the new CN catalogue, the first in four years, ensured its successful launch in early July.

CN invested in new commercial vehicles following a strategic decision to change from outsourced deliveries. This resulted in the creation of new jobs.

Investment in enterprise resource planning (ERP) systems has been under way for more than a year at Waltons. R20 million was committed this year. New ERP systems are being implemented at Seating, Kolok and Dauphin; with Voltex, CN, Contract Office Products, Afcom-GE Hudson and Buffalo Executape in the evaluation stage of the process.

Machinery upgrades are under way at Afcom-GE Hudson as the business prepares to exploit growth opportunities in label manufacture.



Seating
is a locally manufactured product,
design-rich to counter cheap
imitations

Buffalo Executape made a R3 million investment in new machinery at its Spartan tape conversion plant to support additions to its product range.

Training investment across all business units topped R11,8 million.

Bid Industrial and Commercial Products is no longer simply a distributor but also a consultant and partner to our customers and increasingly markets highly sophisticated products. In this environment, the high quality of our people is a source of competitive advantage, demanding appropriate investment in training and development.

Innovations

Bid Industrial and Commercial Products has patented a robust and energy-efficient mining light. The new product spearheaded the Voltex marketing push into the mining industry and rapidly achieved broad acceptance. Sales to the mines more than doubled.

In the field of energy efficiency, the market shows greater acceptance of "smart solutions" that automatically regulate levels of lighting, air-conditioning, heating and ventilation. Building automation has progressed to the point where virtually all appliances and systems in residential, commercial and industrial environments can be controlled by intelligent

systems. This is a new market, but Bid Industrial and Commercial Products is well positioned due to its extensive brand portfolio, closeness to international trends and investment in skills and training. This training covers both internal staff and external specifiers and users.

In support of its innovative designs, CN has invested in exclusive lines of fabrics and foils to create a unique finish for its new furniture range. Exclusivity will make it impossible for competitors to clone the new look being showcased in the CN catalogue.

New specialised divisions of CN were created to focus and expand the range of products and solutions. CN Corporate Furniture is a corporate and project specialist. CN Plus offers value-added services such as space planning and consulting in respect of white sound. CN Café specialises in the hospitality market. CN Direct offers an online sales facility, primarily to private individuals and smaller enterprises. ACTA supplies a versatile demountable wall partition system.

Seating was instrumental in developing a range of chairs using moulded foam seats and backs as opposed to traditional plywood. These products have been well received by the market. They are attractive, comfortable, technologically advanced and copy-resistant.

Challenges

HIV/Aids remains a major concern. Awareness and education programmes are undertaken at regular intervals in all business units. Most members of staff have been exposed to Aids training at least once.

All businesses respect environmental legislation and are committed to operating as a "good neighbour" while showing environmental sensitivity. Our commitment to energy-efficient solutions reflects a wider philosophy of operating in a sustainable, socially responsible fashion without wasteful use of resources.

Review of operations

Bid Industrial and Commercial Products

Talent identification and staff development are special challenges for all successful businesses. In response, the division has in place cadet training programmes involving formal courses and on-the-job mentoring. The aim is to prepare high-calibre employees for supervisory and managerial roles. The initiatives have been well received.

Another challenge is how best to leverage and aggregate the resources of the expanded division to ensure all brands draw benefits from the wider structure. One method of exploiting synergies is to extend the scope of Voltex training to include divisional sister-companies. This effort will gain momentum.

The future

The national economy is expected to remain buoyant, though consumer-led growth may begin to falter as interest rates rise. In the 2006 Budget, government allocated an additional R34 billion to infrastructure projects over the next three years, indicating that infrastructure-led growth should continue.

Despite varying indicators, the industry should continue to grow in preparation for 2010 which will encompass the building of new and the upgrading of existing soccer stadiums and peripheral facilities. Furthermore, there appears to be a renewed demand for infrastructural spend around hotels, offices, apartments, hospitals and schools. The Eastern Cape "moratorium" on the creation of new golf estates has now come to an end, creating expectations that resort development will also gather pace. Investment in Gautrain can be expected to prompt the development of new retail nodes close to stations and terminals, supporting demand for cabling and other electrical equipment.

When new property development takes place, energy-efficient lighting solutions will increasingly be specified at the outset – contributing to demand in an area of core competence.

Bid Industrial and Commercial Products expects further success as a facilitator of national energy-saving initiatives. Voltex now has an established base in the industrial and corporate sectors which will be further expanded. Growth in the mining industry will continue to be sought.

The challenge of maintaining appropriate stock levels will be as crucial as ever. The dramatic rise of the copper price during the year has continued unabated while the rand weakened significantly. We continue to monitor the situation on a daily basis.

Continual improvements in BEE scores are being achieved by operational units and the broad-based approach to empowerment is better understood. In some sectors of the economy – notably among municipalities – the division continues to communicate its BEE status, albeit with limited success. It is imperative that government speedily finalises the codes.

The economic environment remains highly competitive and rigorous margin management will be essential. Strategic investment has been, and is still to be, made in capacity, systems and branch infrastructure, creating a platform for growth.

VOLTEX ELECTRICAL DISTRIBUTION

Voltex widened its penetration of the industrial and corporate sectors. This business is leveraging the benefits of its relationship with Eskom to promote demand-side management (DSM) across industry and commerce. As an accredited energy services company, Voltex conducted a record number of DSM audits during the year.

Major contracts have been signed with large corporate groups. Energy-saving solutions increasingly lead to new business in other areas and continued growth is anticipated.



Afcom-GE Hudson have a well-trained team focusing on providing customers with solutions, supported by quality product and service excellence

Wholesale

All units performed extremely well, achieving strong growth in volumes and operating profit. An acquisition will further strengthen the geographic spread.

Specialist

The specialist business achieved major growth. A significant driving force was the ability to effectively trade with stock accumulated prior to rises in the copper price. This policy, however, had a negative impact on working capital levels. The acquisition of Versalec Cables will further complement an already extensive range.

BERZACK BROTHERS

The business units – suppliers of industrial sewing and embroidery machines, domestic appliances and ancillary products to manufacturers in the garment, luggage and stationery industries – felt the knock-on effect of Chinese imports. Important segments of the customer-base in the South African clothing and textile industries were under great pressure and orders suffered.

In response, Berzack targeted emerging business in the informal sector and achieved notable successes with a new range of competitively priced machines. Furthermore,

Berzack continued its strategy of seeking greater penetration of the domestic appliance market. New launches in 2007 by ranges such as Moulinex, Jamie Oliver's Italy and Krupps coffee-makers will further strengthen the offering.

EASTMAN STAPLES

This United Kingdom-based supplier of sewing machines and associated items to the clothing industry was adversely affected by a diminishing market as its customers felt the effects of cheap Chinese imports. Eastman Staples continues its cost-cutting programme as it awaits positive direction from the industry it serves.

STATIONERY

Waltons Stationery Company/Hortors/SA Diaries/Waltons Promotional Gifts

Waltons performed well while its promotional gifts business made a positive contribution, albeit relatively small. Growth was fuelled by an improved performance by the office furniture division.

Waltons continued its strategic process of relocations and new branches were opened to heighten the brand profile. The "mix" of premises remains focused on retail stores, large commercial distribution centres and combo-stores that combine a retail front-end with distribution capabilities to support commercial customers.

Further opportunities for acquisitions in the gift business are being explored. Investment in improved IT systems is anticipated.

Hortors, a specialist supplier of forms and diaries to the legal profession, continued to lead its niche in the development of electronic solutions to a traditionally paper-based sector.

Review of operations

Bid Industrial and Commercial Products

Kolok

Kolok performed satisfactorily. Operations in Johannesburg, Durban and Namibia moved to larger premises designed to facilitate the company's sales-channel strategy. Sales volumes grew substantially, necessitating more efficient workflows.

Simultaneously, a new marketing strategy was adopted based on specialised support for distinct retail, corporate and dealer channels. The result was improved volumes and higher levels of customer satisfaction and further marked benefits are expected.

New operations were opened in Port Elizabeth and Botswana. Both are performing in line with expectations.

Margin management continues to be a challenge in a market characterised by currency volatility.

Contract Office Products

Strong demand for traditional stationery items was seen, but offset by a margin squeeze in the market for computer media. Contract Office Products acquired the assets of a small black-owned contract stationer in the Johannesburg CBD. The effect was to save three HDI jobs at an under-performing business while strengthening our presence in a key area.

OFFICE FURNITURE

CN Business Furniture/CN Manufacturing/Budget Desks and Chairs/Office Furniture Clearance House

The re-branding of Cecil Nurse to CN Business Furniture has initiated a shift from a product-only focus to a platform offering complete office solutions. The CN Group now comprises specialised divisions that each target a specific market.

CN achieved growth in both revenue and operating profit.

This trend is expected to continue following the successful launch of the new CN catalogue. CN's unique designs firmly entrench the business in style leadership. CN Manufacturing, the dedicated desk supplier to CN, saw increased volumes in line with the distributing arm's growth. The expansion into the Pretoria area by Budget Desks and Chairs proved successful and contributed to a pleasing performance.

The minority interest in Office Furniture Clearance House was acquired, with Budget Desks and Chairs assuming overall management control.

Dauphin Office Seating

The business benefited from a strong order-book in the highly cyclical corporate-project sector. The customer-mix is well balanced between clients from the public and private sectors. An outstanding performance was achieved.

Seating

Manufacturing operations are increasingly complemented by the import of affordable seating ranges from China. A flexible response to foreign competition enabled satisfactory results to be returned. A joint-development project has resulted in an exclusive supply arrangement for a new line of seating that incorporates moulded foam technology, an eco-friendly alternative to more conventional methods. The concept holds good sales potential in both the domestic and export markets.

Pago

Last year's marginal loss was reversed as this soft-seating manufacturer and importer put in a satisfactory performance. New lines that combine good aesthetics with low pricing were sourced from Europe and China and achieved the anticipated sales success.



Kolok
wholesalers and distributors of a
wide range of stationery products
and computer consumables

PACKAGING CLOSURES

Afcom-GE Hudson/Ramset

Expected growth was dented by the effects on the local manufacturing sector of cheap imports and a strong rand. Margin pressure was intense. In an extremely flat year, the business was re-focused to give greater emphasis to import and distribution activities. Cost increases were kept well below the prevailing inflation rate. A number of retrenchments were forced on the business.

On the positive side, the new label machine at the Bloemfontein factory reached full capacity in line with projections that these activities offered considerable growth potential. A new agency was acquired for a fastening system that meets the needs of both the furniture and fencing industries.

Ramset, the specialist supplier of power-actuated tools to the construction sector, achieved pleasing growth. The business targeted the protective packaging sector with the launch of a new range of fastening tools and air-pad machines.

Deflationary pressures appear to be easing while the rand has shown signs of weakness. These developments are

positive for Afcom-GE Hudson, creating an expectation of double-digit growth in trading profit and solid revenue gains.

Buffalo Executape

New investment in people and technology created a platform for pleasing growth in revenue and trading profit by South Africa's leading convertor and supplier of adhesive tapes.

The creation of an innovative range of lifestyle tapes enabled a highly successful entry into retail markets. The strategy will gain further momentum with the introduction of improved merchandising targeted at major stores. Early identification of the need for high-speed splicing solutions within the paper industry created growth opportunities in a key industrial sector.

The business will seek further growth in trading profit and revenue. The strong BEE track record at senior level continues to underpin marketing efforts to the industrial sector as BEE procurement becomes a key issue for many corporate customers.

Review of operations

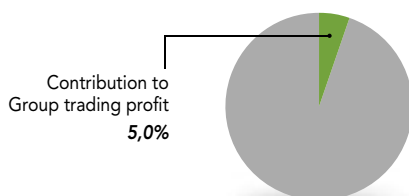
Bidpaper Plus



Bidpaper Plus is the South African market leader in print production and value-added fulfilment services. Core competence in business forms manufacture, label production and personalisation and mail is complemented by strategic growth into digital and electronic solutions. The manufacture and distribution of high-quality stationery augment an extensive range of services. Bidpaper Plus has a broad national footprint and exports its products and services to markets in Africa and beyond.

- ▶ Stand-alone divisional structure created and new identity established with internal realignment
- ▶ Revenue growth up 4,7% to top R2,0 billion
- ▶ Profitability rises 13,9% to R181,9 million
- ▶ Contracts won to supply election materials to Uganda and the Democratic Republic of Congo
- ▶ New investment in Silveray Manufacturing
- ▶ National presence created for Lithotech Afric Mail along with jobs growth
- ▶ Strategic contract success as we win Cape Town City Council account
- ▶ Disposal of interest in Lithotech France

Neil Birch
Chief executive



Introduction

The stand-alone business unit, Bidpaper Plus was created when businesses in the Printing and Paper Conversion segment of Bidoffice were given separate divisional status. The inclusion of Kolok Africa added critical mass.

The disposal of Lithotech France caused no disruption as there was no operational integration between the South African division and this European business.

In many respects, the timing of divisional status and the new identity were opportune. The new name concentrated industry attention on the "Plus" activities of the business just as greater marketplace focus fell on e-billing and value-added services.

Internal structures have been amended to gather all printing and related activities into cohesive units covering a range of competencies (personalisation and mailing, labels, printing and paper conversion, and sales and distribution). Stationery Distribution (home of the merged and refocused Silveray

stationery company and Statmark) is a separate entity. So is Alternative Products, the business unit focused on e-mail, IT solutions and consultancy support.

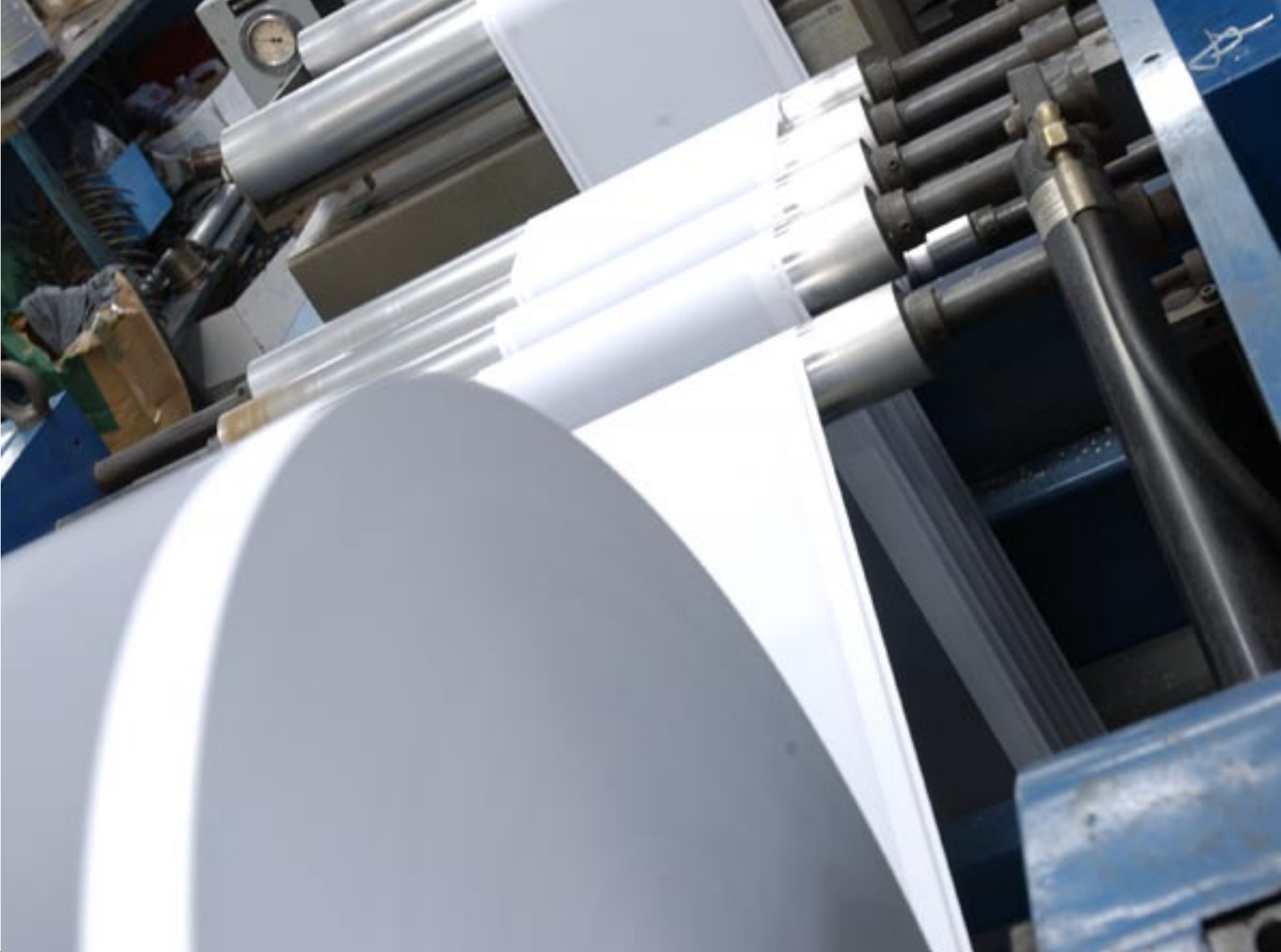
Trading conditions were highly challenging. Even so, a measure of growth was achieved in trading profit and revenue. The quest for efficiencies was intense, but without sacrificing jobs. Indeed, modest jobs growth was achieved within our mailing operations. The division now employs 4 073 people.

Sales successes were largely a function of organic growth. One small acquisition was made. The focus was on new investment to expand the product range and reinvigorate segments of our brand portfolio.

Macro-economic factors

A strong rand and international competition contributed to a deflationary climate and, in many cases, prevented any internal cost inflation being passed on to customers. Low levels of general inflation encouraged customer resistance to price increases.

High levels of retail spending underpinned strong demand for quality printing, not only boosting consumer segments such as magazine titles, but also having beneficial effects in



Lithotech
market leaders in print and print-related products



Kolok Africa
a leading provider of printer consumables



e-mail Connection
has positioned itself as the leading electronic document generation, delivery and management company in South Africa



Silveray Statmark
manufactures and distributes stationery products

the area of business forms manufacture and bill presentation. During a consumer-led boom, the volume of monthly accounts rises. Simultaneously, major retailers and financial service groups demand that these accounts be generated promptly and accurately, creating marketing opportunities at Bidpaper Plus where print-to-post and value-added fulfilment services are their core competence.

Industry-related issues

e-billing and electronic solutions proved themselves in a breakthrough year – confirming the soundness of our recent investments in these competencies. Retailers and financial service providers are increasingly pushing for electronic solutions while more widespread consumer comfort with e-mail billing is now evident.

Crime (or the threat of it) is also driving growth in certain areas of the business. Built-in label security has become a key specification by customers who are trying to protect their brands from piracy. Anti-copying, verification and track-and-trace features are increasingly demanded, reinforcing relationships with retailers and other customers who are looking for a trusted, highly professional partner to handle label production.

Review of operations

Bidpaper Plus

Business risks

An operation focused on printing and paper conversion is obviously dependent on paper suppliers. In South Africa, the buyer of paper faces a strongly entrenched duopoly and has little opportunity to negotiate competitive prices. This creates a risk that the pricing practices of the major suppliers will have an impact on margins and our ability to aggressively pursue some marketplace opportunities. For this reason, Bidpaper Plus applauds recent official scrutiny of the practice of import parity pricing.

Exchange rate risk is also apparent. A strong currency increases our vulnerability to competition from some imports, but we are also importers and, therefore, this risk is often balanced.

Technology risk is a factor as the printing industry uses increasingly sophisticated systems. The risk is managed through our membership of the European Forms Manufacturers' Association (Eforma). Eforma scans the technology horizon for new developments. When an Eforma member becomes an early adopter of any new technology, information is shared across the relevant focus group.

In this way, techno-risk is turned into techno-opportunity. Bidpaper Plus was aware at an early stage of the trend to full digital colour printing in response to demands from direct marketers. Reports from partner companies identified the market indicators which have now triggered the entry of Bidpaper Plus into this market. Costly errors stemming from premature entry have been avoided.

Technology risk may apply to a greater extent to competitors who lack our capital resources. Sophistication drives up the cost of investment in new systems. The tendency is for smaller players to fall off the pace and surrender competitive advantage to the well-resourced company that makes sustained investment in research and development.

Skills shortages also pose risks. Bidpaper Plus invests heavily in skills training while supporting the Printing Industries Federation training college as a contributing sponsor. We benefit from our status as one of the industry's largest employers and the biggest brand in the fields of form production and laser printing and mailing. We tend to retain talent as we can offer skilled employees proper career development opportunities.

Our size does not leave us vulnerable to inroads by smaller competitors. Our national footprint makes us the preferred partner of large organisations that demand nationwide representation and distribution capacity.

Sensitivity analysis

The most material risk relates to technology change and the threat of the paperless office. In response, the business continues its strategic programme of diversification into electronic solutions to meet customer communication needs. The areas of communication and advertising are frequently revisited by legislators. Therefore, public policy risks apply, specifically the privacy issues raised by some direct mail campaigns. This risk has been managed by achieving an improved business balance with greater emphasis on commercial offerings.

Structures and growth

In April, a small acquisition was made in KwaZulu-Natal. The operation has now been re-branded Lithotech Afric Mail Durban. This means our laser printing and mailing operations have a presence in all major metropolitan centres. Print-to-post activities benefited from high levels of consumer spending, helping us to achieve modest jobs growth.

A strong resource-base in different regions is increasingly important as major customers expect their partners to have disaster recovery programmes in place, with back-up at several sites. Furthermore, speed-to-market is key for big banks and national retailers. Our ability to split data regionally and accelerate the distribution of finished material to local end-users has become a source of competitive advantage.

These factors help explain the high levels of contract renewal across Lithotech Afric Mail – a key feature of the year.

Leveraging maximum benefit from our national stature will receive even more attention. This process will be facilitated by our new "family" structure and easy access to national sales and distribution capabilities by all contributors.

The Silveray and Statmark merger has bedded in well.

The inclusion of Kolok Africa within the new division is logical. This business produces thermal point-of-sale ribbons, carbon-paper and associated items, thermal printer ribbons and security foils. This creates natural synergies with Ozalid-provided printers and allied consumables.



Printing and Conversion
provide strong support to personalisation
and mailing activities

Black economic empowerment

Greater understanding of the Bidvest BEE model is evident. Group level commitments have tangible end-results, as shown by the sustained operation of our BEE joint-venture, Phakama Print.

Our BEE credentials came under close scrutiny when Lithotech Afric Mail Cape tendered for the contract to laser print and mail the water and lights accounts of Cape Town City Council. Our Cape team won the contract, demonstrating the growing strength of our BEE profile and the potential for further inroads into public sector business.

New investments

A R25 million investment was made to enhance the quality of stationery manufacture. Old equipment is being replaced by state-of-the-art machinery. The 18-month upgrade programme will continue into 2007.

A major beneficiary of the programme is Silveray Statmark, the custodian of numerous business stationery and scholastic

stationery brands (Croxley, Sellotape, Rapid, Penguin, Pelican, Stabilo Boss, Helix, Esselte and Dymo).

Investment in technology and capacity is ongoing.

Innovations

Our innovative approach to value-added fulfilment services was highlighted by new contract successes for our "elections-Africa" team, part of our export division. Hot on the heels of their success in supplying materials in support of November's referendum in Kenya, they won the contract to provide a solution for the Uganda Electoral Commission. The team had to print 33 million ballot forms to a tight deadline.

They followed up by winning an even larger contract to provide support material for the DRC elections. In both instances, we faced international competition. A key factor in winning the business is our proven ability to deliver an all-in-one solution no matter what the requirement.

We supply an election kit in a box, covering printed material, pens, pencils, calculators, official attire for observers, ballot booths in a pack; even emergency lighting. Often, printed matter is only a minor element in the complete package. The scale of operations can be breath-taking. Material in fulfilment of the DRC contract filled 30 Russian Antonov cargo planes.

Review of operations

Bidpaper Plus

Our latest product – launched toward year-end – is a digital pen and paper set, targeted initially at financial service providers. A built-in miniature camera enables the electronic pen to capture pen strokes as they are made. It stores the information and can transmit the data using various devices. The pen is used in tandem with digital paper that uses a pattern of minute dots.

Use of the pen in conjunction with digital paper enables the fields in a business form to be captured onto a computer template as the person completing the form enters details and ticks off preferences. An order can be taken or confirmed there and then. Data from the pen can be downloaded into a PC, laptop or to a central server via 3G cellphone.

Bidpaper Plus has been authorised by the product developers (Annoto of Sweden) to print the digital paper. The Annoto connection was facilitated by Standard Register of the USA, with whom a long-standing relationship exists.

Challenges

HIV/Aids education and awareness training have been carried out for many years at all operations. The effort is complemented by access to HIV/Aids testing and counselling services. Training of suitable candidates also enables business units to lay on counselling from a peer group adviser within the work situation.

Increasing attention is being given to gathering information on levels of HIV infection across business units – while guaranteeing absolute confidentiality. The intention is to build a fuller picture of where prevalence is highest. This will enable support to be targeted most effectively.

Skills development remains a priority. Technical training increasingly has to be complemented by sales training. Bidpaper Plus takes a solutions approach to its business and becomes a consultant to customers. Cross-selling is another priority as we “break down the silos” to create total solutions. Ongoing investment is necessary to build these skills.

Talent identification and fast-tracking of high-potential staff members are bearing fruit, creating quality candidates for further development.

Total external training spend over and above the statutory training levies topped R400 000 and 5 500 training hours were logged.

Selection for attendance at The Bidvest Academy is regarded as an honour. All nominees embrace the opportunity with great enthusiasm. Academy training covers both business and life skills and the boost to self-confidence is apparent in all graduates. Bidpaper Plus has already promoted a number of graduates to more senior management positions. Their progress is being closely monitored and supported.

The challenge of meeting BEE scorecard targets is being successfully addressed. The business holds an “A” empowerment rating. New ratings are being sought with the intention of moving higher up the “A” category. Particular attention will be given to improving our BEE procurement scores and achieving more recognition for our social investment.

A new CSI strategy is being developed, putting the accent on smaller, community-based projects that enable local business units to make a difference in nearby communities. We will seek partners (for example, charities and donors) to bring critical mass to faltering projects and use our skills in project delivery to speed the implementation of initiatives that might otherwise stall.

One point of focus is participation in the upgrading of the Nkosi Haven for Aids Orphans.

Educational support remains at the heart of our CSI programme. We can make a practical contribution as a major provider of learning materials and stationery. We donate stationery to various educational initiatives in disadvantaged communities.

The challenge of maintaining a safe working environment has always been taken seriously at Bidpaper Plus. Quality working practices are rigorously managed.

Prime focus when addressing the environmental challenge is to ensure that full use is made of recyclable paper. Unfortunately, it has not been possible to find a substitute for siliconised backing sheets, but almost all other materials processed by our businesses are recyclable. We avoid or reduce the use of toxic inks and solvents. Where no alternative exists, we ensure that only registered disposal agents are used when handling the waste products.

Our five-year employment equity targets were met and a new strategy is rolling out. Lithotech Afric Mail has given an industry lead in the employment of people with disability, some of whom have since achieved formal qualification.

The future

Trading conditions will remain highly competitive. Overseas competition can be expected to continue, despite some weakening of the rand; this impacts many of our stationery lines. However, new investment in modern stationery manufacturing plant will enable a strong marketing push by Silveray Statmark. Brand rejuvenation for well-accepted lines such as Croxley is imminent.

The strategy of reducing our dependence on the mature business of forms manufacture has proved successful and will continue.

Growth opportunities will be aggressively pursued in product categories such as self-adhesive labels. Short-, medium- and long-term growth potential is also evident in the field of secure labelling.

Exciting developments have emerged in the realm of identification tag technology, using miniature computer chips to authenticate ownership of tickets and other items. The technology was employed to keep track of tickets at the 2006 Soccer World Cup in Germany. We have liaised closely with the European ticket-makers and, together with foreign partners, will be able to offer similar ticketing solutions to the organisers of the 2010 Soccer World Cup here in South Africa.

Our positioning as the country's leading one-stop shop for fulfilment services will be aggressively exploited. We will leverage our national sales and distribution capabilities to reinforce our position with nationally represented clients.

Further growth in electronic solutions is forecast. The challenge is to create add-on services now basic e-mail bill presentment has become well accepted. The potential for online payment services, digital document depositories and other digital solutions will be thoroughly explored.

The potential for greater penetration of the public sector will grow as our BEE profile improves. This opportunity will not be neglected.

International alliances, notably with Standard Register of America, create a platform for growth as more multinationals look to enter high-potential African markets. Our ability to serve widely dispersed African jurisdictions is in no doubt, making us a valuable partner of multinationals looking for support.

The division intends to seek continued revenue growth with the goal of achieving a double-digit increase in operating profit.

PRINTING AND RELATED

Personalisation and Mail

Our print-to-post operations performed exceptionally well and will continue to grow. Higher interest rates may affect the economy's consumer-led growth, but will simultaneously sharpen the need for prompt bill presentment by financial service providers and credit-focused retailers. Personalisation and Mail is well placed to meet these needs.

Labels

Our label production capacity has been consolidated and expanded. A team of dedicated sales staff is in place and will aggressively seek further growth.

Printing and Conversion

Pleasing volume growth and efficiency gains have been achieved. These will be maintained. Printing and Conversion provided strong support to personalisation and mailing activities. These synergies will again be a point of focus. Investment in world-class stationery manufacturing facilities will provide the platform for new growth in this highly competitive sector.

Sales and Distribution

The team achieved pleasing levels of customer retention while demonstrating the potential for growth by leveraging the national sales and distribution footprint. Further growth will be energetically pursued.

STATIONERY DISTRIBUTION

The business unit faced a challenging year, but the merger has now bedded in and the team will seek new growth off the back of improved service to the trade and a re-invigorated brand line-up.

ALTERNATIVE PRODUCTS

E-Mail Connection and Lithotech Solutions enjoyed a breakthrough year. They demonstrated many of the "plus-points" in our Paper Plus positioning and are poised to continue along the growth path. The newly launched digital pen and paper set could become the team's "signature product", providing a channel to greater penetration of the banking and insurance sectors.

Review of operations

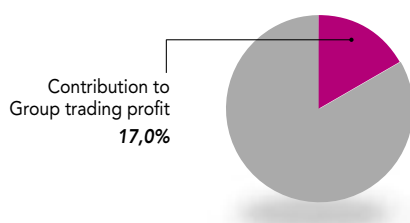
Bid Auto



Bid Auto is South Africa's second largest motor retail organisation, with nationwide representation across more than 100 wholly owned dealerships. Its activities span vehicle import and distribution, new and used vehicle sales, parts and service, financial services and fleet support, vehicle auctioneering, online retailing and vehicle and truck rental. McCarthy represents most vehicle marques and is the importer and distributor of all Yamaha products in South Africa.

- ▶ Best ever year for McCarthy for both vehicle sales and financial performance
- ▶ Total revenue rises 18,8% to R16,2 billion
- ▶ Trading profit increases by 30,9% to R621,3 million
- ▶ Operating margin reaches record high of 3,8%
- ▶ Return on funds employed significantly above budget at 59,3%
- ▶ Total new and used units sold up 16,2% to 84 393
- ▶ Service bay utilisation hits new peak, with more than 700 000 vehicles serviced
- ▶ Strong jobs growth – up from 5 289 to 5 795 – with more to come
- ▶ McCarthy Insurance Services becomes top profit-earner at Bid Auto

Brand Pretorius
Chief executive



Introduction

Due to favourable macro-economic conditions as well as enhanced vehicle affordability, the new-vehicle market fired on all cylinders. McCarthy optimised favourable trading conditions by recording its best ever year. Total vehicle sales approached 85 000 units, an increase of nearly 13 000 units.

The retail network was extended and substantial investments were made in the upgrade of facilities.

Revenue reached R16,2 billion, a rise of 18,8%, while trading profit increased by 30,9% to R621,3 million. Margins were at a record high of 3,8%. At 59,3%, the return on funds employed was well ahead of budget.

McCarthy job creation was also at record levels. The staff complement rose from 5 289 to 5 795. It is anticipated that

expansion plans could generate up to 900 more jobs in the coming year.

Despite intense competition from finance packages marketed by the vehicle manufacturers, our financial service business has emerged as a strong contributor to the bottom-line. McCarthy Insurance Services is the biggest single profit-earner within McCarthy.

Macro-economic factors

For almost the entire period, strong GDP growth bolstered business confidence while relatively low interest rates and inflation encouraged a high level of consumer spending. Salary and wage increases above the prevailing CPI added to disposable income, while ready access to credit increased the propensity to purchase.

The 0,5% rise in interest rates in early June occurred too late in the period to have any material effect on sales patterns for the year or on the generally upbeat mood of the new-vehicle market.



Bid Auto
McCarthy's flagship new Mercedes-Benz dealership in Berea, Pretoria was completed during the financial year



Mitsubishi's Pretoria
operations were relocated to a stand-alone dealership in Hatfield



Fiat and Alfa
McCarthy's first freestanding Fiat and Alfa dealership was opened in Germiston in May 2006



Toyota's
dealerships have earned a reputation for committed service and have won many prestigious awards from Toyota SA over the past 35 years

Continual increases in the cost of fuel created inflationary concerns (and were a particular worry for the automotive industry), but had only a limited impact on buoyant trading conditions.

Industry-related issues

Positive business sentiment was reflected in high levels of fleet-buying. In general, company orders account for 60% of all new car sales. Vehicle sales were also supported by increased deliveries to Budget Rent a Car.

The emergence of a new black middle class kept new car sales at full throttle throughout the year. Industry-wide, it is estimated that upwardly progressive black families now account for one out of every three cars sold to private consumers.

For three years, the market for new vehicles has witnessed price deflation in real terms. A key factor has been our stable currency. However, a new bout of rand weakness has set in.

Review of operations

Bid Auto

Strong, sustained demand has encouraged an increasing number of international vehicle manufacturers to participate in our market. Forty-eight marques and more than 1 200 different models are now on offer in South Africa; an incredibly wide range for what is a small market in world terms. This explosion in vehicle options increases competition and puts constant pressure on margins.

New-vehicle price deflation continues to depress values in the used-vehicle sector, creating a buyer's market in quality used stock.

Last year, just over 618 000 vehicles of all types were sold in South Africa, a 28% rise. This is the third consecutive year in which sizeable increases have been achieved in new-vehicle sales. As the vehicle population grows, capacity pressures mount. The need is becoming acute across the automotive sector for new investment in service facilities and in the training of technicians and other specialists.

Business risks

Business cycle sensitivity is accentuated in the automotive market because new vehicle sales are a key indicator of consumer and business confidence. However, the risk affects all retailers of durable goods.

Interest rate hikes and low economic growth affect purchasing decisions and lengthen the vehicle replacement cycle. However, interest rates were at a 25-year low until recently, while sound financial management by national policymakers has resulted in steady economic growth.

Exchange-rate risk also applies and the issue was again highlighted. Managing volatility will always be a challenge. But, in general terms, the rand has tended in recent years to move in a much narrower band than previously.

Policy risk cannot be avoided in a strategic sector such as transport. Policy changes, budgetary allocations to road building, fringe-benefit taxation, environmental legislation and competition issues can all affect the industry.

However, transport infrastructure continues to enjoy a high priority with national planners. In the 2006 Budget, Treasury ear-marked R15,1 billion over three years to the provincial infrastructure grant (part of which funds provincial road construction and maintenance). Another R1,9 billion has been committed for national roads. At the same time, the automotive industry has shown itself well able to cope with the introduction of cleaner fuels and other environmental measures.

Risks associated with competitive activity and capacity challenges have tended to grow in recent years, but create a relative advantage for well-resourced industry players (of which McCarthy is one).

Brand image is key for vehicle manufacturers. They demand a retail showcase which reflects their up-market brand values. This puts continual pressure on dealers to increase their level of fixed investment.

Further investment is required in service facilities and technical training as the vehicle population grows. New models use sophisticated technology. This means a high calibre of recruit has to be attracted, trained and retained.

Advances in engine technology and warranty one-upmanship by manufacturers add to vehicle servicing pressures. Extended warranties and comprehensive maintenance plans increase the service-bay workload. The widespread adoption of loyalty programmes increases customer retention (which is good), but also increases the demand on service capacity (which can be a challenge).

Technology can lessen as well as add to pressure. More reliable and sophisticated engines enable service intervals to be extended. The use of long-life components, less aggressive low-sulphur, low-alcohol fuels and smart solutions such as self-adjusting cambelts and platinum-tipped spark plugs enable trouble-free motoring and reduce service frequency.



Toyota

McCarthy Toyota's new facility in Paarl was the first Toyota dealership in the Cape to conform to Toyota South Africa's 2010 dealer standards

Certain industry trends also contain implicit, long-term risks to the business. Deflationary pricing and intense competition by a growing number of marques have resulted in constant margin erosion. Year after year, dealers have been rescued by higher volumes. In consequence, vehicle retailing has become a high-volume, low-margin business. If volumes stall, some retailers will stumble – especially as fixed costs have been driven to unrealistically high levels by brand image demands from some of the manufacturers.

The best protection is a constant, rigorous business model and judicious margin management by well-run operations. In future, motor retailers will need a reliable plan B should their A game (volume business) take a knock.

Opportunistic attacks by “grey importers” is a risk. Yamaha Distributors have to deal with importers who bring in recently discontinued lines from overseas markets and retail them at

cut rates, but provide no service support. These activities are addressed by collaboration with consumer groups and the authorities to encourage these entrepreneurs to behave with a sense of responsibility to their customers.

In this case, the Consumer Protection Act has been used to good effect. Grey importers are now required to repackage these goods so there can be no implication that the products come directly from Yamaha and enjoy factory support. In addition, the customer has to be informed that the product has not been sourced through an authorised importer.

Sensitivity analysis

Macro-economic factors have a material impact on business growth. The key concern is fluctuating business and consumer confidence and its effect on vehicle sales volumes. A degree of vulnerability is acknowledged in view of high fixed costs. Should confidence (and sales) slide, defensive action would include cost-cutting and rigorous asset management. Fortunately, the McCarthy model has become more robust thanks to the strength of McCarthy Financial Services and Yamaha Distributors. In a declining new vehicle

Review of operations

Bid Auto

market, dealers would hope to receive more favourable business terms and lucrative performance incentives.

Structures and growth

The most material change to the business structure involved the creation of the McCarthy vehicle import and distribution division, comprising Gaz Southern Africa and AutoChina SA.

Gaz Southern Africa – a partnership with the South African Taxi Council (SANTACO) to distribute Gaz commercial vehicles from Russia – was formed in 2005. Its core offering is a competitively priced taxi range. Marketing plans, however, were affected by delays in government's taxi recapitalisation programme. We are well positioned to benefit as the recapitalisation plan moves forward.

AutoChina SA was created following an agreement signed in 2005 for the importation and distribution of vehicles manufactured in China. Distribution and marketing of these exciting introductions to our market will not begin until the first half of calendar year 2007. The time-lag was unavoidable in view of the need to convert the new range to right-hand drive.

The import and distribution capability brings a new dimension to McCarthy operations and reduces our reliance on established franchises, creating a better balance to the overall business.

The launch of Budget Van Rental was followed by the roll-out of outlets in all major metropolitan centres. The new business leverages off the Budget Rent a Car brand. Some outlets are wholly owned; some are franchises.

Renewed growth in fleet business is being aggressively pursued following the re-launch of McCarthy Fleet Services as a provider of the full spectrum of fleet services, including management information, lease products, maintenance packages, buy-back options and fleet management expertise.

Black economic empowerment

Bidvest's BEE credentials support our activities in the fleet sector, especially among government departments and major corporate groups which increasingly expect their procurement programme partners to have a strong BEE profile. A black commercial director was appointed in November and is pursuing new business opportunities.

Our partnership with SANTACO not only covers the Gaz initiative. They are also McCarthy's partners at the highly successful Toyota dealership in Gezina, Pretoria.

McCarthy gave an industry lead in BEE by launching joint-ventures with black entrepreneurs and providing seed capital. Enterprise development remains a point of focus. The franchise component of the Budget Van Rental business provides new opportunities to foster BEE. A minimum 26% BEE shareholding is required of all prospective Budget Van Rental franchisees.

New investments

A total of R200 million was invested in new facilities and the upgrade of existing facilities. The largest single franchise investment involved a R45 million commitment to our new Toyota/Lexus mega-dealership in Kingsmead, Durban. The upgrading of dealerships and other premises is undertaken in partnership with Bidvest Properties; a collaboration which delivers ongoing efficiencies.

Innovations

Innovative product structuring was a feature of the new business success achieved by McCarthy Financial Services.

McCarthy Call-a-Car created a South Africa "first" by introducing vehicle search-and-buy via cellphone. The concept was piloted in 2005 and went live in early 2006. The innovation provides a direct line to South Africa's estimated 26 million cellphone users as they upgrade to 3G standards. The mobile browse-to-buy facility requires GPRS (General Packet Radio Service) enablement. Searches can be conducted according to price, make, series and region. McCarthy Call-a-Car now offers access to its database of



Renault
McCarthy's first Renault operations opened for trading in Pietermaritzburg and Johannesburg

new and used vehicles across call-centre, on-line and mobile platforms.

A revamped used-vehicle customer-satisfaction survey was introduced in October 2005. The survey poses fewer questions, but they are more pertinent to the customer experience of McCarthy. The more streamlined research tool is a key element in the strategy to provide a consistently high standard of customer service.

Time constraints have been identified as a key issue with consumers. One demand is for rigorous appointment scheduling of service business; driving in on the hour, driving out one or two hours later. Another is for vehicle servicing outside normal business hours. A pilot operation was launched to explore the practicalities of double-shift operations, but at the moment labour legislation, industry regulations and staff transport problems inhibit this type of innovation.

Market response to the McCarthy Student Wheels concept has been positive and three outlets are in operation. Student Wheels offers reliable small cars plus a McCarthy warranty and insurance package for R55 000 or less. The major constraint to more rapid growth is a shortage of quality stock in this price range.

Yamaha Distributors has begun marketing the new Yamaha robotics range. Expansion of the product portfolio makes

Yamaha Distributors the only Yamaha partner worldwide to carry the brand's entire range, from motorcycles to leisure craft to home entertainment to industrial and micro robots.

To entrench our reputation for recruiting the brightest and the best, Bid Auto plans to launch an on-line talent procurement engine, careers@mccarthy. A national advertising campaign will help drive potential candidates to our site.

Challenges

The need to attract and retain excellent human capital has never been more important. It is pleasing to report that employee satisfaction reached the highest level over the last decade.

Leadership in training was underlined when McCarthy Training Centre became the only employer-owned, fully SAQA-accredited institution in the motor industry able to offer National Certificates in servicing and maintaining vehicles, in autotronics and sales and support services across levels NQF 2 and NQF.

The McCarthy Training Centre provides training to 1 100 technical trainees a year – an estimated third of all such trainees in the automotive industry. Seventy-seven percent of all technical trainees are black.

McCarthy's reputation for training excellence is such that a number of manufacturers and retail groups entrust technical training to our teams.

Increased vehicle sophistication demands increased investment. McCarthy responded in 2006 with a R1 million commitment to advanced electronic training modules.

Today's changing customer-profile was anticipated in 1998 by the launch of sales-cadet training, with strong emphasis on HDI candidates. Today, 80% of the intake is young, ambitious and black.

Review of operations

Bid Auto

During the year, 63 sales and 383 technical learnerships were managed while 725 were managed for other companies. A further 66 competency-based management training apprenticeships were facilitated. More than 75% of all learners were black. The development of young managers has become a key focus and, to support this, a 24-month NQF 5 level emerging business leader programme (EBLP) was launched involving 45 delegates, 85% of whom are black.

In all, 5 372 course attendances were recorded spanning 12 423 training days and 190 different courses. Eighty-five black staff received adult basic education and 14 bursaries were granted. Four ex-bursars were employed in the year. These previously employed ex-bursars and EBLP students form the core of a new group of prospective managers. Fifty-five staff participated in the mentorship programme.

McCarthy Training and Development began conducting courses for various other Bidvest divisions.

In the non-technical area, the syllabus continues to grow. An emerging business leader's programme has been introduced. Management understudies and "shadow managers" will be appointed to provide an on-the-job insight into managerial responsibilities.

Fourteen high-potential McCarthy employees attended the Bidvest Academy. The intense and varied content went far to develop their ability to contribute at a higher level in the future. Their exposure to the entrepreneurial ethic and management best practice within The Bidvest Group and to business school case studies, plus the intense monitoring of and feedback regarding their use of positive energy, combined to make their learning experiences memorable and meaningful – with noticeable changes back at their places of work.

Total training investment topped R10 million.

McCarthy has been proactive in the provision of a safe and healthy working environment. HIV/Aids poses a continuing

challenge. The creation of a corporate wellness programme has been well received. Major points of focus are the personal, family, social and health challenges associated with HIV/Aids.

In May 2006, Rally to Read, McCarthy's social investment flagship aimed at facilitating English literacy in rural areas, reached a milestone when the fiftieth rally took place. In total, nine rallies set out, reaching 30 500 children and 1 079 educators at 133 schools, involving 96 sponsors and 1 311 participants using 438 vehicles. About R5 million in cash and kind was raised. The McCarthy community is proud that Rally to Read won the 2005 Mail & Guardian's Investing in the Future Award in the category Best Corporate Employee Involvement Programme. The rally celebrates its tenth anniversary in 2007.

The Empowerdex "BBB" rating of McCarthy awarded particularly high ratings for social investment and skills development. McCarthy plans to seek a new BEE rating in 2007.

The future

The clarity of the regulatory environment is a key factor in vehicle retailing and the wider motor industry. Crucial policy and legislative issues are currently under review and will have a material effect on the industry.

South Africa's Motor Industry Development Plan (MIDP) is being reviewed by the Department of Trade & Industry. The MIDP system of import and export "complementation" has been criticised by some countries as a method of providing subsidies to vehicle-makers and component manufacturers which are contrary to World Trade Organisation (WTO) guidelines.

Government obviously has to be sensitive to criticism from trading partners and the WTO, but the developmental and job creation needs of the country must be carefully considered. Wholesale changes to the MIDP at this stage would be highly disruptive.



Toyota
the introduction of new product
ranges helped boost new vehicle
sales

South Africa currently exports about 200 000 vehicles a year to 52 countries. Component manufacturers' exports total approximately R22 billion a year. Our vehicle and component exporters earn more income a year for South Africa incorporated than exports by the gold mining industry. It is vital the export gains of recent years are not jeopardised.

A new National Credit Act is expected to be introduced next year. This will affect the way in which vehicles are sold and finance and insurance are provided. The consumer has to be protected and responsible marketing practices must be supported. However, it is important that "red tape" be kept to a minimum.

Budgetary policy is another critical area. The vehicle population has grown substantially. Transport infrastructure is under increasing pressure. It is vital to maintain appropriate infrastructure investment in the road and rail network.

Fringe benefits have been a frequent target of the Finance Ministry. Yet company vehicles are an essential business tool in a rapidly expanding economy reliant on its job-creating entrepreneurs. Some relaxation of fringe benefit tax as it applies to company cars and allowance-receivers is desirable.

Interest-rate policy and foreign-exchange rates provide another challenge. A measure of rand softness and price inflation is positive for Bid Auto, but volatility must be avoided. Business confidence has to be maintained.

Significant price increases will obviously have an adverse effect on new vehicle sales. However, there are grounds for confidence that greater profitability can be achieved on used vehicle sales. In the last three years, a strong swing from used to new vehicle purchasing was evident, the result of price deflation on new units. The value gap between new and used vehicles narrowed substantially and a significant write-down in used stock valuations ensued. A three-year process of restoring the gap has now borne fruit, setting the scene for an upswing in used vehicle sales at acceptable margins.

Growth in the vehicle-owning population brings the challenge of retaining profitable customer relationships. McCarthy's customer relationship management (CRM) programme, Client for Life is an industry leader. It was recently adopted by Toyota South Africa for eventual roll-out to all Toyota dealers in South Africa. Client for Life, designed and driven by our Eliance business unit, will be a vital tool as we serve our expanded owner-base. Many owners have a new vehicle for the first time in their lives. They have new expectations and needs. These must be met or, ideally, exceeded.

The franchise portfolio will be significantly expanded. We have already launched our first Renault dealership. We will launch Ford, Mazda and Mini dealerships while introducing SEAT, the new Spanish brand, to the South African market.

Early indications are that 2007 may be more challenging than the last two years in terms of volume growth. However, McCarthy is well positioned to maintain its strong position in the marketplace. Several opportunities beckon, including the taxi recapitalisation programme, growing acceptance of electronic vehicle-retailing (where McCarthy is the market leader), a stronger fleet services offering and the prospects for growth with our new Chinese partners in the vehicle import and distribution business.

Review of operations

Bid Auto

McCarthy expects to make another strong contribution to Group profitability in the year ahead and is determined to deliver sustainable growth and quality earnings.

MCCARTHY MOTOR HOLDINGS

McCarthy VW/Audi/SEAT/Commercials

Excellent results were recorded, well ahead of budget.

Profit contributions from the sale of used vehicles equalled those from new vehicle sales. This was achieved by opening additional stand-alone Mastercar outlets and the launch of South Africa's first Audi pre-owned, stand-alone site.

Consolidation of the Pretoria North and Gezina dealerships proved successful and results at the new Wonderboom dealership exceeded all expectations. Brand profitability is set to improve following the revision by Audi SA of the variable margin structure. The model line-up is also to be expanded.

The business was awarded the SEAT franchise for Durban and the Volkswagen truck range is set for launch in early 2007, factors which will add further impetus to growth.

Work on the Silver Lakes dealership was delayed by rain, but the premises are nearing completion.

McCarthy GM: Opel/Isuzu/Chevrolet

New vehicle sales, particularly of Isuzu and Corsa Utility, exceeded expectations. Used vehicle sales were disappointing. However, our recently completed used-car facility in Gezina, Pretoria, will add significant capacity.

The Chevrolet brand was introduced to our Villieria and Menlyn dealerships. Work will soon begin on a new Menlyn facility, an opportunity to introduce premium offerings such as Cadillac, Hummer and Saab.

A new dealership to be developed at Silver Lakes, Pretoria East, will create a showcase for the planned debut of GM medium- and heavy-commercial vehicles.

McCarthy Land Rover/Volvo

Both marques achieved good sales growth. Land Rover's introduction of Discovery 3 and the Range Rover Sport was well received, with more new products to come. Volvo faced a challenging year in the premium segment of the market, but is well positioned to benefit from new product launches.

The newly opened Land Rover sales boutique in Tygervalley proved a success. Further rationalisation of our Bellville facilities is imminent. Relocation of the Land Rover dealership to N1 City, Cape Town, is planned.

Among award successes was the "Sales Dealer of the Year" accolade for Volvo Tygervalley and recognition for the Durban operation as "The Most Improved Land Rover Dealer".

McCarthy Nissan/Fiat/Alfa/Nissan Diesel/Iveco/Renault

The separation of the Nissan and Fiat operations was completed in May with the opening of Germiston's first stand alone Fiat/Alfa dealership. This development concluded the upgrading programme to ensure compliance with international corporate image standards. Over R7,2 million was spent on image upgrades and new buildings.

In the new financial year, our first Renault operations opened for trading in Pietermaritzburg and Johannesburg South.

The commercial truck business performed exceptionally well and received multiple awards for sales, administration, parts and service. The expansion of truck operations in the Alberton/Alrode area has begun. The new operation is scheduled for completion by next February.

McCarthy BMW/Mini (Forsdicks)

Commendable results were recorded despite the September sale of the Germiston dealership (in line with BMW SA's market-share rules).



Mercedes-Benz
the launch of several outstanding
new models drove overall
performance

Forsdicks were awarded the Mini franchise, a chance to involve our first BEE joint-venture partner. A new sales facility is being built at this Tygervalley franchise. The acquisition of Tygerberg Coachworks was concluded and will be integrated into the Tygervalley business unit.

The upgrading of our Sandton dealership has been completed.

McCarthy Peugeot

We opened a new dealership in Rivonia to augment operations in Rosebank, Tygervalley, Umhlanga, Pinetown, Pietermaritzburg and the East Rand. A commercial-vehicle facility is soon to be added to the Pinetown dealership.

It was a challenging year in the highly competitive luxury car market. The imminent arrival of the new Peugeot 207 is expected to drive new marketplace gains.

McCarthy Toyota/Lexus

Profit and margins showed pleasing improvements. The introduction of new model ranges such as the Yaris and Fortuner and the launch of new derivatives in existing ranges (RAV 4, Verso, Lexus RX350) helped boost new vehicle sales by 21%.

Used vehicle sales were slower, but still rose 8,5%. The introduction of service plans on new models and the

continued success of after-sales programmes helped lift profit contributions from the parts and service operations.

Our first mega-dealership was opened at Kingsmead, Durban, in March and during July 2006 we opened new facilities for our Paarl and Ballito dealerships. We plan to move our Tableview dealership to new premises in the second quarter of 2007. In support of the new strategy for establishing stand alone Lexus facilities we plan to open Lexus Kingsmead in August 2006 and Lexus Midrand in April 2007.

McCarthy DaimlerChrysler: Jeep/Chrysler/Mercedes-Benz/smart/Mitsubishi

The launch of several outstanding new models drove overall performance. They include the S Class, the all-terrain M Class, the B Class and, from Chrysler/Jeep, the highly successful 300C.

As part of DaimlerChrysler's network infrastructure upgrade, we moved to a new branch for Mercedes passenger vehicles at Fountains, Pretoria. Mitsubishi's Pretoria operations were relocated to a stand alone dealership in Hatfield. Work began on a new Mitsubishi branch in Midrand and renovations at our Witbank dealership were completed. At Witbank, sales of medium- and heavy-commercial vehicles went well. Our parts- and service-teams also put in a strong performance.

McCarthy Pre-owned

Used car sales grew by 12% year-on-year in a challenging market, though margins declined slightly. The number of outlets was reduced to six following the expiry of leases on some McCarthy Pre-owned sites and the conversion of other sites to manufacturer-branded used-car outlets.

An exciting new concept, scheduled for launch in early 2007 will strengthen the McCarthy presence in the used car market.

Review of operations

Bid Auto

MCCARTHY FINANCIAL SERVICES

Production showed significant growth and by year-end the McCarthy Finance book had grown to R4,8 billion across 50 000 accounts. Profit fell, however, due to a lower rate yield and a marginal increase in bad debt.

Competition is expected to intensify while higher interest rates may affect consumer confidence. A key challenge is the provision of skilled staff to support the anticipated growth in the McCarthy dealer network.

Cost control, operational efficiencies, customer service and managing bad debt remain key focus areas for management. New initiatives and dealer network expansion create opportunities for further growth.

Within the insurance business, continued focus on value-added products and pursuit of new opportunities led to a significant revenue increase and rise in the number of active policies. McLife achieved strong sales of single-premium client protection policies. Further earnings growth is expected following the launch of the Executive Plan policy. Claims experience at both McLife and McSure was well managed.

McCarthy Insurance, a joint venture with Hollard Insurance, had a successful year. The performance of its Shortfall Protection product was particularly pleasing.

Results were enhanced by superior investment returns.

MCCARTHY FLEET SERVICES

Results exceeded expectations in the first year of trading as a self-supporting business. The unit previously acted as a broker for a financial institution. McCarthy Fleet Services designed and implemented the relevant business systems while recruiting a quality team to deliver the full range of fleet solutions, including finance and leasing.

Both sales volumes and revenue exceeded our target while expenses were well controlled. A strong platform has been established for further significant growth.

McCarthy Corporate Fleet Marketing was set up to provide specialist advice to national and multi-franchise clients and has formed strong relationships with numerous blue-chip companies. The creation of fleet turnkey operations on the premises of some of these companies enabled McCarthy to benefit from demand for lifestyle solutions.

CLUB MCCARTHY

Loyalty programme membership continued to grow. More than 125 000 customers are now covered. New car sales and higher rates of renewal – the result of an enhanced menu of services – have driven growth.

MCCARTHY CALL-A-CAR

McCarthy Call-a-Car maintained its market positioning as the South African leader in electronic vehicle retailing and helped McCarthy dealerships and franchised Call-a-Car dealerships to sell 7 859 vehicles, a 21% increase over the previous year.

Call-a-Car Platinum and Call-a-Car Mobile were launched. The first innovation helps buyers search for top-brand luxury vehicles priced above R200 000. Call-a-Car Mobile enables customers to browse our database by cellphone.

Call-a-Car is well placed to take full advantage of anticipated improvements in the used car market and will continue to innovate and enhance its market offering.

ELIANCE

In view of increased focus on new business growth outside McCarthy and Bidvest, McCarthy On-Line changed its name to Eliance. We secured contracts to provide CRM and other applications to external customers such as Toyota SA, DaimlerChrysler SA and Mahindra SA.

Eliance continues to develop motor retail innovations and electronic media for McCarthy while running the systems platform for McCarthy Call-a-Car. In addition, Eliance has developed and implemented the McCarthy CRM application, Client for Life in all Bid Auto dealerships.



Budget Rent a Car
is located throughout southern
Africa

BURCHMORE'S AUCTIONS

Burchmore's increased profit before tax by 45% as initiatives to develop synergies with McCarthy dealerships and Bidvest began to bear fruit. These extra sources of stock into our three strategically placed auction centres in Cape Town, Johannesburg and Durban were a major factor in our improved performance.

BUDGET RENT A CAR AND BUDGET VAN RENTAL

Increased economic activity and a marginal increase in market-share led to significant growth. The van rental division was launched and new computer operating systems were introduced. A revitalisation programme is under way following changes to senior management. These initiatives will contribute to further growth in the year ahead.

A focused approach will be taken to the industry's major challenges – a continuing "rate war" and worrying levels of theft and road accidents.

YAMAHA DISTRIBUTORS

The product portfolio was further diversified through the acquisition of the Yamaha Intelligent Machinery (robotics) franchise. This consolidates the Yamaha brand offerings under McCarthy while adding industrial products to the predominantly leisure range.

A strong focus on customer service across all Yamaha business units has been initiated. The process involves new staff appointments, staff and dealer training programmes, system upgrades and the introduction of Yamaha's international technical academy.

Despite a competitive environment and significant growth in parallel imports, Yamaha Distributors' contribution was slightly ahead of budget.

MCCARTHY VEHICLE IMPORT AND DISTRIBUTION

This new business unit was created to handle the Gaz business (via Gaz Southern Africa) and the importation of vehicles from China (through AutoChina SA).

Gaz, a joint-venture with SANTACO and Russian Automobile Industries (SA) had a challenging first year. Quality concerns were addressed and, despite some uncertainties around the taxi recapitalisation programme, Gaz Southern Africa sold 414 Gazelle taxis. The business incurred a loss, but a modest profit is anticipated in the coming year as the recapitalisation programme is now scheduled for implementation.

McCarthy secured the distribution rights to a range of vehicles from China late in 2005. Infrastructure is being established to support a proposed dealer network and handle the import and distribution of the vehicles. Trading is planned to start in the 2007 financial year.

Summarised sustainability report

triple bottom-line reporting

Sustainable development is an integral part of Bidvest doing business. Sustainability for Bidvest is about sound business practices, risk management, good governance, taking account of stakeholder needs, stewardship of natural resources, BEE and developing employees, an ongoing process of learning and a source of innovation and new business opportunities.

- ▶ Bidvest's empowerment rating has been reaffirmed to be "A", with improvements noted all round
- ▶ A number of business units have obtained improved and first-time empowerment ratings
- ▶ Increasing acceptance of Bidvest's BEE credentials in the market
- ▶ An electronic system is being launched to vet supplier empowerment credentials
- ▶ Bidvest is one of only four South African companies listed in the Dow Jones Sustainability World Index 2007 and the JSE has reaffirmed Bidvest as a founding constituent of the SRI Index
- ▶ Total training spend R101,9 million (R83,0 million in South Africa)
- ▶ Women employees – 42,4% (women employees in South Africa – 46,6%)
- ▶ Corporate social investment spend increased to R28,7 million, equating to 0,8% of pre-taxation profit (R25,7 million and 1,1% of profit before taxation in South Africa)

Introduction

This is the third year that Bidvest is reporting on its sustainability performance. A comprehensive account of the Group's non-financial performance is provided in the 2006 sustainability report. 

The Group has made good progress in promoting sustainable development. As an international company firmly rooted in South Africa, the advancement of BEE and skills development of HDIs in the South African operations is a principal focus in the journey towards achieving sustainability. Southern African businesses are taking the HIV/Aids challenge seriously and continue to expand and improve their response programmes. A Group-wide prevalence study and an assessment of HIV/Aids programmes are being undertaken.

Sustainability for Bidvest is about sound business practices, risk management, good governance, taking account of stakeholder opinions, stewardship of natural resources, black economic

empowerment and developing employees; it is about "doing the right thing" and is an integral part of business.

The sustainability report follows the Global Reporting Initiative's (GRI) recently released G3 guidelines.

SUSTAINABILITY PERFORMANCE OVERVIEW

Disappointments

- ▶ Twelve work-related fatalities

Challenges

- ▶ In South Africa, a lack of clarity in the definition of supplier empowerment status criteria is resulting in inconsistent assessment criteria being used in the market place
- ▶ Developing a comprehensive sustainability strategy and management framework
- ▶ Establishing more effective programmes for managing HIV/Aids in the workplace



The award-winning Rally to Read

The Rally to Read is a reading development programme organised nationally by McCarthy with advertising and educator skills support from the Financial Mail and the Read Educational Trust respectively.

Bulk Connection – managing runoff and dust

Significant capital investment has been made to modernise the facilities and address contaminated water runoff and dust problems.



- ▶ Ensuring continued compliance with intensifying environmental regulations
- ▶ Attracting and retaining senior-level HDIs
- ▶ Addressing general skills shortages
- ▶ Managing exposure of several business units to strike action

MANAGING SUSTAINABLE DEVELOPMENT

Bidvest is a geographically diverse and multi-faceted business. Operations function independently, autonomously managing their sustainability objectives and priorities according to their material issues, yet derive the benefits of being part of a larger group. Bidvest provides guidance with financial management, corporate governance and transformation.

At divisional and corporate level, sustainability is largely managed as part of the risk management process, for which the individual boards and corporate and divisional audit committees take responsibility. Business units monitor and manage day-to-day performance across the triple bottom-line.

Summarised sustainability report

triple bottom-line reporting

Bidvest continues to evaluate what sustainable development means for the Group and seeks to develop systems to more effectively coordinate an approach which integrates sustainable development across the Group. The Group intranet, "the Village", is an important tool for sharing knowledge and ideas.

Management systems

Formal management systems are implemented in business units where deemed material. Operations where health, environmental or quality issues are of particular concern, often have certified quality (ISO 9000) and environmental (ISO 14000) management systems in place.

In-house systems are used to manage quality standards, including health and safety and environmental practices.

Informing the course of sustainable development

Identifying the interests and concerns of the Group's stakeholders is an essential part of the process of understanding how to shape the course of sustainable development at Bidvest.

In 2005 a range of external Bidvest stakeholders was interviewed to obtain their opinions on the Group's sustainability performance and feedback on these opinions is provided in the 2006 sustainability report.

While no formal stakeholder engagement was conducted this year, KPMG was asked in addition to their assurance report to conduct a high-level sustainability gap analysis against best practices.

The KPMG findings are described in the 2006 sustainability report and are being debated to agree how best to address the identified sustainability gaps.

ECONOMIC VITALITY

Bidvest is one of South Africa's largest and most diverse industrial groups and has produced consistent returns for shareholders for the last 18 years.

Bidvest achieved revenues of R77,3 billion (2005: R62,9 billion) and operating profit of R3,7 billion (2005: R3,0 billion) and headline earnings reached R2,4 billion (2005: R2,0 billion). R13,9 billion of wealth was created, while R8,3 billion (59,7%) was distributed to employees and R915,5 million (6,6%) to the government. Total exchanges with government including amounts collected on their behalf amounted to R14,7 billion. Foreign operations contributed 37,7% to Group revenue and 23,9% to trading profit.

SOCIO-ECONOMIC TRANSFORMATION

Promoting black economic empowerment

Bidvest, with 78 029 employees in South Africa, is one of the largest employers in the country, where the issues of value creation, wealth distribution and the role of business are increasingly seen in the context of BEE policies. A commitment to leveraging a significant opportunity, by virtue of the Group's size and diversification across numerous industries, to make a far-reaching contribution towards socio-economic transformation and black economic empowerment, has been the thrust of the Group's sustainability drive.

Bidvest's empowerment rating has been reaffirmed to be "A", with improvements noted all round. Where scores decreased, this was as a result of changes in the new BEE codes. The organisation is emerging as a leading catalyst for positive change across many industries. The Group's empowerment partners in the Dinatla consortium play an important role in assisting the Group to achieve transformation objectives and strive for "AAA" empowerment credentials.

Effective empowerment holdings

Economic BEE ownership, calculated in terms of the BEE codes of good practice, is 41,4% with a 29,2% effective BEE control. The Dinatla BEE consortium effectively owns 15,0%, the Public Investment Corporation 13,4% and a further 16,6% is controlled by BEE asset managers. The Dinatla transaction completed in 2003 was at the holding company level, including both the local and offshore operations of Bidvest. If Dinatla had bought into the South African operations only, at the same transaction value, the total percentage BEE direct and indirect ownership, at the time of the transaction, would have been in excess of 50%.

The Dinatla consortium of BEE partners enables a broad-based and representative empowerment grouping to share and influence the future of Bidvest, in South Africa and abroad. The partnership has proven to be a highly effective model, creating opportunities and delivering value for all parties, while generating a pool of capital creators with production capacity who will in turn contribute to the growth of the economy. The refinancing of the Dinatla transaction within the originally envisaged timeframe has been announced.

Managing transformation

The Group's transformation committee is responsible for driving socio-economic transformation within the Group. The committee receives strategic input from the commercial directors' forum which comprises the Group's commercial directors. The commercial directors are responsible for driving transformation and business development across their respective divisions. The commercial directors excel in their roles, providing strategic guidance to divisional chief executives. There is greater appreciation at executive level that BEE presents an opportunity, though there remains a need for BEE to be embraced more widely across the Group.

The Group's transformation strategy focuses on progressing skills development and employment equity at all levels, increasing levels of procurement of goods and services from HDIs and promoting the development of small; micro- and medium-sized black-owned enterprises. The strategy is guided by the Bidvest Charter, which all business units subscribe to, as systems to measure and monitor BEE performance. Bidvest is developing an electronic reporting tool which will greatly enhance the process of collating scorecard data to ensure the highest standards.

The government's draft BEE codes of good practice are expected to be finalised and made law before the end of 2006 and will bring welcome certainty to the BEE regulatory framework. In the new regulatory environment, BEE performance will be assessed on a broader basis, looking beyond equity ownership at a number of areas of performance providing a level playing field for business. The Group's transformation strategy will be diligently aligned with the new regulatory requirements.

An increasing number of businesses are in the process of obtaining or strengthening empowerment ratings. BEE credentials have enabled the business units to retain business and gain new contracts.

Employment equity and skills development

A high value is placed on leadership development and on increasing the representation of blacks and females across management, technical and professional categories, recognising this as critical for meeting long-term objectives.

The Group's workforce in South Africa grew by over 2 000. Divisions budget a minimum of 1% gross total payroll for skills development programmes. Training spend in South Africa has increased to R83,0 million. Integrated employment equity and skills development programmes

Summarised sustainability report

triple bottom-line reporting

with targets for black representation at all levels are rolled out across all divisions and at each business unit. Succession-planning strategies are implemented to ensure the movement of black candidates into management positions and there are retention strategies and mentorship programmes for black employees.

The majority of businesses are making steady progress in meeting employment equity and skills development targets. Improving representation at senior and executive management levels is an ongoing challenge in view of the industry-wide skills shortages in South Africa. The Group will focus on developing core skills to enhance current efforts to develop and advance entrepreneurial individuals to senior levels.

Indirect empowerment: preferential procurement and enterprise development

Business units pursue policies that promote the use of black-owned and empowered enterprises. Maintaining supplier relationships often depends on solid empowerment credentials.

Divisions are increasingly implementing initiatives to develop levels of BEE understanding among suppliers and encourage suppliers to obtain and strengthen empowerment ratings.

A challenge industry-wide in South Africa, is a lack of clarity in the definition of BEE. There is variation in the assessment criteria used by suppliers and businesses which results in differing interpretations and problematic inconsistency in the market.

The commercial directors are responsible for spearheading enterprise development and CSI projects which are co-ordinated as division-wide initiatives and, therefore, have

more impact than the current fragmented approach pursued by business units. CSI continues to increase and now approaches 1% of operating profit.

Bidvest's commitment to promoting enterprise development involves engaging with financial institutions to negotiate favourable financing terms for small BEE suppliers, providing BEE suppliers with favourable credit and payment terms, and offering mentorship and advice to small BEE suppliers to ensure effective skills transfer and sustainability. The advanced Bidvest BEE supplier database will assist suppliers with marketing their goods and services.

WORKFORCE

Bidvest employs 78 029 in South Africa and 93 325 people in total. Businesses comply with statutory requirements: the South African Labour Relations, the Basic Conditions of Employment, the Skills Development, the Employment Equity, the Broad-based Black Economic Empowerment, Unemployment Insurance and the Occupational Health and Safety Acts, or their equivalents in other countries. Business codes, policies and procedures typically cover recruitment and selection, business conduct, non-discrimination, industrial relations, employment equity, grievance and dispute settlement, HIV/Aids and other life-threatening diseases, employee conduct, freedom of association, ethics and sexual harassment. Many of these were negotiated and agreed with unions. Companies tend to have formal grievance procedures in place, which, in South Africa, are in accordance with Schedule 8 of the Labour Relations Act.

Many businesses have structured employee development programmes and related performance appraisal systems in place and a growing number of businesses conduct formal employee satisfaction surveys.



The Bidvest Academy continuing to change people's lives

The Bidvest Academy, now in its fourth year, provides a platform for developing young executive talent within the Group. Since March 2003, 368 young managers have participated in the Academy's six-month programme, which provides exposure to Bidvest's executive management, Group operating methodologies and divisional business strategies.



Communication

Communication and interaction with employees at business unit level and as part of the Group is an important part of ensuring that employees are informed of diverse developments and encouraged to contribute towards further developments. Communication takes place using a variety of channels, including a quarterly internal magazine, an employee report, corporate videos, an intranet and business-specific magazines. Bidvest's intranet, the Village, is developing as a powerful tool for enhancing internal communications, encouraging a growing sense of a Bidvest community and assisting in developing business synergies.

Health and safety

Bidvest is concerned about the well-being of employees and is committed to pursuing best practice safety practices in all work-related activities. Business units have designated personnel and systems in place to monitor and manage health and safety standards. Operations are compliant with relevant occupational health and safety legislation and

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regulations. Business units which involve a hazardous working environment have formal systems to ensure that the strictest health and safety standards are enforced. Business units are required to identify health and safety risks in the workplace and take steps to eliminate or mitigate risks by implementing the necessary controls. Training and maintaining an awareness of risks and precautions are an important part of this process.

It is with deep regret that Bidvest has to report twelve work-related fatalities. This is unacceptably high and efforts are being made by Bidvest businesses to continually improve health and safety management processes.

HIV/Aids

The impact of HIV/Aids in the workplace is increasingly felt across the South African operations. Businesses are to varying degrees proactively implementing HIV/Aids awareness and prevention measures. While some have made progress in managing the disease and several have outstanding HIV/Aids programmes, many businesses must improve their response strategies.

A Group HIV/Aids policy, which serves to guide businesses in developing appropriate programmes, has been finalised and is awaiting formal adoption.

A South Africa-wide HIV actuarial prevalence study and an assessment of programmes are being conducted and will be used to more effectively manage the HIV/Aids at Bidvest. While the studies are not yet complete, preliminary findings indicate that the HIV prevalence rate in the South African businesses is around 17,3%, which is an average and, given Bidvest's diversity, cannot be applied to any one business unit in isolation.

Bidvest has become a member of SABCOHA, the South African Business Coalition on HIV/Aids.

Training

The sustained success of the business is dependent on maintaining a motivated and competent, quality workforce. The provision of relevant and diverse training for the development of employees is essential to attract and retain talented, quality individuals, especially given South Africa's skills shortage. The development and promotion of HDIs is an essential process to improve the Group's employment equity profile.

Internal and external training programmes are structured to develop individual competencies in line with business needs. Education and training encompass: adult basic education and training (ABET), learnership programmes, specific technical and industry-related skills, and leadership and management development.

The Group's training investment has increased by 19,0% to R101,9 million, of which R83,0 million was spent in South Africa. This equates to R1 092 being spent on training per employee Group-wide (R1 064 in South Africa).

COMMUNITY

Customers

Bidvest interacts with a broad range of corporate and private customers. While some businesses conduct formal customer-satisfaction surveys, most interact with their predominantly corporate clients on a regular basis and feedback is used to enhance service delivery. A number of businesses formally log all customer feedback and subsequent actions, often as part of a quality management system such as ISO 9000.

Community activities

Bidvest invested R28,7 million (0,8% of profit before taxation) in CSI activities (R25,7 million and 1,1% of profit before taxation in South Africa).



Master chefs in the making

Bidfood is a proud sponsor of a bursary programme aimed at talented students from historically disadvantaged backgrounds who wish to train as chefs. Elias Kafi, a young man from Khayelitsha, was talent-spotted by master chefs, Garth Stroebe and Paul Hartmann, of the South African Chefs' Academy.



Getting serious about HIV/Aids

Following the approval of IVS's HIV/Aids policy last year, a comprehensive support programme has been launched at the Durban site.

Anonymous VCT and treatment is provided via the company's on-site clinic, which is staffed by a full-time nurse and a stand-by doctor. The nurse conducts regular site visits to help generate awareness and provide general wellness training. To date, four staff members have come forward for VCT and one staff member is already receiving ART. The programme will be rolled out to other IVS sites and will form part of the formal wellness programme.

Bidvest CSI activities cover: education and training, health and HIV/Aids, community development, sports, arts and culture, environmental initiatives, economic empowerment and job creation, safety and security, and welfare.

ENVIRONMENTAL PERFORMANCE

Bidvest consists of services, trading and distribution businesses which have varying degrees of environmental impact. The JSE SRI Index in 2005 has classified Bidvest as a business with a "medium" environmental impact.

A Group environmental policy, which encourages businesses to take a more proactive approach to the environment as a sustainability issue, has been finalised and is awaiting formal adoption.

Business units are responsible for their environmental performance and comply with relevant environmental legislation. Business units which work with toxic products maintain strict standards to avoid hazardous incidents and practise responsible waste management. Most businesses have recycling initiatives.

Some business units proactively identify and introduce measures to improve their environmental performance. UK-based 3663 First for Foodservice is a leading example in the Group and has been used as a case study in the sustainability report.

While improvements have been made to the data collation process, data collation and ensuring business management takes information ownership remain an ongoing challenge in a group as diverse and decentralised as Bidvest.

“Corporate governance is a way of life and not merely a set of rules.”

Brian Joffe, chief executive

Introduction

Corporate governance entails the accountable and transparent governance of the Group's structures and systems within an ethical framework that will promote responsible consideration of all stakeholders.

The board and the individual directors have long recognised that good corporate governance is compatible with and mutually dependent on strong leadership. The board is committed to conforming to good corporate governance processes that will complement Bidvest's entrepreneurial flair. This commitment involves leading the enterprise with integrity and in compliance with international practices, whilst taking cognisance of the value systems of the countries and communities in which it operates.

The decentralised, entrepreneurial and incentivised environment in which the Group operates called for governance processes to be considered, implemented and embedded into the Group structure, through the introduction of the Group governance policy. This serves to guide all operations within the Group in applying corporate governance practices at their respective levels within the Group.

Corporate code of conduct

The board, its committees, individual directors, officers of the Group and senior management acknowledge their responsibility to ensure that the principles set out in the code of conduct are observed.

Bidvest, through its corporate code of conduct, is committed to:

- ▶ the highest standards of integrity and behaviour in all dealings with stakeholders and society-at-large;
- ▶ conducting business based on fair commercial competitive practices;
- ▶ trading with customers and suppliers who subscribe to ethical business practices;
- ▶ non-discriminatory employment practices and the promotion of employees to realise their potential through training and development of their skills; and being proactive towards environmental, social and sustainability issues.

Code of ethics

The Group has adopted a code of ethics that ensures business practices are conducted in a manner that is beyond reproach. The code of ethics is promoted across the Group and clearly states the acceptability of business practices by guiding policy and providing a set of ethical corporate standards that will encourage ethical behaviour and decision-making of the board, managers and employees at all levels. The code will guide and sensitise ethical infringements, whilst specifying the enterprise's social responsibility towards stakeholders.

The board has been proactive in identifying the following aspects and has pursued a process in each division for the:

- ▶ regular and formal identification of ethical risk areas;
- ▶ development and strengthening of monitoring and compliance policies, procedures and systems;
- ▶ establishment of easily accessible, safe reporting (whistle blowing) channels;
- ▶ alignment of the Group's disciplinary code with its code of ethical practice;
- ▶ integrity assessment as part of selection and promotion procedures;
- ▶ induction of new appointees;
- ▶ training on ethical principles, standards and decision-making;
- ▶ regular monitoring of compliance with ethical principles and standards using the internal audit function;
- ▶ reporting to stakeholders on compliance; and
- ▶ independent verification of conformance to established principles and ethical behaviour.

Corporate style, values and ethics

Bidvest's corporate value system promotes:

- ▶ **Accountability**
to our employees and shareholders
- ▶ **Acquisitiveness**
to expand and grow the business
- ▶ **Decentralisation**
to put decision-making close to the customer
- ▶ **Entrepreneurship**
to find innovative ways to grow the business
- ▶ **Equal opportunity**
to perform and be rewarded
- ▶ **Fairness**
in our interactions with stakeholders
- ▶ **Honesty**
in all our dealings with our stakeholders
- ▶ **Innovative**
in our business practices
- ▶ **Respect for human dignity, human rights and social justice**
for the dignity and rights of people and for the environment
- ▶ **Service excellence** to provide a compelling place to work and do business
- ▶ **Transparency** in maintaining open lines of communications with our stakeholders.

THE BOARD OF DIRECTORS

Bidvest is a unique company, which is reflected in the composition and size of its board. The board comprises seven non-executive independent directors, five non-executive, and twelve executive directors.

MC Ramaphosa conducted the role of non-executive chairman and B Joffe, chief executive.

The completely decentralised decision-making structure, the independence and the character of the individual board members provide for open and transparent governance. Successful entrepreneurial individuals, whose recognition and ongoing participation in Bidvest is vital, manage the decentralised business units. In addition to the divisional chief executives, key operating executives responsible for significant operations are included on the board.

Board changes took place with the appointment of AW Dawe, NG Payne and FDP Tlakula as directors and DE Cleasby as financial director designate (alternate to P Nyman). Resignations were received from NA Cassim, M Chipkin and TH Reitman as non-executive directors; LI Chimes, AM Griffith, RW Graham, DR Rosevear, CE Singer, PD Womersley and PC Steyn as executive directors, and

HL Greenstein as an alternate. While the executive directors are responsible for implementing strategies and operational decisions within the Group's businesses, the non-executive directors are viewed as independent by the board and support the skills and experience of the executive directors. Their role is to bring judgement to bear, independent of management, on issues of strategy, budgets, performance, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance, while contributing to the formulation of policy and decision making through, inter alia, their knowledge and experience.

The board gives strategic direction to the Group, appoints the chief executive and the non-executive chairman and ensures that succession is planned. The non-executive directors ensure that the chair encourages proper deliberation of all matters requiring the board's attention.

Functions of the board

The board charter sets out clear direction with regard to the purpose of the board, responsibilities of board members, composition and requirements for board meetings. The board charter also calls for an annual self-assessment applicable to the chief executive and the individual directors. The board is ultimately responsible for ensuring that the business remains a going concern and that it thrives. The board retains full and effective control over the Group and monitors risk management and implementation of plans and strategies through a structured approach to reporting and accountability.

The board is committed to an appropriate balance of power and authority to ensure that no one individual or group of individuals can dominate the board's decision-making process.

The board met four times during the period and has a formal schedule of matters reserved to it as recorded in the board charter, **directors' report for attendance register.** The board has developed a formal corporate governance manual which, inter alia, includes a corporate code of conduct and board committee charters.

Board committee charters define the purposes, authority and responsibility of the various board committees and have been developed for the:

- ▶ Board of directors;
- ▶ Group executive committee;
- ▶ Audit committee;
- ▶ Nomination committee;
- ▶ Remuneration committee; and
- ▶ Acquisition committee.

A formal charter for the risk committee is being developed. The divisional boards have adopted the governance manual, where applicable. The process to entrench the corporate governance manual and the principles of good corporate practice and governance throughout the Group has been implemented under the auspices of the audit committee.

The purpose, objectives and responsibility of the Transformation committee are defined in the Bidvest Charter.

The board and its committees are supplied with complete, relevant and timeous information, enabling them to fulfil their responsibilities. Directors have unrestricted access to Group information, records, documents and property. Non-executive directors have access to, and are encouraged to meet with, management. The information needs of the board are well defined and regularly monitored. All directors have access to the advice and services of the Group secretariat and there is an agreed procedure by which directors may obtain independent professional advice at the Group's expense, should they deem this necessary.

The Group has adopted a formal policy, in line with the Insider Trading Act, that prohibits directors, officers and other selected employees in dealing with securities for a designated period preceding the announcement of its financial results or in any other period considered sensitive.

The board defines levels of materiality, reserving specific power and delegating other matters with the necessary written authority to management. These matters are monitored and evaluated on a regular basis. The board has developed a formal delegation of authority matrix guideline, which is being utilised by all Group companies.

Formal and transparent appointment procedures are in place and the board is assisted by the nomination committee. Periodically, directors visit the Group's businesses and have meetings with senior management to facilitate their understanding of the Group and their fiduciary responsibilities.

The board is cognisant of the duties imposed on the company secretary who is accordingly empowered to properly fulfil those duties. In addition to the extensive statutory duties, the company secretariat provides the board and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Group. The company secretariat is the

central source of information relative to guidance and advice to the board, and within the Group, on matters of ethics and good governance.

The board ensures that the Group complies with all relevant laws, regulations and codes of business practice and that it communicates with its shareholders and relevant internal and external stakeholders openly, promptly and with substance prevailing over form.

The board identifies the key risk areas and key performance indicators for the Group, which are regularly updated. The entrepreneurial culture of the Group requires thorough risk control processes that identify and mitigate risks and ensure that the Group's objectives are attained. This control environment sets the tone for the Group and covers, inter alia, ethical values, management's philosophy and the competence of employees. In general, risk areas confronting the Group are:

- ▶ Currency and economic volatility;
- ▶ HIV/Aids in Africa;
- ▶ Human capital or "people risk" mitigated through intensive skills development programmes; and
- ▶ Market risk caused by fluctuations in demand and competitive activity.

The most fundamental mechanism for managing these risks is the diversified Bidvest business model that makes "owner-managers" accountable for all aspects of performance.

Through the audit committee, the board regularly reviews processes and procedures to ensure the effectiveness of internal systems of control so that its decision-making capability and the accuracy of its reporting are maintained at a high level. The board identifies and monitors the non-financial aspects relevant to the business of the Group and reviews appropriate non-financial information that goes beyond assessing the financial and quantitative performance of the Group. Other qualitative performance factors, which take into account broader stakeholder issues, are considered.

Board committees

The board has established a number of committees, which are responsible to the board. Specific responsibilities have been formally delegated to these committees with clearly defined terms of reference, in respect of duration and function, reporting procedures and written scope of authority documented in a formal charter. There is transparency and full disclosure from the board committees to the

board. Board committees are free to take independent outside professional advice, as and when necessary, and are subject to regular evaluation by the board to ascertain their performance and effectiveness. The principal board committees are as follows:

Group executive committee

The Group executive committee consists of the chief executive, the divisional chief executives of major business units and DE Cleasby. The executive committee considers and refers major decisions, which have their sanction, to the board for approval. Non-executive directors are invited to attend these meetings.

South African executive committee

The South African executive committee consists of the chief executive (chairman), the Group Financial director (and designate) the divisional chief executives, MBN Dube, LI Jacobs, L Madikizela, SG Mahlalela and AC Salomon. The committee considers major decisions, related specifically to the South African operations.

Remuneration committee

The remuneration committee consists of DDB Band (chairman), DE Cleasby, D Masson, P Nyman and JL Pamensky. The committee is responsible for the performance assessment and approval of a remuneration strategy for the board directors, including the chairman, chief executive and divisional executives, in consultation with the chief executive. The executive director, who is a member of the Remuneration committee, is excluded from the review of his own remuneration.

The remuneration committee's overall strategy is to ensure that employees are rewarded for their contribution to the Group's operating and financial performance, by taking into account industry, market and country benchmarks. In order to promote an identity of interests with shareholders, share incentives are considered to be critical elements of executive incentive pay. Schedules setting out directors' remuneration and equity interests appear in the directors' report.

Audit committee

An audit committee was established in 1995 and is an important element of the board's system of monitoring internal controls. The members of the committee are JL Pamensky (chairman), DDB Band, DE Cleasby, RW Graham, D Masson, BE Moffat, P Nyman, NG Payne and AC Salomon. The committee meets at least four times a year

and the Group internal audit manager and external auditors are invited to attend every meeting. Other members of the management team attend, as required.

The audit committee charter defines and guides the audit committee with adequate reference to its purpose, membership, authority and duties. The committee is responsible for reviewing the interim and final financial statements and assesses whether these are appropriate to meet the current and future needs of the business. Their duties further include assessing whether significant business, statutory and financial risks have been identified and are being monitored and managed through internal financial control procedures, and that appropriate standards of accounting, governance, reporting and compliance are in operation.

The audit committee has a responsibility to recommend to the board, for its consideration and acceptance by shareholders, the appointment of external auditors. The audit committee also sets out the principles for the performance of non-audit services by the external auditors. The audit committee reviews divisional audit committee reports.

Each division has its own audit committee, which subscribes to the same Group audit philosophies and reports to both the divisional board and the Group audit committee. Each divisional audit committee has at least one member who is a non-executive to the division. A non-executive chairs the committee where appropriate.

Risk committee

The risk committee is currently run under the auspices of the audit committee. A charter is being drawn up and on finalisation the risk committee will become self-standing. The members of the risk committee are NG Payne (chairman), the divisional chief executives, the Group financial director (and designate), D Masson and AC Salomon.

Acquisition committee

Acquisitions with perceived potential conflicts are referred to the acquisition committee for an in-principle decision as to whether the acquisition should be investigated and pursued. This committee consists of DDB Band (chairman), MC Berzack, DE Cleasby, B Joffe, D Masson, JL Pamensky and LP Ralphs. Acquisitions are, depending on their magnitude, sanctioned by the executive committee and submitted to the board for approval.

Nomination committee

The nomination committee constitutes a majority of non-executive directors so as to ensure its independence and objectivity. The committee comprises DDB Band (chairman), B Joffe, JL Pamensky, MC Ramaphosa and T Slabbert.

The primary purpose of the committee, as set out in the nomination committee charter, is to ensure that the procedures for the appointments to the board are formal and transparent. The committee considers the composition of the board, retirements, appointments of additional and replacement directors and makes appropriate recommendations to the board.

Executive directors are appointed to the board on the basis of skill, experience and level of contribution to the Group and are responsible for the running of their businesses. Non-executive directors are selected on the basis of industry knowledge, professional skills and experience.

The committee is responsible for ensuring that nominees are not disqualified from being directors and, prior to their appointment, investigate their backgrounds in line with the requirements for listed companies set by the JSE.

Executive and non-executive directors retire by staggered rotation and stand for re-election at least every three years in accordance with the articles of association. The re-appointment of non-executive directors is not automatic. Directors are subject to re-election by shareholders and sufficient biographical information is provided to shareholders enabling an informed decision.

The committee annually reviews the board's required mix of skills and experience and other qualities such as its demographics and diversity in order to assess the effectiveness of the board, its committees and the contribution of each director.

Transformation committee

Following the successful implementation of the Dinatla initiative, a transformation committee was formed to facilitate the socio-economic transformation process within the Group. Key functional resources were designated within each business unit to continue the socio-economic transformation drive at business unit level. The transformation committee has developed an enterprise-based charter, the Bidvest Charter, that guides the Bidvest BEE transformation strategy.

The transformation committee comprises MBN Dube (chairman), the South African divisional chief executives, MJ Finger, LI Jacobs, B Joffe, SG Mahlalela, T Slabbert and FDP Tlakula

ACCOUNTABILITY

Going concern

The directors endorse and are of the opinion that the Group has sufficient resources to maintain the business for the future. Consequently, the going-concern basis for preparing the financial statements is adopted.

The board minutes the facts and assumptions used in the assessment of the going-concern status of the Group at the financial year-end. At the interim reporting stage, the directors consider their assessment at the previous year-end of the Group's ability to continue as a going concern and determine whether any of the significant factors in the assessment have changed to such an extent that the appropriateness of the going-concern assumption at the interim reporting stage has been affected.

Auditing and accounting

The board is of the opinion that their auditors observe the highest level of business and professional ethics and that their independence is maintained.

The Group aims for efficient audit processes using its external auditors in combination with the internal audit function. Management encourages unrestricted consultation between external and internal auditors resulting in periodic meetings to discuss matters of mutual interest, the exchange of working papers and management letters and reports, and a common understanding of audit techniques, methods and terminology.

Internal financial controls

The directors are responsible for adequate internal control systems that will provide reasonable assurance regarding the safeguarding of assets and the prevention of their unauthorised use or disposition, the maintenance of proper accounting records and the reliability of financial and operational information used in the businesses.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, not absolute, assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating, managing, monitoring and reporting on significant risks faced by the Group.

The Group's system of internal financial control includes policies and procedures, clearly defined lines of accountability and delegation of authority, and makes provision for comprehensive reporting and analysis against approved standards and budgets. Compliance is tested by way of management review, internal audit check and external audit. The Group's various divisional audit committees consider the results of these reviews on a regular basis and confirm the appropriateness and satisfactory nature of these systems, while ensuring that breakdowns involving material loss, if any, together with remedial actions, have been reported to the respective boards of directors.

Internal audit function

The internal audit departments are independent appraisal functions, whose primary mandate is to examine and evaluate the effectiveness of the applicable operational activities and the attendant business risks. The internal audit function includes the examination of the systems of internal financial control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention of the audit committee, external auditors and operational management for resolution.

Internal audit is an independent and objective assurance and consulting activity designed to add value to and improve the Group's operations. Internal audit undertakes a continual function in measuring, evaluating and reporting on the effectiveness of risk, control, governance systems and processes. It considers their economy of application and efficiency in meeting the objectives of the organisation using a systematic, disciplined approach. Internal audit further provides:

- ▶ assurance that the management processes are adequate to identify and monitor significant risks;
- ▶ confirmation of the adequacy and effective operation of the established internal control systems;
- ▶ credible processes for feedback on risk management and assurance; and
- ▶ objective confirmation that the board receives the appropriate quality of assurance and reliable information from management.

The purpose, authority and responsibility of the internal audit function is formally defined in an internal audit charter, which has been approved by the board and which is consistent with the Institute of Internal Auditors' definition of internal auditing. Divisional internal audit committees have their own internal audit function that ensures that the necessary controls are in place for effective risk management and monitoring.

The activities of the divisional internal auditors are co-ordinated by the Group internal audit manager based at the corporate office, who has unrestricted access to the audit committee and its chairman. The Group internal audit manager reports at all audit committee meetings and attends divisional audit committee meetings.

The internal audit function communicates with other internal and external auditors to ensure proper coverage and to minimise duplication of effort. The external auditors also review reports issued by internal audit.

The audit committee is satisfied that adequate, objective internal audit assurance standards and procedures exist within the Group. At committee meetings internal audit reports on the major business units are reviewed, together with proposals for the ongoing internal assurance processes. The adequacy and capability of the Group's internal audit structures are subject to review annually.

Audit plans for each business segment are tabled annually to take account of changing business needs. Follow-up audits are conducted in areas where major weaknesses are identified.

The internal audit plan, approved by the audit committee, is based on risk assessment, which is of a ongoing nature in an attempt to identify not only existing and residual risks, but also emerging risks, as well as issues highlighted by the audit committee and senior management. Self-assessment questionnaires are completed on a regular basis by several divisions. Internal audits are conducted formally at each business unit at least once in a two-year cycle. This risk assessment is co-ordinated with the board's own assessment of risk.

Where the external auditors also perform the internal audit function, due care is taken to ensure that there is adequate segregation between the two functions in order to ensure that their independence is not impaired.

Risk management

The board is responsible for the total process of risk management. It sets the risk strategy, which is based on the need to identify, assess, manage and monitor all known forms of risk across the Group. Risk management is conducted after consulting with the executive directors and senior management.

Management is accountable to the board for designing, implementing and monitoring the processes of risk

management and integrating them into the day-to-day activities of the Group. The risk aversion philosophy is communicated to all managers and employees in an endeavour to incorporate this philosophy into the language and culture of the Group. Risk management and internal control are practised throughout the Group and are embedded in day-to-day activities.

The audit committee attests that there are adequate systems of internal control in place to mitigate the significant risks faced by the Group to an acceptable level. The systems are designed to manage, rather than eliminate, the risk of failure or to maximise opportunities to achieve business objectives. Risk is not only viewed from a negative perspective. The review process also identifies areas of opportunity, such as where effective risk management can be turned to a competitive advantage.

The management of risk and loss control is decentralised, but in compliance with Group policies on risk financing and self-insurance. Compliance measurement is conducted through the review of periodic risk activity reports including measurement of identified losses. The decentralised structure and geographic spread ensures that the overall Group risk is balanced and minimised.

At operational level, senior management identifies major business risks, promotes awareness, introduces applicable control environments and procedures and applies risk-monitoring techniques. The divisional audit committees identify the manner and extent to which risk is controlled and/or reduced, while monitoring the process.

Bidvest's decentralised structure forms the basis of the Group's business continuity plan with each of the operations being self-sufficient with regard to disaster recovery and management succession plans. The individual business units are sufficiently small and independent of each other to eliminate Group-wide disaster risk.

In addition to the Group's other compliance and enforcement activities, the board recognises the need for a confidential reporting process ("whistle blowing") covering fraud and other risks. The whistle-blowing reporting procedures and 24-hour call centre ensure formal reporting and feedback.

While operating risk can never be fully eliminated, the Group endeavours to minimise it by ensuring that the appropriate

infrastructure, controls, systems and human resources are in place throughout the businesses. Key policies employed in managing operating risk involve the segregation of duties, transaction authorisation, monitoring and financial and managerial reporting.

The effectiveness of the internal control systems, including the potential impact of changes in the operating and business environments, is monitored through regular management reviews (with representation letters on compliance signed annually by the chief executive and chief financial officer of each major business unit), testing by internal auditors and testing of certain aspects of internal financial control systems by the external auditors during the course of their statutory examinations. Directors make annual written declarations of interests and are obliged to report any potential or actual conflicts.

RELATIONS WITH SHAREHOLDERS

The Group pursues dialogue with institutional investors based on constructive engagement and the mutual understanding of objectives, having regard to statutory, regulatory and other directives regulating the dissemination of information by companies and their directors. To achieve this dialogue there have been a number of presentations to, and meetings with, investors and analysts to communicate the strategy and performance of the Group. The quality of this information is based on the standards of promptness, relevance and transparency. The Group makes every effort to ensure that information is distributed via a broad range of communication channels, including the internet, having regard for security and integrity while bearing in mind the need that critical financial information reaches all shareholders simultaneously.

The board accepts its duty to present a balanced and understandable assessment of the Group's position in reporting to stakeholders, taking into account the circumstances of the communities in which it operates and the greater demands for transparency and accountability regarding non-financial matters. Reports address material matters of significant interest and concern to all stakeholders and present a comprehensive and objective assessment of the Group so that all stakeholders with a legitimate interest in the Group's affairs can obtain a full, fair and honest account of its performance.

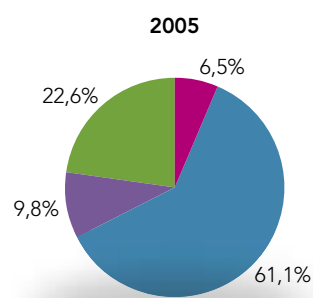
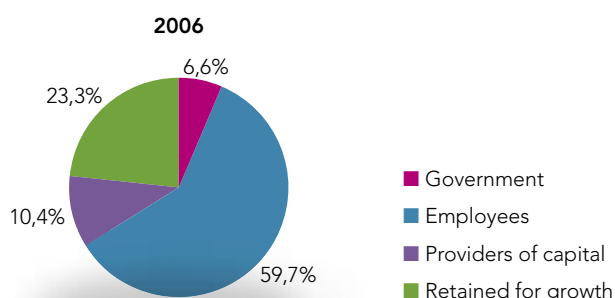


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Value added statement

"Value added" is the value which the Group has added to purchased materials and goods by the process of manufacture and conversion, and the sale of its products and services. This statement shows how the value so added has been distributed.

	2006		2005	
	R'000	%	R'000	%
Revenue	77 276 491		62 811 776	
Net cost of raw materials, goods and services	(63 481 364)		(50 924 168)	
Wealth created by trading operations	13 795 127		11 887 608	
Finance income	116 465		67 608	
Total wealth created	13 911 592	100,0	11 955 216	100,0
Distributed as follows				
Employees				
Benefits and remuneration	8 311 320	59,7	7 303 711	61,1
Government				
Current taxation	915 538	6,6	775 133	6,5
Providers of capital	1 448 198	10,4	1 168 943	9,8
Finance charges	432 606	3,1	339 039	2,8
Distributions to shareholders	1 015 592	7,3	829 904	7,0
Retained for growth	3 236 536	23,3	2 707 429	22,6
Depreciation	847 819	6,1	746 198	6,2
Profit for the year attributable to shareholders of the Company	2 388 717	17,2	1 961 231	16,4
	13 911 592	100,0	11 955 216	100,0



Exchanges with government

including amounts collected on their behalf

	2006	2005
	R'000	R'000
Employee taxes	1 565 078	1 476 400
Company taxes	915 538	775 133
Value added tax and sales tax	3 985 122	3 623 861
Customs and excise duty	7 913 163	6 138 634
Other	311 728	305 075
	14 690 629	12 319 103
Payable to		
South African authorities	12 902 867	10 736 884
Other	1 787 762	1 582 219
	14 690 629	12 319 103

Directors' responsibility for the financial statements

To the members of The Bidvest Group Limited

The directors are responsible for monitoring the preparation and integrity of the financial statements and related information included in this report.

In order for the board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The board has ultimate responsibility for the system of internal control and reviews its operation primarily through the audit and risk committees.

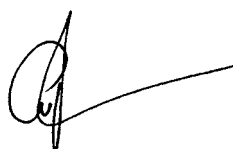
The internal controls include a risk-based system and accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Group's policies and procedures. These controls are implemented by trained, skilled personnel with appropriate segregation of duties; are monitored by management and include a comprehensive budgeting and reporting system, operating within strict deadlines and an appropriate control framework.

As part of the system of internal control, the Group's internal audit functions conduct operational, financial and specific audits and co-ordinate audit coverage with the external auditors. The external auditors are responsible for reporting on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of internal controls and systems has occurred.

The directors believe that the Group will be a going concern in the year ahead. For this reason, they continue to adopt the going concern basis in preparing the Group financial statements.

The financial statements for the year ended June 30 2006, set out on pages 8 to 10 and 125 to 187, were approved by the board of directors on September 1 2006 and are signed on its behalf by:



Cyril Ramaphosa
Non-executive chairman



Brian Joffe
Chief executive

Declaration by company secretary

In my capacity as company secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended June 30 2006, the Company has lodged with the Registrar of Companies, all such returns as are required in terms of this Act and that all such returns are true, correct and up to date.



Margaret David
Company secretary

September 1 2006

Report of the independent auditors

To the members of The Bidvest Group Limited

We have audited the financial statements and Group financial statements of The Bidvest Group Limited set out on pages 8 to 10 and 125 to 187 for the year ended June 30 2006. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Group at June 30 2006 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.

Registered Auditor



Per G Aldrighetti

Chartered Accountant (SA)

Registered Auditor

Director

September 1 2006

Directors' report

The directors have pleasure in presenting their report and audited financial statements for the year ended June 30 2006.

Nature of business

The Company is an investment holding company with subsidiaries operating in services, trading and distribution. Details of the Group's activities are included in the review of operations.

Financial reporting

The directors are required by the Companies Act to produce financial statements which fairly present the state of affairs of the Company and the Group as at the end of the financial period and the profit or loss for that period, in conformity with International Financial Reporting Standards (IFRS) and the Companies Act.

The financial statements as set out in this report have been prepared by management in accordance with IFRS and the Companies Act, and are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates.

The directors are of the opinion that the financial statements fairly present the financial position of the Company and of the Group as at June 30 2006 and the results of their operations and cash flows for the year then ended.

The directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the financial statements.

Acquisitions and disposals

Total acquisitions amounted to R1,2 billion including the acquisition of Deli XL (refer note 11 of the Group financial statements).

The Group disposed of the businesses of Dartline and Lithotech France. In addition the Group disposed of or closed operations of a number of less significant businesses (refer note 12 of the Group financial statements).

Results of operations

The results of operations are dealt with in the consolidated income statement, segmental analysis and review of operations.

Share capital

The Company issued 4 756 648 ordinary shares of 5 cents each at premiums of between R9,50 and R68,25 per share, in terms of the Bidvest Incentive Scheme.

Purchase of own shares

In terms of general authorities granted to the Company to repurchase its ordinary shares, the latest being shareholder authority obtained at the last annual general meeting, a maximum of 64 084 350 ordinary shares could be acquired by the Company of which 32 517 840 can be acquired by its subsidiaries. A subsidiary acquired in the open market, a total of 5 022 818 ordinary shares at an average price of R101,30 per share.

Distribution out of share premium in lieu of dividend

A cash distribution out of share premium of 172,2 cents per share, in lieu of a dividend, was awarded to shareholders on September 16 2005.

A cash distribution out of share premium of 162,0 cents per share, in lieu of a dividend, was awarded to shareholders on March 24 2006.

Directors' report

Subsequent to year end a cash distribution out of share premium of 207,0 cents per share, in lieu of a dividend, was awarded. The salient dates are as follows:

Distribution dates:

Last day to trade cum-distribution	Thursday, September 21 2006
Trading ex-distribution commences	Friday, September 22 2006
Record date	Friday, September 29 2006
Payment date	Monday, October 2 2006

Payments to shareholders

Approval was obtained at the annual general meeting for the Company to make payments which would reduce its share capital, share premium, reserves and/or any capital redemption reserve fund in terms of section 90 of the Companies Act.

Shareholders will be requested at the forthcoming annual general meeting of the Company to be held on October 26 2006 to consider the ordinary resolution to pay by way of a reduction of share capital or share premium, in lieu of a dividend, an amount equal to the amount which directors of the Company would have declared and paid out of profits in respect of the Company's interim and final dividend for the financial year ending June 30 2007.

Shareholders will further be requested to consider the special resolution to adopt new articles of association in order to incorporate amendments to the Companies Act, including the electronic transmission of documents and to take into account special resolutions passed since 1990, previously approved by shareholders.

Directorate

The following changes to the board were recorded:

Appointments	Effective date
DE Cleasby (alternate to P Nyman)	June 28 2006
AW Dawe	June 28 2006
NG Payne	June 28 2006
FDP Tlakula	June 28 2006

Resignations	
NA Cassim	June 28 2006
M Chipkin	June 28 2006
LI Chimes	June 28 2006
AM Griffith	June 28 2006
RW Graham	December 31 2005
HL Greenstein	June 28 2006
TH Reitman	June 28 2006
DK Rosevear	June 28 2006
CE Singer	June 28 2006
PC Steyn	November 30 2005
PD Womersley	June 28 2006

In terms of the Company's articles of association the following directors retire at the forthcoming annual general meeting:

DDB Band, BL Berson, LG Boyle, MBN Dube, LI Jacobs, RM Kunene, D Masson and SG Pretorius retire by rotation. DE Cleasby, AW Dawe, NG Payne and P Tlakula retire in terms of article 53.3 of the articles of association. All the retiring directors are eligible and available for re-election.

The names of the directors who were in office during the period August 21 2005 to September 1 2006 and the number of meetings attended by each of the directors are:

Director	Board	Audit Committee	Executive Committee	Remuneration Committee	Nominations Committee	Risk Committee
Non-executive						
MC Ramaphosa	4/4					
DDB Band	3/4	5/6		3/3	2/2	
LG Boyle†	4/4		2/3			
AA Da Costa	4/4					
S Koseff	3/4					
RM Kunene	3/4					
G Marcus	3/4					
D Masson	4/4	6/6		3/3	1/2	2/2
BE Moffat	2/4	5/6				
JL Pamensky	3/4	6/6		3/3	2/2	
NG Payne	1/1	2/2				1/2
FDP Tlakula	1/1					
Executive						
B Joffe	4/4		3/3	3/3*	2/2	2/2
FJ Barnes	4/4					
BL Berson	4/4					
MC Berzack	3/4		3/3			2/2
AW Dawe	1/1		3/3			2/2
MBN Dube	3/4		3/3			
LI Jacobs	4/4		3/3			
CH Kretzmann	3/4		3/3			2/2
P Nyman	4/4	6/6	3/3	3/3		2/2
SG Pretorius	4/4		2/3			1/2
LP Ralphs	3/4		3/3			2/2
AC Salomon	4/4	6/6	3/3			2/2
Alternates						
DE Cleasby	1/1*	2/2*		1/1*		2/2
LJ Mokoena	n/a					
T Slabbert	2/2*				2/2	
Former directors						
NA Cassim	1/3	1/3				
M Chipkin	2/3					
LI Chimes	2/3					
AM Griffith	3/3					
RW Graham	1/1					
HL Greenstein	3/3*					
T Reitman	1/3					
DK Rosevear	3/3		2/3			
CE Singer	2/3					
PC Steyn	1/1					
PD Womersley	3/3					

* by invitation.

* representing BE Moffat.

† formerly an executive director.

Directors' interests

The aggregate interests of the directors in the capital of the Company at June 30 2006 were as follows:

	Number of shares	
	2006	2005
Beneficial	10 100 886	8 080 947
Non-beneficial	40 133 923	41 543 691
Options	3 837 283	6 478 533

Directors' report

Directors' shareholding

The individual beneficial interests declared by the current directors and officers in the Company's share capital at June 30 2006 held directly or indirectly were:

Director	2006		2005	
	Direct	Indirect	Direct	Indirect
BL Berson	8		8	
MC Berzack	41 456		41 456	
AA Da Costa		2 250 087		2 475 095
LI Jacobs		1 841 471		2 025 078
B Joffe	449 032		449 032	
S Koseff	8		8	
CH Kretzmann	10 731		10 731	
RM Kunene		400 000		440 000
LJ Mokoena		1 841 471		2 025 078
D Masson	8	3 028	8	3 028
P Nyman	87 761		87 761	
JL Pamensky	8		8	
SG Pretorius	25 000		25 000	
LP Ralphs	274 986		239 986	
MC Ramaphosa		2 700 000		
AC Salomon	175 831		175 831	
Former directors			82 839	
Total	1 064 829	9 036 057	1 112 668	6 968 279

The directors beneficially held the following BidBEE Limited securities and listed Bidvest options at June 30 2006:

Director	BidBEE Limited Securities		Bidvest options	
	2006	2005	2006	2005
BL Berson			1	1
MC Berzack	2	2	2 930	2 930
B Joffe			31 744	31 740
S Koseff	2	2	1	1
CH Kretzmann	1 896	1 896	759	759
D Masson	2	2	1	1
P Nyman	14 419	23 641	14 876	5 767
JL Pamensky	2	2	1	1
LP Ralphs	44 181	44 181	17 671	17 671
AC Salomon	12	12	13 490	13 490
Former directors		18 475		7 381
Total	60 516	88 213	81 474	79 742

In addition to the aforementioned holdings:

- B Joffe is a trustee and potential beneficiary of a discretionary trust holding 3 363 484 (2005: 3 363 484) shares;
- P Nyman is a trustee of various trusts holding 5 046 549 shares, 9 222 BidBEE Securities and 9 113 Bidvest options but has no beneficial interest in these shares, securities and options;
- D Masson and P Nyman are trustees of the Group's retirement funds which hold 783 724 shares, 67 098 BidBEE Securities and 26 837 Bidvest options. P Nyman is also a trustee of a Group medical aid society which holds 30 175 shares and 23 871 BidBEE Securities; and
- AA Da Costa, LI Jacobs, LJ Mokoena and RM Kunene are Directors and shareholders of Dinatla Investment Holdings (Pty) Limited ("Dinatla") and their indirect beneficial holdings have been included in the table of holdings. P Nyman and T Slabbert are also Directors of Dinatla but have no beneficial interest in Dinatla's shares. Dinatla hold 45 001 744 (2005: 45 001 744) shares.

The only director who was directly or indirectly interested in excess of 1% of the Company's issued share capital was B Joffe.

	2006	2005
Beneficial	449 032	449 032
Non-beneficial	3 363 484	3 363 484
	3 812 516	3 812 516

The interests of the directors remained unchanged from the end of the financial year to the date of this report.

Directors' remuneration

The remuneration paid to directors while in office of the Company during the year ended June 30 2006 are analysed as follows:

Executive	Basic remuneration R'000	Other benefits R'000	Retirement/medical benefits R'000	Cash incentives R'000	Total emoluments R'000	Share-based payment expense R'000	2006 Total R'000	2005 Total R'000
FJ Barnes	3 229	403	201	2 070	5 903	139	6 042	5 407
BL Berson	1 608	122	141	1 658	3 529	139	3 668	3 196
MC Berzack	2 130	227	385	2 100	4 842	1 027	5 869	4 705
MBN Dube	757	1	92	300	1 150	400	1 550	1 285
LI Jacobs	804	105	100	350	1 359	393	1 752	1 352
B Joffe	5 035	602	346	6 099	12 082	1 446	13 528	11 980
CH Kretzmann	1 630	125	195	750	2 700	1 027	3 727	3 517
P Nyman	1 199	92	108	700	2 099	682	2 781	2 387
SG Pretorius	2 065	112	312	3 000	5 489	657	6 146	5 494
LP Ralphs	1 988	344	231	1 600	4 163	1 027	5 190	3 961
AC Salomon	1 585	176	177	1 200	3 138	937	4 075	3 486
Former executive directors								
LG Boyle	1 212	118	275	–	1 605	907	2 512	2 863
LI Chimes	1 667	152	169	1 000	2 988	664	3 652	3 337
HL Greenstein	864	85	128	150	1 227	423	1 650	1 643
AM Griffith	604	320	123	698	1 745	405	2 150	2 569
DK Rosevear	1 931	155	325	360	2 771	1 066	3 837	3 986
CE Singer	865	100	162	475	1 602	391	1 993	1 828
PC Steyn	373	56	87	–	516	362	878	2 124
PD Womersley	1 104	70	236	500	1 910	423	2 333	2 147
RW Graham								1 781
2006 Total	30 650	3 365	3 793	23 010	60 818	12 515	73 333	69 048
2005 Total	29 177	4 890	3 790	21 042	58 899	10 149	69 048	

Non-executive	Directors' fees R'000	Other services R'000	Total emoluments R'000	Share-based payment expense R'000	2006 Total R'000	2005 Total R'000
DDB Band	39	89	128		128	150
NA Cassim	28	35	63		63	95
M Chipkin	28	59	87		87	86
AA da Costa	39		39		39	47
RW Graham†	3	36	39	286	325	–
S Koseff	33		33		33	21
RM Kunene	33		33		33	57
G Marcus	33		33		33	1
D Masson	39	239	278		278	254
BE Moffat	28	54	82		82	28
LJ Mokoena	17		17		17	23
JL Pamensky	33	104	137		137	223
MC Ramaphosa	360		360		360	360
TH Reitman	33		33		33	66
T Slabbert	28	6	34		34	23
Former directors						13
2006 Total	774	622	1 396	286	1 682	1 447
2005 Total	1 195	252	1 447	–	1 447	

† formerly an executive director.

No remuneration accrued to DE Cleasby, AW Dawe, NG Payne and FDP Tlakula from the date of their appointment to June 30 2006.

Directors' service contracts

Directors do not have fixed-term contracts.

Directors' and officers' disclosure of interest in contracts

During the financial year no contracts were entered into in which directors and officers of the Company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

Details of the directors' outstanding share options

Director	Share options at June 30 2005		Share options exercised			Share options at June 30 2006	
	Number	Average price R	Number	Average price R	Benefit arising on exercise of options R'000	Number	Average price R
FJ Barnes	90 000	45,82	35 000	42,95	2 112	55 000	47,64
B Berson	78 000	43,36	36 000	37,28	2 006	42 000	48,56
MC Berzack	346 752	41,68	50 500	22,88	3 870	296 252	44,89
LG Boyle	450 000	44,87	95 000	39,91	5 850	355 000	46,20
MBN Dube	85 000	55,35				85 000	55,35
LI Jacobs	80 000	57,97				80 000	57,97
B Joffe	654 080	43,12	180 000	31,03	14 575	474 080	47,71
CH Kretzmann	575 001	44,63	100 000	37,50	6 399	475 001	46,13
P Nyman	539 300	41,17	13 100	29,47	1 230	526 200	41,68
SG Pretorius	135 000	58,11				135 000	58,11
LP Ralphs	650 000	43,29	35 000	31,00	1 825	615 000	43,99
AC Salomon	687 504	41,21	227 504	32,97	16 159	460 000	45,29
MA David (Secretary)	48 500	50,30	12 250	40,33	718	36 250	53,67
Appointed during the year	4 419 137	45,13	784 354	33,91	54 744	3 634 783	45,96
DE Cleasby						78 250	53,95
AW Dawe						124 250	48,86
Former directors							
LI Chimes	275 000	46,61	30 000	41,06	2 200		
RW Graham	126 250	42,72	33 750	41,73	1 616		
AM Griffith	133 500	46,97					
DK Rosevear	736 896	40,80	261 896	31,14	14 052		
CE Singer	153 500	46,30					
PC Steyn	148 500	44,30	67 500	40,23	3 843		
PD Womersley	266 500	42,96	146 250	39,17	8 868		
HL Greenstein	219 250	44,02	91 750	39,53	5 915		
Total	6 478 533	44,58	1 415 500	33,94	91 238	3 837 283	46,21

These options are exercisable over the period July 1 2006 to May 31 2015. A register of detailed options outstanding by tranche is available for inspection at the Company's registered office.

Secretary

Ms MA David is the company secretary. The business and postal addresses of the secretary, which are also the registered addresses of the Company, are reflected on page 204 of the report.

Subsidiaries and joint ventures

The attributable interest of the Company in the aggregate net profits and losses for the year of its subsidiaries and joint ventures was:

	2006 R'000	2005 R'000
Profits	2 421 210	2 037 359
Losses	(32 493)	(76 128)

Special resolutions

A special resolution was passed at the annual general meeting of shareholders held on November 3 2005 in regard to a general authority to enable the Company to acquire its own shares.

Special resolutions were passed by certain subsidiaries to accommodate the acquisition of various businesses, to amend articles of association and to change their names.

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). These are the Group's first consolidated financial statements prepared in terms of IFRS. IFRS 1, *"First time adoption of International Financial Reporting Standards"*, has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows is provided in note 39 of the Group financial statements and note 16 of the Company financial statements.

1. Basis of preparation

The consolidated financial statements are prepared on the historical cost basis except that derivative financial instruments, financial instruments held for trading and financial instruments classified as available for sale are stated at their fair value.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although 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 actual outcome may differ from these estimates.

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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in the application of IFRS that have had an effect on the financial statements and estimates with a risk of adjustment in the next year are discussed in note 37.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at July 1 2004 for the purposes of the transition to IFRS.

The accounting policies have been applied consistently by Group entities.

2. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Operating results of businesses acquired or disposed of during the year are included from or to the effective date of acquisition or disposal being the date that control commences until the date control ceases. The assets and liabilities of companies acquired are assessed and included in the balance sheet at their estimated fair values to the Group at acquisition date.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The Group's interests in joint ventures are accounted for using the proportionate consolidation method and its shares of the underlying assets, liabilities, income, expenditure and cash flow are included in the consolidated financial statements on a line-by-line basis from the date that joint control commences until the date joint control ceases.

Inter-group transactions and balances are eliminated on consolidation. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The Company carries its investments in subsidiaries and joint ventures at cost less accumulated impairment losses.

3. Revenue

Revenue comprises amounts invoiced to customers for goods and services and includes finance charges, insurance premiums, gross billings, commissions related to clearing and forwarding transactions and excludes value added tax.

4. Revenue recognition

Dividends are recognised when the right to receive payment is established.

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

The sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the terms of the contracts.

Revenue relating to banking activities consists primarily of margins earned on the sale of foreign currency notes and coins, foreign exchange products and general commissions and transaction fees and is recognised when it is earned. Net profits on revaluation of foreign currency denominated assets and liabilities are also included in revenue.

Profits and losses from full maintenance motor contracts are recognised on termination of individual contracts. Provision is made for known losses during the contract period on an individual contract basis.

Insurance premiums are stated before deducting re-insurances and commissions, and are accounted for when they become due.

5. Non-current assets held for sale and discontinued operations

Immediately before classification as assets held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as assets held for sale, non-current assets and disposal groups are recognised at the lower of the carrying amounts and fair value less costs to sell.

A discontinued operation results from the sale or abandonment of an operation that represents a separate major line of business or geographical area of operations and of which the assets, net profit or loss and activities can be distinguished physically, operationally and for financial reporting purposes. A subsidiary acquired exclusively with the view to resale is also classified as a discontinued operation. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

6. Distributions to shareholders

Distributions to shareholders are accounted for once they have been approved by the board of directors.

7. Financing income and charges

Financing income and charges comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and dividend income on preference shares. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

8. Capitalisation of expenditure/borrowing costs

Costs that are directly attributable to qualifying assets are capitalised. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use or sale. Capitalisation continues up to the date that the assets are substantially complete. Capitalisation is suspended during extended periods in which active development is interrupted.

9. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts, investment in money market instruments and variable rate cumulative redeemable preference shares, all of which are available for use by the Group unless otherwise stated.

10. Property, plant and equipment

Property, plant and equipment are reflected at cost to the Group company which first acquired them, less accumulated depreciation and accumulated impairment losses. The present value of the estimated cost of dismantling and removing items and restoring the site in which they are located is provided for as part of the cost of the asset. Depreciation is provided for on the straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Land	Stated at cost and not depreciated
Buildings	Up to 50 years
Leasehold premises	Over the period of the lease
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 15 years
Vehicles, vessels and craft	3 to 10 years
Rental assets	3 to 5 years
Capitalised leased assets	The same basis as owned assets.

Residual values, depreciation method and useful lives are reassessed annually.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense when incurred.

11. Leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the Group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Operating leases, which have a fixed determinable escalation, are charged against income on a straight-line basis. Leases with contingent escalations are expensed as and when incurred.

12. Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. All business combinations are accounted for by applying the purchase method. In respect of business acquisitions that have occurred since March 31 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, being cost less accumulated amortisation at March 31 2004, which represents the amount recorded under previous South African Generally Accepted

Accounting policies

Accounting Practice. The classification and accounting treatment of business combinations that occurred prior to March 31 2004 have not been reconsidered in preparing the Group's opening IFRS balance sheet at July 1 2004.

Subject to the foregoing, goodwill is stated at deemed cost or cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

13. Intangible assets

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on research, internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents, trademarks, tradenames and other intangibles	3 to 12 years
Computer software	3 to 5 years

14. Impairment of assets

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

The recoverable amount of cash-generating units to which goodwill is allocated is estimated annually on March 31 each year. For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

Impairment losses are recognised whenever the carrying amount of the asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Goodwill and indefinite-life intangible assets were tested for impairment at July 1 2004, the date of transition to IFRS, even though no indication of impairment existed.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in

the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

The recoverable amount of the Group's investments in held to maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (the effective interest rate is computed on initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing their value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of a held to maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the income statement. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed, with the amount of the reversal recognised in the income statement.

Impairment losses in respect of goodwill are not reversed.

In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Taxation

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred taxation is provided on the balance sheet liability method based on temporary differences between the tax base of an asset or liability and its balance sheet carrying amount. Temporary differences are differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. The following temporary differences are not provided for: goodwill not deductible for tax 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 probably not reverse in the foreseeable future. Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Secondary taxation on companies is accounted for as a tax charge in the income statement as incurred.

16. Associates

An associate is a company over which the Group has the ability to exercise significant influence over the financial and operating policies.

The equity method of accounting for associates is adopted in the Group financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became associates and up to the effective dates of disposal.

The Company accounts for associates at cost less any accumulated impairment losses.

Goodwill inherent in the cost of an associate is accounted for in accordance with the Group's accounting policy for goodwill. This goodwill has been included in the carrying value of associates.

17. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into South African rand at rates of exchange ruling at the balance sheet date. Income, expenditure and cash flow items are translated into South African rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity as a foreign currency translation reserve.

The revenues and expenses of foreign operations in hyperinflationary economies are translated to South African rand at the foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on re-translation are recognised directly in a separate component of equity.

Acquisitions and disposals of foreign operations are accounted for at the rate ruling on the date of the transaction.

In respect of all foreign operations, any differences that arose before July 1 2004, the date of transition to IFRS, have been transferred to retained income.

18. Financial instruments/investments

Financial instruments are accounted for on transaction date and are initially measured at fair value, including transaction costs. The subsequent measurement of these instruments is dealt with as follows:

Listed and unlisted investments are classified as held for trading financial assets or available for sale financial assets.

Held for trading financial assets are stated at fair value, with any resultant gain or loss being recognised in the income statement.

Financial instruments classified as available for sale financial assets are carried at fair value with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in profit or loss.

Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Fair value of unlisted investments is determined by using appropriate valuation models.

Investments that meet the criteria for classification as held to maturity financial assets are carried at amortised cost.

Financial instruments classified as held for trading or available for sale investments are recognised/derecognised by the Group on the date it commits to purchase/sell the investments. Securities held to maturity are recognised/derecognised on the day they are transferred to/by the Group.

Trade and other receivables originated by the Group are stated at fair value less impairment losses.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

Financial liabilities other than derivatives are recognised at amortised cost using the effective interest rate method.

Derivative instruments are measured at fair value.

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship, and with the exception of available for sale financial assets, are included in the income statement in the period in which the change arises.

Gains and losses arising from measuring the hedging instruments relating to a fair value hedge at fair value are recognised in the income statement.

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised financial asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

Where a derivative is designated as a cash flow hedge, the effective part of the gains or losses from re-measuring the hedging instruments to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the non-financial asset or liability. The ineffective part of any gain or loss is recognised in the income statement immediately. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the aforementioned policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

A financial asset is derecognised (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit and loss.

Accounting policies

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

It is the policy of the Group not to trade in derivative financial instruments for speculative purposes.

19. Banking advances

Advances are stated at amortised cost after the deduction of amounts that, in the opinion of the directors, are required as specific and general impairments. Specific impairments are raised for doubtful advances, including amounts in respect of interest not being serviced and after taking security values into account and are deducted from advances where the outstanding balance exceeds the value of the security held. A general impairment based on historic experience is raised to cover doubtful advances, which may not be specifically identified at the balance sheet date. The specific and general impairments made during the year are charged to the income statement.

20. Vehicle rental fleet

Vehicle rental fleet is stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost of the vehicles to their residual value over their estimated useful life of between 9 and 12 months.

21. Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials, finished goods, parts and accessories is determined on either the first in, first out or average cost basis. New vehicles, motorcycles, power and marine products are stated on an actual unit cost basis. Used and demonstrator vehicles are stated at the lower of actual cost or net realisable value. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expense.

Vehicles and vehicle parts purchased in terms of manufacturers' standard franchise agreements or floorplan facilities, are recognised as assets when received as this is when significant risks and rewards have been transferred. This policy is applied irrespective of the fact that certain agreements provide that the legal ownership of this inventory shall remain with the supplier or floorplan provider until the purchase price has been paid.

22. Treasury shares

Shares in the Company, held by its subsidiary are classified in the Group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

23. Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Translation differences are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to South African rand at foreign exchange rates ruling at the dates the fair value was determined.

24. Share-based payments

The Bidvest Incentive Scheme grants options to acquire shares in the Company to executive directors and staff. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the

options. The fair value of the options is measured using a binomial method, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where staff are unable to meet the Scheme's employment requirements.

25. Employee benefits

Leave benefits due to employees are recognised as a liability in the financial statements.

The Group's liability for post-retirement benefits, accruing to past and current employees in terms of defined benefit schemes, are calculated actuarially. Where the plan is funded, the obligation is reduced by the fair value of the plan assets. Unfunded obligations are recognised as a liability in the financial statements.

The Group's obligation for post-retirement medical aid, to past and current employees, is determined actuarially and provided for in full.

The projected unit credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial gains or losses in respect of defined benefit plans are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation at that date before deducting plan assets; or
- 10% of the fair value of any plan assets at that date.

The amount recognised is the excess in terms of the aforementioned formula, divided by the expected average remaining working lives of the employees participating in that plan.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have vested, past service costs are recognised immediately.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the market yields, at the balance sheet date, on high quality bonds with terms that most closely match the terms of maturity of the related liabilities.

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

26. Short-term insurance

Short-term insurance is provided in terms of benefits under short-term policies which cover motor, property and warranty. Premiums are accounted for as income when they come due, before deducting commission. Claims expenses are charged to the income statement as incurred based on the liability owed to the contract holder at the date of the claim. A provision for unearned premiums is created, based on the 24th and 48th methods and actual incidence of risk, that represents that part of the current year's premiums that relate to risk periods that extend to the following year. Provision is made on a prudent basis for the estimated final cost of all claims that had not been settled on the accounting date. Provision is also made for claims arising from events that occurred before the close of the accounting period, but which have not been reported to the Company by that date. A contingency reserve is maintained at 10% of the net written premiums. The reserve can be utilised in case of catastrophe, subject to the approval of the Financial Services Board. Transfers to this reserve are reflected in the capital and reserves note.

27. Life assurance

Life assurance benefits are provided in terms of individual credit life contracts. These contracts are decreasing term assurance designed to pay outstanding loans provided by financing houses to purchasers of motor vehicles. The outstanding loan is settled (subject to certain limits) following death or disability of the contract holder. In addition there is a dread disease, retrenchment and funeral benefit. Premiums consist of single and monthly premiums and are recognised when the

insurance risk cover commences. Premiums are shown before deducting reinsurance and commission. Claims expenses are charged to the income statement as incurred based on the liability owed to the contract holder at the date of the claim. Policyholder liabilities under insurance contracts, representing the liability in respect of unmatured policies, are valued in terms of the Financial Soundness Valuation basis contained in Practice Guidance Note 104.

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group are classified as reinsurance contracts held. The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. These assets and liabilities consist of short-term balances due to and from reinsurers, as well as longer-term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable and are recognised as an expense when due. The Group assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

28. Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

The Group recognises a provision calculated as the present value of the estimated cost of dismantling and removing items and restoring the site in which they are located when the legal or constructive obligation arises or when the damage to the site occurs.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

29. Segmental reporting

The principal segments of the Group have been identified on a primary basis by the nature of the business and on a secondary basis by geographic segment. The basis is representative of the internal structure for management purposes.

Segmental result includes revenue and expenses directly relating to a business segment but excludes interest and taxation. Segmental trading profit is defined as operating profit excluding items of a capital nature.

Segment operating assets and liabilities include property, plant and equipment, investments, inventories, trade and other receivables, trade and other payables, banking assets and liabilities and insurance funds, but exclude cash and cash equivalents, borrowings, current taxation and deferred taxation. Intangibles are allocated to the cash-generating unit in the segment to which they relate.

Consolidated income statement

for the year ended June 30

	Note	2006 R'000	2005 R'000
Total revenue	1	77 426 248	62 937 216
Revenue		77 276 491	62 811 776
Cost of revenue		(61 589 806)	(49 957 282)
Gross income		15 686 685	12 854 494
Other income		140 331	122 360
Operating expenses		(12 135 509)	(9 960 501)
Sales and distribution costs		(7 215 356)	(5 877 351)
Administration expenses		(3 606 422)	(2 994 130)
Other costs		(1 313 731)	(1 089 020)
Operating profit	2	3 691 507	3 016 353
Net finance charges	3	(342 392)	(285 105)
Finance income		66 295	42 291
Finance charges		(408 687)	(327 396)
Share of income of associates		48 846	38 846
Dividends received		4 991	6 905
Share of retained income		43 855	31 941
Profit before taxation		3 397 961	2 770 094
Taxation	4	(933 418)	(797 755)
Profit for the year		2 464 543	1 972 339
Attributable to			
Shareholders of the Company		2 388 717	1 961 231
Minority shareholders		75 826	11 108
		2 464 543	1 972 339
Basic earnings per share (cents)	5	796,3	647,9
Diluted earnings per share (cents)	5	761,2	632,3
Distributions per share (cents)	6	369,0	306,0

Consolidated statement of recognised income and expenses

for the year ended June 30

	R'000	R'000
Net income recognised directly in equity	365 681	488 640
Movement in foreign currency translation reserve	364 235	488 640
Change in fair value of available for sale financial assets, net of taxation	1 446	—
Profit for the year	2 464 543	1 972 339
Total recognised income and expenses for the year	2 830 224	2 460 979
Attributable to		
Shareholders of the Company	2 751 739	2 448 109
Minority shareholders	78 485	12 870
	2 830 224	2 460 979

Details of the movement in capital and reserves is contained in note 24.

Consolidated cash flow statement

for the year ended June 30

	Note	2006 R'000	2005 R'000
Cash flow from operating activities		2 352 689	2 416 284
Cash generated by operations	7	4 490 358	4 200 449
Finance income		66 295	42 291
Finance charges	8	(324 877)	(254 188)
Taxation paid	9	(863 495)	(742 364)
Distributions to shareholders	10	(1 015 592)	(829 904)
Cash effects of investment activities		(2 368 372)	(2 223 714)
Amounts advanced to associates		(687)	(3 378)
Investments disposed of		293 037	96 467
Investments acquired		(252 886)	(167 536)
Additions to property, plant and equipment		(1 605 371)	(1 378 427)
Net increase in vehicle rental fleet		(298 251)	(131 624)
Additions to intangible assets		(100 965)	(52 184)
Proceeds on disposal of property, plant and equipment		151 218	173 980
Proceeds on disposal of intangible assets		352	–
Acquisition of businesses, subsidiaries, joint ventures and associates	11	(1 155 920)	(889 705)
Proceeds on disposal and closure of businesses, subsidiaries, joint ventures and associates	12	601 101	128 693
Cash effects of financing activities		842 777	(842 050)
Proceeds from share issues		180 274	177 061
Repurchase of treasury shares		(508 810)	(532 058)
Borrowings raised		1 722 823	463 043
Borrowings repaid		(551 510)	(950 096)
Net increase (decrease) in cash and cash equivalents		827 094	(649 480)
Cash and cash equivalents at beginning of year		1 497 683	2 100 982
Effects of exchange rate fluctuations on cash and cash equivalents		222 218	46 181
Cash and cash equivalents at end of year		2 546 995	1 497 683
Cash and cash equivalents comprise			
Cash and cash equivalents	23	3 255 457	1 707 932
Bank overdrafts included in short-term portion of borrowings	27	(708 462)	(210 249)
		2 546 995	1 497 683

Consolidated balance sheet
at June 30

	Note	2006 R'000	2005 R'000
ASSETS			
Non-current assets		10 606 995	8 423 459
Property, plant and equipment	13	5 511 253	4 303 123
Intangible assets	14	378 808	321 246
Goodwill	15	3 123 722	2 530 700
Deferred taxation	16	398 411	221 523
Interest in associates	18	574 893	493 684
Investments	19	544 923	511 983
Banking and other advances	20	74 985	41 200
Current assets		17 387 506	12 699 872
Vehicle rental fleet	21	479 326	249 155
Inventories	22	5 092 821	4 024 025
Short-term portion of banking and other advances	20	142 718	105 979
Trade and other receivables		8 417 184	6 612 781
Cash and cash equivalents	23	3 255 457	1 707 932
Total assets		27 994 501	21 123 331
EQUITY AND LIABILITIES			
Capital and reserves	24	9 158 695	7 642 424
Capital and reserves attributable to shareholders of the Company		8 928 995	7 468 866
Minority shareholders		229 700	173 558
Non-current liabilities		3 677 777	1 956 441
Deferred taxation	16	202 907	87 401
Life assurance fund	26	32 795	13 265
Long-term portion of borrowings	27	3 093 184	1 513 871
Post-retirement obligations	28	221 092	218 752
Long-term portion of banking liabilities	29	278	155
Long-term portion of operating lease liabilities	30	127 521	122 997
Current liabilities		15 158 029	11 524 466
Trade and other payables		12 562 695	9 544 144
Provisions	31	324 667	254 813
Vendors for acquisition		41 795	–
Taxation		501 245	448 242
Short-term portion of banking liabilities	29	113 265	94 468
Short-term portion of borrowings	27	1 614 362	1 182 799
Total equity and liabilities		27 994 501	21 123 331

Notes to the consolidated financial statements
for the year ended June 30

	2006 R'000	2005 R'000
1. Total revenue		
Sale of goods	57 372 616	45 295 203
Rendering of services	7 058 714	6 178 847
Commissions and fees earned	421 506	901 614
Gross billings relating to clearing and forwarding transactions	13 893 019	11 680 484
Insurance	180 547	135 881
Dividend income	33 292	57 832
Finance income	116 465	67 608
	79 076 159	64 317 469
Inter-group eliminations	(1 649 911)	(1 380 253)
	77 426 248	62 937 216
2. Operating profit		
Determined after charging (crediting):		
Auditors' remuneration	43 402	41 714
Audit fees	33 588	31 515
Audit related expenses	857	988
Other services	8 957	9 211
Depreciation of property, plant and equipment	779 739	706 104
Buildings	25 603	17 972
Leasehold premises	30 178	25 513
Plant and equipment	223 453	164 647
Office equipment, furniture and fittings	145 581	151 948
Vehicles, vessels and craft	261 723	241 896
Rental assets	89 246	103 241
Capitalised leased assets	3 955	887
Depreciation of vehicle rental fleet	68 080	40 094
Amortisation of intangible assets	137 094	103 193
Patents, trademarks, tradenames and other intangibles	67 283	60 036
Computer software	69 811	43 157
Impairment of goodwill and other intangibles	14 174	10 292
Goodwill	9 574	10 292
Patents, trademarks, tradenames and other intangibles	4 600	–
Negative goodwill arising on acquisition of subsidiaries included in other income	(3 780)	–

	2006 R'000	2005 R'000
2. Operating profit (continued)		
Directors' emoluments		
Executive directors	60 818	58 899
Basic remuneration	30 650	29 177
Retirement and medical benefits	3 793	3 790
Other benefits	3 365	4 890
Cash incentives	23 010	21 042
Non-executive directors	1 396	1 447
Fees	774	1 195
Other services	622	252
Employer contributions to	521 884	465 243
Defined contribution pension funds	157 115	136 892
Provident funds	172 458	137 105
Retirement funds	39 954	36 296
Medical aid funds	152 357	154 950
Actuarial losses (surpluses) on post-retirement obligations	28 692	2 303
Unfunded pension liability	10 282	3 007
Post-retirement medical aid obligations	18 410	(704)
Defined benefit pension fund costs	7 074	6 663
Share-based payment expense	50 050	37 621
Staff	37 249	27 472
Executive directors	12 515	10 149
Former executive directors	286	–
Staff costs excluding directors' emoluments and employer contributions	7 641 406	6 731 535
Fees for administrative, managerial and technical services	7 130	10 913
Foreign exchange losses (gains)	(16 398)	(70 272)
Realised	(20 445)	(32 740)
Unrealised	4 047	(37 532)
Dividends received	(28 301)	(50 927)
Listed investments	(14 213)	(8 096)
Unlisted investments	(14 088)	(42 831)
Fair value adjustments on investments held for trading	(45 577)	(84 124)
Net capital losses (profits)	(44 901)	19 463
Loss (profit) on disposal of property, plant and equipment	(15 689)	13 410
Loss (profit) on closure and disposal of businesses	(29 212)	6 053
JSE Limited fees	128	153
Operating lease charges	812 874	785 112
Land and buildings	616 301	560 496
Equipment and vehicles	196 573	224 616

Notes to the consolidated financial statements
for the year ended June 30

	2006 R'000	2005 R'000
3. Net finance charges		
Finance income	116 465	67 608
Preference dividends	7 591	7 785
Interest received	108 874	59 823
Finance charges	(432 606)	(339 039)
Interest paid	(442 453)	(339 039)
Less borrowing costs capitalised to property, plant and equipment	9 847	–
	(316 141)	(271 431)
Less net finance income from banking operations included in operating profit	(26 251)	(13 674)
Income	(50 170)	(25 317)
Charges	23 919	11 643
	(342 392)	(285 105)
4. Taxation		
Current taxation	910 653	764 834
Current year	924 111	762 686
Prior years	(13 458)	2 148
Deferred taxation	17 880	22 622
Current year	27 019	30 590
Prior years	(9 139)	(19 097)
Change in rate of taxation	–	11 129
Secondary taxation on companies	3 585	10 268
Foreign withholding taxes	1 300	31
Total taxation per income statement	933 418	797 755
Comprising		
South African normal taxation	638 612	603 833
Foreign taxes	294 806	193 922
	933 418	797 755
Estimated tax losses available for set-off against future taxable income	300 719	396 596
Utilised in the computation of deferred taxation	(114 908)	(178 359)
Not accounted for in deferred taxation	185 811	218 237
Deferred tax assets have not been recognised in respect of these items because it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.		
Secondary taxation on companies – dividend credits available	108 987	48 466

	2006 %	2005 %
4. Taxation (continued)		
The reconciliation of the effective tax rate with the company tax rate is as follows		
Taxation for the year as a percentage of profit before taxation	27,5	28,8
Secondary taxation on companies	(0,1)	(0,4)
Effective rate excluding secondary taxation on companies	27,4	28,4
Dividend and exempt income	1,1	2,8
Foreign taxation	0,9	(0,7)
Expenses not taxable or allowed	(1,6)	(1,7)
Utilisation of deferred tax assets not previously raised	0,8	(0,2)
Capital gains taxation exempt portion	(0,3)	0,1
Changes in prior year's estimation	0,7	0,6
Change in rate of taxation	–	(0,3)
Rate of South African company taxation	29,0	29,0
5. Earnings per share		
<i>Weighted average number of shares ('000)</i>		
Weighted average number of shares in issue for basic earnings per share and headline earnings per share	299 976	302 700
Potential dilutive impact of outstanding staff share options	7 213	5 187
Number of outstanding staff share options	18 886	24 292
Number of share options deemed to be issued at fair value	(11 673)	(19 105)
Potential dilutive impact of outstanding shareholder options	6 637	2 298
Number of outstanding shareholder options	18 000	18 000
Number of shareholder options deemed to be issued at fair value	(11 363)	(15 702)
Adjusted weighted average number of shares in issue used for the calculation of diluted earnings per share	313 826	310 185
<i>Attributable earnings (R'000)</i>		
Basic earnings per share and diluted earnings per share are based on profit attributable to shareholders of the Company	2 388 717	1 961 231
Basic earnings per share (cents)	796,3	647,9
Diluted earnings per share (cents)	761,2	632,3
Dilution (%)	4,4	2,4

Notes to the consolidated financial statements
for the year ended June 30

	2006	2005
5. Earnings per share (continued)		
<i>Headline earnings (R'000)</i>		
Profit attributable to shareholders of the Company	2 388 717	1 961 231
Impairment of goodwill and intangible assets	14 174	10 292
Net loss on closure and disposal of businesses	19 951	6 594
Loss (surplus) on closure and disposal of businesses	(29 212)	6 053
Tax charge	49 638	1 822
Minority shareholders	(475)	(1 281)
Net loss (surplus) on disposal of property, plant and equipment	(11 915)	7 762
Loss (surplus) on disposal of property, plant and equipment	(15 689)	13 410
Tax charge (relief)	3 774	(5 627)
Minority shareholders	–	(21)
Negative goodwill	(2 457)	–
Arising on acquisition of subsidiaries	(3 780)	–
Minority shareholders	1 323	–
Share of capital items in associates	5 059	1 108
Headline earnings	2 413 529	1 986 987
Headline earnings per share (cents)	804,6	656,4
Diluted headline earnings per share (cents)	769,1	640,6
Dilution (%)	4,4	2,4
6. Distributions per share		
Interim distribution (cents)		
Refund of share premium per share in lieu of dividend paid on March 27 2006 (2005: paid on March 24 2005)	162,0	133,8
Final distribution (cents)		
Refund of share premium per share in lieu of dividend payable on October 2 2006 (2005: paid on September 19 2005)	207,0	172,2
	369,0	306,0

	2006 R'000	2005 R'000
7. Cash generated by operations		
Profit before taxation	3 397 961	2 770 094
Net finance charges	342 392	285 105
Share of retained income of associates	(43 855)	(31 941)
Adjustment for depreciation and other non-cash items	954 879	832 643
Increase (reduction) in post-retirement obligations	16 943	(7 973)
Increase in life assurance fund	19 530	8 159
Retained (utilised) to finance working capital	(197 492)	344 362
Increase in inventories	(708 058)	(526 050)
Increase in trade and other receivables	(796 580)	(864 392)
Increase in banking and other advances	(70 524)	(61 971)
Increase in trade and other payables and provisions	1 358 750	1 758 708
Increase in banking liabilities	18 920	38 067
Cash generated by operations	4 490 358	4 200 449
8. Finance charges		
Charge per income statement	(408 687)	(327 396)
Amounts capitalised to borrowings	83 810	73 208
Amounts paid	(324 877)	(254 188)
9. Taxation paid		
Amounts payable at beginning of year	(448 242)	(409 526)
Per income statement	(915 538)	(775 133)
Businesses acquired	4 964	(4 604)
Businesses disposed of	5 487	415
Exchange rate adjustments	(11 411)	(1 758)
Amounts payable at end of year	501 245	448 242
Amounts paid	(863 495)	(742 364)
10. Distributions to shareholders		
Dividends paid to shareholders	–	(215 879)
Dividends received by subsidiary on treasury shares	–	10 737
Refund of share premium to shareholders in lieu of dividend	(1 074 023)	(641 612)
Refund of share premium received by subsidiary on treasury shares	81 615	34 162
Dividends paid to minority shareholders by subsidiaries	(23 184)	(17 312)
Amounts paid	(1 015 592)	(829 904)

Notes to the consolidated financial statements
for the year ended June 30

	2006 R'000	2005 R'000
11. Acquisition of businesses, subsidiaries, joint ventures and associates		
Property, plant and equipment	(729 903)	(49 460)
Interest in associates	(3 404)	(341 485)
Investments and advances	(11 851)	(213)
Inventories	(308 258)	(40 750)
Trade and other receivables	(910 795)	(48 993)
Post-retirement obligations	592	–
Borrowings	32 993	16 240
Trade and other payables	1 430 586	78 246
Taxation	(33 786)	(27 610)
Net fair value of tangible assets	(533 826)	(414 025)
Goodwill	(591 227)	(182 906)
Intangible assets	(86 133)	(5 837)
Minority shareholders	13 471	(196 785)
Total value of acquisitions	(1 197 715)	(799 553)
Vendors for acquisition at beginning of year	–	(90 152)
Vendors for acquisition at end of year	41 795	–
Amounts paid	(1 155 920)	(889 705)

With effect from September 12 2005 the Group acquired 100% of Deli XL BV, a leading foodservice wholesaler in the Benelux countries, for R1,1 billion, satisfied in cash. During the period from date of acquisition, the business contributed R5,6 billion to revenue and R67,0 million to operating profit. Had the acquisition occurred on July 1 2005, the business would have contributed R7,5 billion to revenue and R61,1 million to operating profit for the year.

Goodwill of R506,7 million arose on this acquisition as a result of the potential that management believed the business had, as well as the benefits that the Group will bring to the business that were not previously available to it. Furthermore the acquisition of Deli XL BV complemented the existing foodservice business of the Group in Europe as well as assisting the Group in realising customer and purchasing synergies.

Several less significant acquisitions were also made during the course of the year. Goodwill arose on these acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. Furthermore these acquisitions have enabled the Group to expand its range of complementary products and services and as a consequence have broadened the Group's base in the market place.

These acquisitions contributed R307,2 million to revenue and R23,3 million to operating profit for the year and would have contributed R581,7 million to revenue and R33,9 million to operating profit had the acquisitions been made with effect from July 1 2005.

	2006 R'000	2005 R'000
12. Proceeds on disposal and closure of businesses, subsidiaries, joint ventures and associates		
Property, plant and equipment	459 365	77 734
Intangible assets	2 268	–
Goodwill	198 949	–
Interest in associates	(33 264)	39 008
Inventories	97 591	15 443
Trade and other receivables	310 982	4 770
Post-retirement obligations	(17 804)	–
Borrowings	(26 662)	(1 000)
Trade and other payables	(358 095)	(854)
Taxation	(39 288)	(147)
Net fair value of assets	594 042	134 954
Minority shareholders	(1 591)	(208)
Realisation of foreign currency translation reserves	(20 562)	–
Loss (profit) on disposal and closure of businesses	29 212	(6 053)
Net proceeds	601 101	128 693
In January 2006 the Group concluded the sale of its cross-channel ferry business, Dartline Shipping, including the ferry terminal at Dartford, Kent for £58,9 million, a significant premium to carrying value. The sale is in line with the Group's philosophy of exiting businesses which fail to meet the acceptable rates of return. This business was previously reported in the Bidfreight business segment. The French operation, Lithotech France, was disposed of to a consortium, including its local management, effective January 1 2006 for an amount of 1. This operation was disposed of as a result of its failure to deliver results acceptable to management within an acceptable time frame. Lithotech France formed part of the Bidpaper Plus business segment. In addition to the aforementioned, the Group disposed and/or closed the operations of a number of less significant businesses. The contribution to the Group's current and prior years' results, made by the businesses disposed of and/or closed during the year, is provided in the summarised income statement below.		
Revenue	470 053	1 188 984
Cost of revenue	(347 474)	(812 008)
Gross income	122 579	376 976
Operating expenses	(142 906)	(393 425)
Net capital items	–	(10 610)
Operating loss	(20 327)	(27 059)
Net finance charges	(2 319)	(3 105)
Loss before taxation	(22 646)	(30 164)
Taxation	17 645	3 120
Loss for the year	(5 001)	(27 044)

Notes to the consolidated financial statements
for the year ended June 30

	2006 R'000	2005 R'000
13. Property, plant and equipment		
Freehold land and buildings	1 583 121	997 604
Cost	1 937 693	1 155 264
Accumulated depreciation	(354 572)	(157 660)
Leasehold premises	645 643	439 495
Cost	839 113	610 700
Accumulated depreciation	(193 470)	(171 205)
Plant and equipment	1 398 721	1 015 735
Cost	2 811 913	2 046 999
Accumulated depreciation	(1 413 192)	(1 031 264)
Office equipment, furniture and fittings	452 462	410 711
Cost	1 370 602	1 227 940
Accumulated depreciation	(918 140)	(817 229)
Vehicles, vessels and craft	1 157 434	1 228 247
Cost	2 734 425	2 620 952
Accumulated depreciation	(1 576 991)	(1 392 705)
Rental assets	242 928	204 243
Cost	510 853	447 925
Accumulated depreciation	(267 925)	(243 682)
Capitalised leased assets	30 944	7 088
Cost	44 754	12 787
Accumulated depreciation	(13 810)	(5 699)
	5 511 253	4 303 123

Property, plant and equipment with an estimated carrying value of R115 041 000 (2005: R92 034 000) were pledged as security for borrowings of R90 256 000 (2005: R88 578 000) (refer note 27).

A register of land and buildings is available for inspection by members at the registered office of the Company.

	2006 R'000	2005 R'000
13. Property, plant and equipment (continued)		
Movement in property, plant and equipment		
Carrying value at beginning of year	4 303 123	3 697 908
Capital expenditure	1 605 371	1 378 427
Freehold land and buildings	204 519	150 791
Leasehold premises	256 375	222 002
Plant and equipment	427 579	270 977
Office equipment, furniture and fittings	201 218	216 543
Vehicles, vessels and craft	364 656	384 820
Rental assets	149 465	133 292
Capitalised leased assets	1 559	2
Acquisition of businesses	729 903	49 460
Freehold land and buildings	440 126	11 085
Leasehold premises	22 017	–
Plant and equipment	146 886	26 428
Office equipment, furniture and fittings	6 820	2 990
Vehicles, vessels and craft	97 752	8 957
Capitalised leased assets	16 302	–
Disposals	(135 529)	(187 390)
Freehold land and buildings	(41 875)	(34 312)
Leasehold premises	(5 245)	(19 644)
Plant and equipment	(13 584)	(29 142)
Office equipment, furniture and fittings	(7 648)	(5 330)
Vehicles, vessels and craft	(45 642)	(45 739)
Rental assets	(21 535)	(53 214)
Capitalised leased assets	–	(9)
Disposal of businesses	(459 365)	(77 734)
Freehold land and buildings	(80 840)	(383)
Leasehold premises	(69 207)	–
Plant and equipment	(20 547)	(105)
Office equipment, furniture and fittings	(18 732)	(279)
Vehicles, vessels and craft	(269 981)	(76 967)
Capitalised leased assets	(58)	–
Exchange rate adjustments	247 489	148 556
Freehold land and buildings	89 194	48 200
Leasehold premises	32 385	12 658
Plant and equipment	66 105	27 156
Office equipment, furniture and fittings	5 673	7 826
Vehicles, vessels and craft	44 125	52 751
Capitalised leased assets	10 007	(35)
Depreciation (refer note 2)	(779 739)	(706 104)
Carrying value at end of year	5 511 253	4 303 123

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	2006 R'000	2005 R'000
14. Intangible assets		
Patents, trademarks, tradenames and other intangibles	235 313	206 624
Cost	874 837	778 887
Accumulated amortisation	(639 524)	(572 263)
Computer software	143 495	114 622
Cost	380 916	263 176
Accumulated amortisation	(237 421)	(148 554)
	378 808	321 246
Movement in intangible assets		
Carrying value at beginning of year	321 246	361 335
Additions	100 965	52 184
Patents, trademarks, tradenames and other intangibles	14 575	5 386
Computer software	86 390	46 798
Acquisition of businesses	86 133	5 837
Patents, trademarks, tradenames and other intangibles	77 506	5 837
Computer software	8 627	—
Disposals	(352)	—
Patents, trademarks, tradenames and other intangibles	(211)	—
Computer software	(141)	—
Disposal of businesses	(2 268)	—
Patents, trademarks, tradenames and other intangibles	(509)	—
Computer software	(1 759)	—
Exchange rate adjustments	14 778	5 083
Patents, trademarks, tradenames and other intangibles	9 212	43
Computer software	5 566	5 040
Amortisation and impairments (refer note 2)	(141 694)	(103 193)
Patents, trademarks, tradenames and other intangibles	(71 883)	(60 036)
Computer software	(69 811)	(43 157)
Carrying value at end of year	378 808	321 246
The amortisation and impairment charges are included in other costs in the income statement.		

	2006 R'000	2005 R'000
15. Goodwill		
Carrying amount	3 143 587	2 540 987
Accumulated impairment	(19 865)	(10 287)
	3 123 722	2 530 700
<i>Movement in goodwill</i>		
Carrying value at beginning of year	2 530 700	1 946 188
Acquisition of businesses	595 007	182 906
Disposal of businesses	(198 949)	–
Impairment of goodwill	(9 574)	(10 292)
Exchange rate adjustments	206 538	411 898
Carrying value at end of year	3 123 722	2 530 700
Goodwill acquired through business combinations has been attributed to individual cash-generating units. The carrying amount of goodwill was subject to an annual impairment test as at March 31 in each year using either the discounted cash flow basis or at fair value less costs to sell method. An amount of R9,6 million (2005: R10,3 million) was identified as being impaired for the current financial year. The most significant portion of the Group's goodwill, R2,5 billion (2005: R1,7 billion), relates to operations in Bidvest Europe and Bidvest Australasia. The recoverable amount of each cash-generating unit within this division was determined using the fair value less costs to sell method and exceeds the carrying value by some R7,0 billion. These calculations use projected annualised earnings based on actual operating results. A price earnings ratio was applied to obtain the recoverable amount for each business unit. The earning yields are considered to be consistent with similar companies within the industry and geographic segments. Attributable earnings for this division amounted to R555,8 million (2005: R488,5 million) for the year. The remaining goodwill of R671,6 million (2005: R829,9 million) is allocated across multiple cash-generating units. The recoverable amount for these remaining units was calculated on the aforementioned basis. For those units where the carrying amount was in excess of the recoverable amount, an impairment was recognised amounting to R9,6 million (2005: R10,3 million).		
16. Deferred taxation		
Deferred tax assets	398 411	221 523
Deferred tax liabilities	(202 907)	(87 401)
Net deferred tax asset	195 504	134 122
<i>Movement in deferred tax assets and liabilities</i>		
Balance at beginning of year	134 122	126 614
Per income statement	(17 880)	(22 622)
Items recognised directly in equity	(591)	–
Arising on acquisition or sale of businesses	62 623	31 946
Exchange rate adjustments	17 230	(1 816)
Balance at end of year	195 504	134 122

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	Assets R'000	Liabilities R'000	Net R'000
16. Deferred taxation (continued)			
Deferred taxation comprises temporary differences arising on 2006			
Differential between carrying values and tax values of property, plant and equipment	(122 644)	(93 238)	(215 882)
Differential between carrying values and tax values of intangible assets	(13 361)	(3 050)	(16 411)
Tax losses	21 355	11 969	33 324
Leave pay provision	47 161	30 840	78 001
Post-retirement obligations	59 976	25 880	85 856
Operating lease liabilities	33 694	11 402	45 096
Other items	372 230	(186 710)	185 520
	398 411	(202 907)	195 504
2005			
Differential between carrying values and tax values of property, plant and equipment	(25 769)	(214 245)	(240 014)
Differential between carrying values and tax values of intangible assets	1 700	64 385	66 085
Tax losses	37 220	14 504	51 724
Leave pay provision	42 640	29 749	72 389
Post-retirement obligations	24 454	24 700	49 154
Operating lease liabilities	24 834	18 555	43 389
Other items	116 444	(25 049)	91 395
	221 523	(87 401)	134 122
	2006 R'000	2005 R'000	
17. Interest in joint ventures			
The Group's proportional interest in joint ventures has been incorporated in the Group's assets, liabilities and results as follows			
Income statement			
Revenue	197 757	196 611	
Operating profit	7 787	10 472	
Net finance charges	(2 050)	(1 409)	
Profit before taxation	5 737	9 063	
Taxation	(1 979)	(2 630)	
Profit for the year	3 758	6 433	
Balance sheet			
Assets			
Property, plant and equipment and intangible assets	10 778	16 512	
Deferred taxation	1 430	1 790	
Net current assets	6 729	15 628	
	18 937	33 930	
Equity and liabilities			
Capital and reserves	8 726	23 498	
Borrowings	10 211	10 432	
	18 937	33 930	
Details of major joint ventures are reflected on page 187 of this report.			

	2006 R'000	2005 R'000
18. Interest in associates		
Listed investments	385 267	386 518
Fair value at acquisition	209 337	178 428
Goodwill	175 930	208 090
Unlisted investments	67 533	44 720
Fair value at acquisition	57 642	44 350
Goodwill	9 891	370
Investments in associates at cost	452 800	431 238
Attributable share of post-acquisition retained earnings of associates	92 868	49 215
At beginning of year	49 215	43 052
Share of retained income	43 855	31 941
Reversal of prior year on becoming subsidiary, disposal or change in shareholding	(202)	(25 778)
Advances	29 225	13 231
	574 893	493 684
Advances to associates bear interest at rates of between 0% and 10% and have no fixed terms of repayment.		
Market value of listed associates	479 221	430 882
Directors' value of unlisted associates	133 845	77 515
	613 066	508 397
Summarised financial information of associates (aggregated)		
Income statement		
Revenue	4 533 617	4 046 391
Operating profit	343 917	288 247
Net finance charges	(31 444)	(15 478)
Profit before taxation	312 473	272 769
Taxation	(69 817)	(67 758)
Profit for the year	242 656	205 011
Balance sheet		
Assets		
Property, plant and equipment and intangible assets	1 517 824	1 144 000
Investments	27 750	32 998
Net current assets	500 642	312 243
	2 046 216	1 489 241
Equity and liabilities		
Capital and reserves	1 574 178	1 120 698
Deferred taxation	39 591	14 437
Borrowings	432 447	354 106
	2 046 216	1 489 241
Details of major associates are reflected on page 187 of this report.		

Notes to the consolidated financial statements
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	2006 R'000	2005 R'000
19. Investments		
Held for trading		
Listed	309 976	254 861
Unlisted	218 217	204 256
Available for sale		
Listed	16 730	52 866
	544 923	511 983
A register of investments is available for inspection by members at the registered office of the Company.		
20. Banking and other advances		
Instalment finance	39 141	49 556
Mortgages	1 503	1 959
Other	195 658	118 134
	236 302	169 649
Less impairments	(18 599)	(22 470)
	217 703	147 179
Maturity analysis		
Maturing in one year	142 718	105 979
Maturing after one year but within five years	73 966	36 710
Maturing after five years	1 019	4 490
	217 703	147 179
21. Vehicle rental fleet		
Cost	512 576	280 437
Accumulated depreciation	(33 250)	(31 282)
	479 326	249 155
Movement in vehicle rental fleet		
Carrying value at beginning of year	249 155	157 625
Additions	685 454	364 283
Disposals	(387 203)	(232 659)
Depreciation	(68 080)	(40 094)
Carrying value at end of year	479 326	249 155

	2006 R'000	2005 R'000
22. Inventories		
Raw materials	161 522	175 639
Work in progress	61 291	79 527
Finished goods	3 184 216	2 411 346
New vehicles and motor cycles	681 177	516 402
Used vehicles	425 532	358 818
Demonstration vehicles	394 968	315 391
Power and marine products	30 135	29 875
Parts and accessories	153 980	137 027
	5 092 821	4 024 025
Demonstration vehicles and used vehicles are leased in terms of a rental agreement, with a right of first refusal to repurchase the vehicles at the end of the rental period. In the majority of the cases this option is taken up, and consequently, these vehicles are disclosed with inventory. The total value of vehicles leased amounts to	18 285	49 431
Amounts included in borrowings relating to these assets (refer note 27)	18 285	49 431
Ownership of inventory, acquired under floorplan arrangements, remains with the respective floorplan provider until the purchase price has been paid.	558 467	566 669
Amounts included in borrowings relating to these assets (refer note 27)	202 496	332 180
Amounts included in trade and other payables relating to these assets	355 971	234 489
Write down of inventory charged to income statement	60 274	35 371
23. Cash and cash equivalents		
Cash on hand and at bank	3 160 457	1 612 932
Variable rate redeemable cumulative preference shares earning dividends at rates of between 61,5% and 80% of prime overdraft rate, subject to redemption and/or repurchase on 30 days' notice.	95 000	95 000
	3 255 457	1 707 932
Amounts included in cash and cash equivalents relating to banking and insurance subsidiaries where the balances form part of the reserving requirements as required by the Financial Services Act.	350 189	151 881
24. Capital and reserves		
Share capital		
Authorised		
540 000 000 (2005: 540 000 000) ordinary shares of 5 cents each	27 000	27 000
	Number	Number
Issued		
Number of shares issued	325 178 398	320 421 750
Balance at beginning of year	320 421 750	315 614 767
Shares issued in terms of the share incentive scheme	4 756 648	4 806 983
Less shares held by subsidiary as treasury shares	(26 024 016)	(21 001 198)
Balance at beginning of year	(21 001 198)	(13 458 744)
Repurchase of shares by subsidiary	(5 022 818)	(7 542 454)
Net shares in issue	299 154 382	299 420 552

Notes to the consolidated financial statements
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	2006 R'000	2005 R'000
24. Capital and reserves (continued)		
Share capital (continued)		
Issued share capital	16 259	16 021
Balance at beginning of year	16 021	15 781
Shares issued in terms of share incentive scheme	238	240
Share premium	2 695 956	3 589 943
Balance at beginning of year	3 589 943	4 054 734
Arising on shares issued in terms of the share incentive scheme	180 217	177 349
Refunds of share premium to shareholders in lieu of dividends	(1 074 023)	(641 612)
Share issue expenses	(181)	(528)
Non-distributable and other reserves	924 770	529 886
Foreign currency translation reserve	807 033	466 019
Balance at beginning of year	466 019	(20 859)
Realisation of reserve on disposal of subsidiaries	(20 562)	–
Arising during current year	361 576	486 878
Statutory reserves	10 013	6 039
Balance at beginning of year	6 039	4 240
Transfer from retained earnings	3 974	1 799
Equity-settled share-based payment reserve	107 724	57 828
Balance at beginning of year	57 828	20 248
Arising during current year	49 896	37 580
Distributable reserve		
Retained earnings	6 760 607	4 374 418
Balance at beginning of year	4 374 418	2 620 128
Change in fair value of available for sale financial assets	1 446	–
Profit attributable to shareholders of the Company	2 388 717	1 961 231
Net dividends paid	–	(205 142)
Dividends paid	–	(215 879)
Dividends received by subsidiary on treasury shares	–	10 737
Transfer to statutory reserves	(3 974)	(1 799)
	10 397 592	8 510 268
Less shares held by subsidiary as treasury shares	(1 468 597)	(1 041 402)
Share capital	(1 301)	(1 050)
Balance at beginning of year	(1 050)	(673)
Repurchase of shares by subsidiary	(251)	(377)
Share premium	(1 467 296)	(1 040 352)
Balance at beginning of year	(1 040 352)	(542 833)
Total cost of shares repurchased by subsidiary	(508 559)	(531 681)
Refund of share premium received by subsidiary on treasury shares	81 615	34 162
Capital and reserves attributable to shareholders of the Company	8 928 995	7 468 866

	2006 R'000	2005 R'000
24. Capital and reserves <i>(continued)</i>		
Minority shareholders		
Balance at beginning of year	173 558	369 435
Share of recognised income and expenses	78 485	12 870
Dividends and capitalisation issues	(23 184)	(17 312)
Share of movement in equity-settled share-based payment reserve	154	41
Changes in shareholding	687	(191 476)
	229 700	173 558
Total capital and reserves comprise		
Amounts attributable to shareholders of the Company	8 928 995	7 468 866
Amounts attributable to minority shareholders	229 700	173 558
	9 158 695	7 642 424
Retained earnings comprise		
Company and subsidiaries	6 661 330	4 318 321
Joint ventures	6 409	6 882
Associates	92 868	49 215
	6 760 607	4 374 418

The Company issued 18 000 000 options to shareholders to subscribe for 18 000 000 new ordinary shares at R60 per share by December 8 2006, in terms of a special resolution passed at a meeting of shareholders held on November 10 2003.

30 000 000 of the unissued ordinary shares are under the control of the directors until the next annual general meeting.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Statutory reserves

A contingency reserve is maintained at 10% of the net premium income. The reserve can be utilised in the case of a catastrophe, subject to the approval of the Financial Services Board.

A statutory reserve is maintained by a banking subsidiary to meet the minimum general provision against advances as prescribed by the Banks Act.

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve includes the fair value of the options granted to executive directors and staff which have been recognised over the vesting period at fair value with a corresponding expense to the income statement.

25. Share-based payments

The Bidvest Share Incentive Scheme ("Scheme") grants options to employees of the Group to acquire shares in the Company. The share options have been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised.

In accordance with the transitional provisions in IFRS 1 and IFRS 2, the Group has elected to account only for the cost of options granted subsequent to November 7 2002 which had not vested by January 1 2005.

The terms and conditions of the options are as follows:

Option holders are only entitled to exercise their options if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the Board of the Company.

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25. Share-based payments (continued)

Option holders in the Scheme may exercise the options at such times as the option holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to; 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an option. All options must be exercised no later than the tenth anniversary on which they were granted unless approval is obtained from the trustees.

The number and weighted average exercise prices of share options are as follows

	2006		2005	
	Number	Average price R	Number	Average price R
Beginning of year	24 291 760	46,30	25 527 224	40,80
Granted	280 000	89,86	4 026 900	68,91
Lapsed	(929 203)	41,70	(455 381)	35,73
Exercised	(4 756 648)	37,94	(4 806 983)	31,51
End of year	18 885 909	49,17	24 291 760	46,30

The options outstanding at June 30 2006 have an exercise price in the range of R7,00 to R91,65 and a weighted average contractual life of 3 to 9,5 years.

Share options outstanding at June 30 2006 by year of grant are as follows

1996 and prior	29 045	25,08	217 282	21,35
1997	239 075	29,23	545 164	28,85
1998	202 846	33,63	432 923	34,26
1999	300 687	35,02	656 599	34,41
2000	1 302 550	39,03	2 800 638	38,94
2001	1 531 175	41,92	2 305 431	41,73
2002	2 039 850	42,34	3 024 450	42,37
2003	3 961 021	38,51	4 879 493	38,25
2004	5 046 260	49,92	5 402 880	49,85
2005	3 953 400	68,93	4 026 900	68,91
2006	280 000	89,86		
Total	18 885 909	49,17	24 291 760	46,30

The fair value of services received in return for share options granted is measured based on a binomial method. The contractual life of the option is used as an input into this model.

The fair value of the share options granted during the year and the assumptions used are as follows

	2006	2005
Fair value at measurement date (Rand)	19,95 – 21,84	15,10 – 21,80
Exercise price (Rand)	83,15 – 91,65	58,10 – 71,99
Expected volatility (%)	24,60 – 24,67	25,13 – 26,13
Option life (years)	3,5 – 5,5	3,5 – 8,5
Distribution yield (%)	3,36 – 3,57	3,48 – 3,96
Risk-free interest rate (based on national government bonds) (%)	7,52 – 7,94	7,57 – 8,97

The volatility is based on the historic volatility and is not expected to differ materially from the expected volatility.

	2006 R'000	2005 R'000
26. Life assurance fund		
The assurance fund at June 30 agrees to the amount of the actuarial value of liabilities under life insurance policies and contracts at that date.		
Net assurance fund at beginning of year	13 265	5 106
Gross	21 410	9 341
Reinsurer's share	(8 145)	(4 235)
Transfer from income statement	19 530	8 159
Gross	20 584	12 069
Reinsurer's share	(1 054)	(3 910)
Net assurance fund at end of year	32 795	13 265
27. Borrowings		
Loans secured by mortgage bonds over fixed property (refer note 13)	10 014	38 629
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements (refer note 13)	80 242	49 949
Unsecured loans	3 688 047	2 016 232
Vehicle lease creditors secured by a pledge of inventories (refer note 22)	18 285	49 431
Floorplan creditors secured by pledge of inventories (refer note 22)	202 496	332 180
Borrowings	3 999 084	2 486 421
Bank overdrafts	708 462	210 249
Total borrowings	4 707 546	2 696 670
Short-term portion of borrowings	(1 614 362)	(1 182 799)
Long-term portion of borrowings	3 093 184	1 513 871
<i>Schedule of repayment of borrowings</i>		
Year to June 2006		972 550
Year to June 2007	905 900	411 067
Year to June 2008	1 806 696	880 882
Year to June 2009	720 200	8 615
Year to June 2010	80 631	213 307
Year to June 2016	485 657	–
	3 999 084	2 486 421
<i>Borrowings comprise</i>		
Borrowings of foreign subsidiaries	2 164 730	1 391 388
Borrowings of local subsidiaries	1 834 354	1 095 033
	3 999 084	2 486 421
	%	%
<i>Effective weighted average rate of interest on</i>		
Foreign borrowings	4,8	5,8
Local borrowings	9,7	10,2

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	2006 R'000	2005 R'000
28. Post-retirement obligations		
Unfunded pension liability	22 474	30 261
Post-retirement medical aid obligations	198 618	188 491
	221 092	218 752
<i>Pension and provident funds</i>		
The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories being the Bidcorp Group Pension Fund, McCarthy Group 1977 Pension Fund, Jacobs Pension Fund and Bidvest (UK) Retirement Scheme; defined contribution provident funds being the Bidcorp Group Provident Fund and the Rennies Group Provident Fund; or appropriate industry funds.		
There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.		
Employer contributions are set out in note 2.		
Details of major defined benefit pension plans		
Bidcorp Group Pension Fund		
Number of members at June 30	805	868
	R'000	R'000
Employer contribution	5 900	4 644
Employee contribution	1 775	1 394
Actuarial present value of defined benefit obligation	(241 342)	(236 804)
Fair value of plan assets	398 394	381 668
Surplus in the plan	157 052	144 864
<i>Asset accounted for</i>		
Balance at beginning of year	–	–
Net expense recognised in income statement	(5 900)	(6 038)
Contributions	5 900	6 038
Balance at end of year	–	–
<i>Amounts recognised in income statement</i>		
Current service costs	3 919	5 127
Interest on obligation	19 988	16 990
Expected return on plan assets	(32 170)	(24 674)
Net amount not recognised in income statement or balance sheet of the Group due to the uncertainties relating to the apportionment of the pension fund surplus	14 163	8 595
	5 900	6 038

	2006 %	2005 %
28. Post-retirement obligations (continued)		
Bidcorp Group Pension Fund (continued)		
<i>Key actuarial assumptions</i>		
Expected rate of return on plan assets	8,0	9,0
Discount rate	8,0	8,5
Inflation rate	5,0	4,0
Salary increase rate	6,0	6,0
Pension increase allowance	2,4	2,8
Date of valuation	June 30 2006	June 30 2005
McCarthy Group 1977 Pension Fund		
Number of members at June 30	92	97
	R'000	R'000
Employer contribution	921	380
Employee contribution	253	245
Actuarial present value of defined benefit obligation	(25 667)	(23 035)
Fair value of plan assets	33 845	28 374
Surplus in the plan	8 178	5 339
<i>Asset accounted for</i>		
Balance at beginning of year	–	–
Net expense recognised in income statement	(1 174)	(625)
Contributions	1 174	625
Balance at end of year	–	–
<i>Amounts recognised in income statement</i>		
Current service costs	1 101	1 118
Interest on obligation	1 889	1 751
Expected return on plan assets	(2 550)	(2 376)
Net amount not recognised in income statement or balance sheet of the Group due to the uncertainties relating to the apportionment of the pension fund surplus	734	132
	1 174	625
<i>Key actuarial assumptions</i>	%	%
Expected rate of return on plan assets	9,0	9,0
Discount rate	9,0	9,0
Inflation rate	5,0	6,0
Salary increase rate	6,0	7,0
Pension increase allowance	4,0	3,8
Date of valuation	June 30 2006	June 30 2005

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	2006	2005
28. Post-retirement obligations (continued)		
Jacobs and Ropner Pension Funds		
Number of members at June 30	53	154
	R'000	R'000
Employer contribution	2 459	2 998
Actuarial present value of defined benefit obligation	(105 650)	(243 135)
Fair value of plan assets	77 088	212 874
Deficit in the plan	(28 562)	(30 261)
<i>Liability accounted for</i>		
Balance at beginning of year	(30 261)	(27 942)
Net expense recognised in income statement	(10 282)	(3 007)
Contributions	2 459	2 998
Disposal of businesses	17 302	–
Exchange rate adjustments	(1 692)	(2 310)
Balance at end of year	(22 474)	(30 261)
<i>Amounts recognised in income statement</i>		
Current service costs		
Interest on obligation	7 582	12 085
Expected return on plan assets	(6 734)	(10 229)
Net actuarial losses recognised in current year	9 434	1 151
	10 282	3 007
<i>Key actuarial assumptions</i>	%	%
Expected rate of return on plan assets	5,2	5,1
Discount rate	3,1	5,0
Inflation rate	1,0	2,7
Salary increase rate	n/a	n/a
Pension increase allowance	n/a	n/a
Date of valuation	June 30 2006	June 30 2005
During the year the Ropner Pension Fund was disposed of with the sale of Dartline.		
Post-retirement medical aid obligations		
The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.		
Provision for post-retirement medical aid obligations	R'000	R'000
Opening provision raised against unfunded obligation	188 491	197 098
Expense (income) recognised in income statement	18 410	(704)
Subsidies to retired employees charged against provisions	(8 372)	(8 037)
Increase as a result of acquisition of business	591	198
Reduction as result of disposal of business	(502)	(64)
Closing provision raised against unfunded obligation	198 618	188 491
Actuarially determined present value of total obligation	198 618	188 491
Valuation method	Projected unit credit	
<i>Key actuarial assumptions</i>	%	%
Discount rate	7,7	8,4
Inflation rate (CPI)	4,6	5,7
Health care cost inflation	6,7	8,1

	2006 R'000	2005 R'000
29. Banking liabilities		
Call deposits	63 324	63 647
Loans	19 301	15 254
Fixed and notice deposits	30 918	15 722
	113 543	94 623
Maturity analysis		
Maturing within one year	113 265	94 468
Maturing after one year but within five years	278	155
	113 543	94 623
Effective rates of interest	%	%
Call deposits	5,0	4,6
Loans	6,0	8,7
Fixed and notice deposits	6,0	6,5
	R'000	R'000
30. Operating leases		
The Group has entered into various operating lease agreements in respect of premises.		
Leases which have fixed determinable escalations are charged to the income statement on a straight-line basis and liabilities are raised for the differences between the actual lease expense and the charge recognised in the income statement. The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the income statement amounts.		
Operating lease liabilities	155 152	149 617
Included in trade and other payables	(27 631)	(26 620)
Long-term portion	127 521	122 997
Operating lease commitments		
Land and buildings	4 336 600	3 692 213
Due in one year	467 433	472 202
Due after one year but within five years	1 468 799	1 345 195
Due after five years	2 400 368	1 874 816
Equipment and vehicles	354 900	290 217
Due in one year	60 205	57 344
Due after one year but within five years	293 582	231 229
Due after five years	1 113	1 644
	4 691 500	3 982 430
Less amounts raised as liabilities	(155 152)	(149 617)
	4 536 348	3 832 813

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31. Provisions

	Onerous contracts R'000	Insurance liabilities R'000	Dismantling and site restoration R'000	Other R'000	Total R'000
Balance at June 30 2004	116 736	43 401	29 793	88 660	278 590
Created	4 127	24 419	29 013	30 325	87 884
Utilised	(56 704)	–	–	(56 264)	(112 968)
Net acquisition of businesses	174	–	–	(281)	(107)
Exchange rate adjustments	936	–	304	174	1 414
Balance at June 30 2005	65 269	67 820	59 110	62 614	254 813
Created	41 501	20 074	13 422	66 261	141 258
Utilised	(69 317)	(6 954)	–	(47 648)	(123 919)
Net acquisition of businesses	32 788	–	–	3 455	36 243
Exchange rate adjustments	6 656	–	5 491	4 125	16 272
Balance at June 30 2006	76 897	80 940	78 023	88 807	324 667

Onerous contracts

Onerous contracts are identified through regular reviews of the terms and conditions of contracts as well as on acquisition of businesses. A provision for onerous contracts is calculated as the present value of the portion which management deem to be onerous in light of the current market conditions, discounted using market-related rates. An annual expense is recognised over the life of the contracts.

Insurance liabilities

Insurance liabilities include unearned premiums that represent that part of the current year's premiums that relate to risk periods that extend to the following year; claims which are calculated on the settlement amount outstanding at year end; and claims incurred but not reported which are maintained at 7% of net premium income, for claims arising from events that occurred before the close of the accounting period, but which had not been reported to the Group by that date.

Provision for cost of dismantling and restoration of site

A provision is raised for the estimated costs of dismantling and removing items and restoring the site on which they are located. The change in the liability arising as a result of unwinding the discount is recognised in the income statement as a finance charge. The dismantling of the plant and recommissioning of buildings is expected to coincide with the end of the useful life of the plant and lease periods.

Other

Consists of various individually insignificant amounts.

	2006 R'000	2005 R'000
32. Commitments		
Capital expenditure approved by directors		
Contracted for	540 479	283 800
Proposed, not contracted for	598 371	574 827
	1 138 850	858 627

It is anticipated that capital expenditure will be financed out of existing cash resources or borrowings.

	2006 R'000	2005 R'000
33. Contingent liabilities		
Guarantees issued in respect of obligations of associates	41 000	16 000

The Group has provided guarantees to third parties of R100,9 million in respect of its investment in Mumbai International Airport Private Limited.

The Group has outstanding legal and other claims arising out of its normal ongoing operating activities which have to be resolved. None of the claims is significant.

34. Financial instruments

Exposure to currency, interest rate and credit risk arises in the normal course of the Group's business.

Currency risk

The Group incurs currency risk as a result of purchases and sales which are denominated in a currency other than the Group's reporting currency. Group entities hedge all trade receivables and trade payables denominated in a foreign currency. At any point in time they also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised in operating profit (refer note 2).

	Settlement	Foreign amount 000's	Rand amount 000's
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2006			
Japanese yen	July 2006 to October 2006	2 106 695	115 966
US dollars	July 2006 to March 2007	13 218	84 284
Euro	July 2006 to October 2006	7 872	68 230
Sterling	July 2006 to September 2006	393	4 972
other	July 2006 to September 2006		1 287
In respect of forward exchange contracts relating to goods and services ordered but not accounted for as at June 30 2006			
Japanese yen	July 2006 to January 2007	1 210 181	73 554
US dollars	July 2006 to February 2007	8 918	63 193
Euro	July 2006 to November 2006	4 024	36 734
Swedish krone	July 2006 to September 2006	703	702
Sterling	July 2006 to September 2006	46	616
other	July 2006 to September 2006		1 725

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34. Financial instruments (continued)

Interest rate risk

The Group adopts a policy of ensuring that its borrowings are at market-related rates to address its interest rate risk.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Reputable financial institutions are used for investing and cash handling purposes. At balance sheet date there were no significant concentrations of credit risk. The balance sheet amount reflects the maximum credit exposure.

Fair values

The majority of the financial instruments within the Group are held for trading financial assets and are therefore carried at fair value. The balance, which is not material, is classified as held to maturity financial instruments and carried at amortised cost.

Sensitivity analyses

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At June 30 2006, it is estimated that a general increase of one percentage point in interest rates would not have a significant effect on the Group's profit and would amount to a decrease of approximately R13,0 million in profit after taxation.

It is estimated that a general increase of one percentage point in the value of the rand against other foreign currencies would decrease the Group's profit before taxation by approximately R5,6 million for the year ended June 30 2006.

35. Foreign currency exchange rates

The following exchange rates were used in the conversion of foreign interests at June 30

	2006	2005
Rand/Sterling		
Opening rate	11,96	11,29
Closing rate	13,20	11,96
Average rate	11,44	11,53
Rand/Euro		
Opening rate	8,07	7,57
Closing rate	9,16	8,07
Average rate	7,82	7,89
Rand/Australian dollar		
Opening rate	5,09	4,32
Closing rate	5,31	5,09
Average rate	4,81	4,67
Rand/United States dollar		
Opening rate	6,68	6,23
Closing rate	7,27	6,68
Average rate	6,43	6,21

36. Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries, associates and joint ventures (details of major subsidiaries, joint ventures and associates are reflected on page 184 to page 187 of this report). Key management personnel has been defined as the executive and non-executive directors of the Company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Directors of the Company and their immediate relatives control 15,4% of the voting shares of the Company.

An interest free staff loan of R250 000 was outstanding by a director on his appointment. This loan is payable in annual instalments of R50 000. There were no other loans to directors.

Directors also participate in the Group's share option scheme (refer Directors' report for details).

Details pertaining to executive directors compensations are set out in the directors' report on page 129. Directors remuneration is included in note 2.

The Group encourages its employees to purchase goods and services from Group companies. These transactions are generally conducted on terms no more favourable than those entered into with third parties on an arm's-length basis, although in some cases nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key management personnel during the year, nor have they resulted in any non-performing debts at year-end.

Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at Group level.

Certain of the directors of the Group are also non-executive directors of other public companies which may transact with the Group. The relevant directors do not believe they have significant influence over the financial or operational policies of those companies. Those companies are thus not regarded as related parties.

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries of the Group and key management personnel (as defined above) and/or organisations in which key management personnel have significant influence

	2006 R'000
Sales and services provided by the Group	24 039
Purchases	(1 873)
Outstanding amounts due to the Group at year end	9 418
Outstanding amounts due by the Group at year end	-
Guarantees issued	448

Transactions with associates

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries and associates of the Group

Sales and services provided by the Group	10 439
Purchases	(215)
Outstanding amounts due to the Group at year end	38 932
Outstanding amounts due by the Group at year end	(141)
Guarantees issued	41 000

Details of effective interest, investments and loans to associates are disclosed in note 18 and detailed on page 187.

Notes to the consolidated financial statements

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37. Accounting estimates and judgements

The audit committee has considered the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

Critical accounting policies

The audit committee is satisfied that the critical accounting policies are appropriate to the Group.

Key sources of uncertainty

A key source of uncertainty relates to the liabilities to the benefit funds or related assets due to the surplus apportionment in terms of the Pensions Fund Act which have yet to be finalised and approved. Details relating to the current surpluses and deficits are included in note 28.

Critical accounting judgements in applying the Group's accounting policies

The Group has assessed the carrying value of goodwill to determine whether any of the amounts have been impaired. The carrying values were assessed using a combination of discounted cash flow and price earnings methods, the actual results for 2005 and 2004 years and forecasts for future years. The related assumptions required accounting judgements.

The Group reflects its held for trade investments at fair value. The determination of directors' value of unlisted investments was determined using a combination of discounted cashflow, net asset value and price earnings method. The assumptions made in these valuations required accounting judgements.

38. Standards and interpretations not effective at June 30 2006

At the date of approval of the annual financial statements, the following standards and interpretations that apply to the Group were in issue but not yet effective

Standard/interpretation	Description	Effective date
IFRS 7	Financial Instruments: Disclosures (including amendments to IAS Presentation of Financial Statements – Capital Disclosures)	July 1 2007
IAS 19 amendment	Employee Benefits (December 2004)	July 1 2006
IAS 39 amendment	Financial Instruments: Recognition and Measurement (June 2005) – Fair value option	July 1 2006
IAS 39 & IFRS 4 amendment	Financial Instruments: Recognition and Measurement (August 2005). Insurance Contracts – Financial Guarantee Contracts	July 1 2006
IAS 21 amendment	The Effects of Changes in Foreign Exchange Rates (December 2005) – Net Investment in a Foreign Operation	July 1 2006
IFRIC 4	Determining whether an Arrangement contains a Lease	July 1 2006

IFRS 7

The disclosures provided in respect of financial instruments in the financial statements for the period ending June 30 2008, as well as comparative information, will be compliant with IFRS 7. The disclosure requirements of IFRS 7 require additional disclosure compared to that required in terms of existing IFRS in respect of the following

Qualitative disclosures

Further information regarding each type of financial instrument risk including the exposures to risk and how they arise; the Group's objectives, policies and processes for managing the risk; the methods used to measure the risk; and any changes from the previous period.

Quantitative disclosures

Further information regarding each type of the Group's financial instrument risk including a summary of quantitative data about exposure to that risk at the reporting date including any concentrations of credit risk; financial assets that are either past due or impaired; any collateral and other credit enhancements obtained; liquidity risk; market risk; and capital objectives and policies.

The adoption of IFRS 7 will not have any impact on the accounting policies adopted for financial instruments.

38. Standards and interpretations not effective at June 30 2006 (continued)

IAS 19 amendment

The revisions to IAS 19 permits an entity to recognise all actuarial gains and losses in the period in which they occur, outside profit or loss, in the statement of recognised income and expenses. The Group will review its accounting policy to assess whether it would be appropriate to adopt this revision. The adoption of IAS 19 would result in additional disclosure of the Group's defined benefit plans, including a sensitivity analysis reflecting the impact of changes in medical cost trend rates on the post-retirement medical aid obligation and the current service cost and interest cost; a summary of defined benefit obligations, fair value of plan assets and actuarial gains or losses for the current reporting period and the previous four annual periods; and an estimate of contributions payable in the following reporting period.

IAS 39 and IFRS 4 amendment

The following standards will be adopted by the Group for the first time for the year ended June 30 2007 and are not expected to have a material effect; IAS 39 amendment which restricts the extent to which an entity can designate a financial asset or liability as "at fair value through profit or loss" to certain situations; and IAS 39 and IFRS 4 amendment relating to financial guarantee contracts.

IAS 21 amendment

The amendment to IAS 21 relating to the treatment of monetary receivables from or to a foreign operation will be adopted by the Group for the first time for the year ending June 30 2007. This change should have no effect on the Group as all movements in exchange rates on the Group's foreign operations are already carried in equity.

IFRIC 4

IFRIC 4 will be adopted by the Group for the first time for the year ending June 30 2007.

In terms of IFRIC 4, the entity is required to examine outsourcing arrangements, take-or-pay and similar contracts to identify if these arrangements contain leases that are required to be accounted for in terms of IAS 17 Leases. In accordance with the transitional provisions of this interpretation, the interpretation will be applied to arrangements existing as at July 1 2005 and the figures for the 2006 financial year will be restated accordingly.

The effect of adopting IFRIC 4 has not yet been determined. The existing accounting policies with regard to operating and finance leases will not change and will be applied to IFRIC 4 arrangements.

39. Transition to IFRS and review of existing accounting standards

Review of existing accounting standards

After the consideration of previous accounting standards (South African Generally Accepted Accounting Practice "SA GAAP") and IFRS, it was noted that revisions were required with regard to the interpretation of certain standards as previously reported. In view of the fact that these adjustments and reclassifications are insignificant, they have been processed and included in the IFRS transition note.

Transition to IFRS

As stated in the accounting policies, these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies have been applied in preparing the financial statements for the year ended June 30 2006, the comparative information presented in these financial statements for the year ended June 30 2005 and in the preparation of an opening IFRS balance sheet at July 1 2004.

In preparing its opening IFRS balance sheet, the Group has adjusted amounts previously reported under SA GAAP. Accounting policies adopted under IFRS have been applied consistently in preparing the financial statements for the year ended June 30 2006, the comparative information for the year ended June 30 2005 and the opening balance sheet on July 1 2004.

The only adjustments to the cash flow statement relate to reclassifications between categories.

The Group's transition date to IFRS is July 1 2004 and the Group has taken advantage of the following optional exemptions from full retrospective application at this date

- Not to restate business combinations which took place prior to transition date, other than to the extent that they were identifiable intangible assets at the time of acquisition that were previously written off to retained income;
- To include goodwill on the basis of deemed cost, being cost less accumulated depreciation, with negative goodwill being written off to retained income;
- The transfer to retained income of the accumulated foreign currency translation reserves at transition date; and
- To only account for the cost of options to acquire shares in the Company, granted subsequent to November 7 2002 which had not vested by January 1 2005.

Notes to the consolidated financial statements

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39. Transition to IFRS and review of existing accounting standards (continued)

39.1 Property, plant and equipment

Provision for dismantling and site restoration

The Group now provides for the estimated cost of dismantling and removing items and restoring the site on which they are located, as part of the cost of the asset. The effect is to increase property, plant and equipment by R13,6 million at July 1 2004, by R28,0 million at June 30 2005 and to raise a provision for dismantling and site restoration of R29,7 million at July 1 2004 and R56,3 million at June 30 2005. This change also resulted in an additional depreciation charge of R10,9 million for the year ended June 30 2005.

Depreciation

Components of property, plant and equipment with significantly different lives have been accounted for as separate assets, and the useful lives and residual values of items of property, plant and equipment have been revised, with the adoption of IAS 16. This change has resulted in an increase in the depreciation expense of R13,2 million at June 30 2005 and a reduction in the accumulated depreciation of R34,8 million at July 1 2004 and R24,3 million at June 30 2005.

Circulating stock

On review of the interpretation of SA GAAP and IFRS, it was decided that circulating stock, which in prior years was included in inventory, should be reclassified as property, plant and equipment, resulting in a R35,3 million transfer from inventories to property plant and equipment at June 30 2005 (July 1 2004: R29,1 million).

Vehicle rental fleet

Consistent with improved disclosure, the vehicle rental fleet previously included in inventory has been separately disclosed.

39.2 Intangible assets

Acquired computer software, previously reflected in property, plant and equipment as office furniture and equipment, has now been reclassified as an intangible asset. The useful life of computer software, both acquired and self-developed, is assessed annually. The effect has been to decrease property, plant and equipment and increase intangibles by R92,4 million at June 30 2005 and R83,4 million at July 1 2004. An additional amortisation of R17,1 million was recognised at July 1 2004 and there was a R7,2 million reduction in the amortisation charge for the year to June 30 2005.

Patents, trademarks and tradenames acquired as a result of a business combination prior to June 30 2000 and written off against retained income, have been reinstated with effect from the date of the business combination resulting in an increase in intangible assets of R184,4 million and R240,1 million at June 30 2005 and July 1 2004 respectively. These patents, trademarks and tradenames have been amortised in accordance with the Group's existing accounting policies with an amount of R56,5 million being charged to income in the June 30 2005 year.

39.3 Leases

Certain leases, which were previously considered to be operating leases, have been reclassified as finance leases. This change has resulted in an increase at June 30 2005 of R33,0 million (July 1 2004: R39,8 million) to property, plant and equipment and an increase of R44,1 million (July 1 2004: R50,4 million) in liabilities.

39.4 Reclassification of provisions

In line with IAS 37, the following provisions have been reclassified

Staff related provisions

Staff related provisions amounting to R463,2 million at July 1 2004 and R550,1 million at June 30 2005 have been reclassified to trade and other payables.

Operating lease liabilities

Per note 30, operating lease liabilities arise as a result of operating leases being recognised on a straight-line basis to the income statement. In the prior year, these operating lease liabilities were included in other provisions. The short-term portion of these liabilities is now included in trade and other payables with the long-term portion being separately disclosed as a long-term liability in the balance sheet.

39. Transition to IFRS and review of existing accounting standards *(continued)*

39.5 Revenue recognition

Fees charged for the origination of loans previously recognised immediately in income, are now deferred over the anticipated period in which services are to be provided. This change has resulted in a decrease in operating income of R5,9 million for the 2005 year and an increase in trade and other payables of R16,1 million at June 30 2005 (July 1 2004: R10,2 million).

39.6 Equity-settled share-based payment reserve

In accordance with IFRS 2, options to acquire shares in the Company are granted to executive directors and staff. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The impact on income for the June 30 2005 year was R37,6 million.

39.7 Reconciliation of equity

The impact of the adoption of IFRS on equity is detailed in the table below

	July 1 2004 R'000	June 30 2005 R'000
<i>As reported under IFRS</i>	6 520 201	7 642 424
<i>Transition to IFRS</i>		
Property, plant and equipment	9 060	23 824
Intangible assets	(156 645)	(123 816)
Share-based payments	–	–
Finance leases	9 947	10 530
Negative goodwill	(21 268)	–
Revenue recognition	7 124	11 439
<i>As previously reported</i>	6 368 419	7 564 401

Notes to the consolidated financial statements
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39. Transition to IFRS and review of existing accounting standards (continued)

39.8 IFRS adjusted consolidated income statement
for the year ended

	June 30 2005		
	As previously reported R'000	Transition to IFRS R'000	As reported under IFRS R'000
Total revenue	62 937 216	–	62 937 216
Revenue	62 811 776	–	62 811 776
Cost of revenue	(49 943 963)	(13 319)	(49 957 282)
Gross income	12 867 813	(13 319)	12 854 494
Other income	122 360		122 360
Operating expenses	(9 859 949)	(100 552)	(9 960 501)
Sales and distribution costs	(5 876 019)	(1 332)	(5 877 351)
Administration expenses	(2 894 835)	(99 295)	(2 994 130)
Other costs	(1 089 095)	75	(1 089 020)
Operating profit	3 130 224	(113 871)	3 016 353
Net finance charges	(277 680)	(7 425)	(285 105)
Finance income	42 291	–	42 291
Finance charges	(319 971)	(7 425)	(327 396)
Share of income of associates	35 333	3 513	38 846
Dividends received	6 905	–	6 905
Share of retained income	28 428	3 513	31 941
Profit before taxation	2 887 877	(117 783)	2 770 094
Taxation	(822 510)	24 755	(797 755)
Profit for the year	2 065 367	(93 028)	1 972 339
Attributable to			
Shareholders of the Company	2 054 193	(92 962)	1 961 231
Minority shareholders	11 174	(66)	11 108
	2 065 367	(93 028)	1 972 339
Basic earnings per share (cents)	678,6	(30,7)	647,9
Diluted earnings per share (cents)	662,2	(29,9)	632,3
Headline earnings per share (cents)	686,6	(30,2)	656,4
Diluted headline earnings per share (cents)	670,0	(29,4)	640,6
Distributions per share (cents)	306,0		306,0

39. Transition to IFRS and review of existing accounting standards (continued)

39.9 IFRS adjusted consolidated balance sheet as at

	July 1 2004					June 30 2005				
	As previously reported R'000	Reclassi- fication R'000	Revised total R'000	Transition to IFRS R'000	As reported under IFRS R'000	As previously reported R'000	Reclassi- fication R'000	Revised total R'000	Transition to IFRS R'000	As reported under IFRS R'000
ASSETS										
Non-current assets	6 478 993	29 070	6 508 063	273 174	6 781 237	8 159 796	35 298	8 195 094	228 365	8 423 459
Property, plant and equipment	3 663 846	29 070	3 692 916	4 992	3 697 908	4 274 941	35 298	4 310 239	(7 116)	4 303 123
Intangible assets	54 125		54 125	307 210	361 335	54 362		54 362	266 884	321 246
Goodwill	1 924 920		1 924 920	21 268	1 946 188	2 530 700		2 530 700		2 530 700
Deferred taxation	301 894		301 894	(60 558)	241 336	256 701		256 701	(35 178)	221 523
Interest in associates	155 625		155 625	262	155 887	489 909		489 909	3 775	493 684
Investments	356 597		356 597		356 597	511 983		511 983		511 983
Banking and other advances	21 986		21 986		21 986	41 200		41 200		41 200
Current assets	11 542 389	(29 070)	11 513 319	–	11 513 319	12 735 170	(35 298)	12 699 872	–	12 699 872
Vehicle rental fleet	–	157 625	157 625		157 625	–	249 155	249 155		249 155
Inventories	3 604 807	(186 695)	3 418 112		3 418 112	4 308 478	(284 453)	4 024 025		4 024 025
Short-term portion of banking and other advances	63 222		63 222		63 222	105 979		105 979		105 979
Trade and other receivables	5 569 199		5 569 199		5 569 199	6 612 781		6 612 781		6 612 781
Cash and cash equivalents	2 305 161		2 305 161		2 305 161	1 707 932		1 707 932		1 707 932
Total assets	18 021 382	–	18 021 382	273 174	18 294 556	20 894 966	–	20 894 966	228 365	21 123 331
EQUITY AND LIABILITIES										
Capital and reserves	6 368 419	–	6 368 419	151 782	6 520 201	7 564 401	–	7 564 401	78 023	7 642 424
Capital and reserves attributable to shareholders of the Company	5 998 413		5 998 413	152 353	6 150 766	7 388 482		7 388 482	80 384	7 468 866
Minority shareholders	370 006		370 006	(571)	369 435	175 919		175 919	(2 361)	173 558
Non-current liabilities	1 242 782	107 329	1 350 111	73 705	1 423 816	1 765 498	122 997	1 888 495	67 946	1 956 441
Deferred taxation	89 553		89 553	25 169	114 722	61 670		61 670	25 731	87 401
Life assurance fund	5 106		5 106		5 106	13 265		13 265		13 265
Long-term portion of borrowings	923 083		923 083	48 536	971 619	1 471 656		1 471 656	42 215	1 513 871
Post-retirement obligations	225 040		225 040		225 040	218 752		218 752		218 752
Long-term portion of banking liabilities	–		–		–	155		155		155
Long-term portion of operating lease liabilities	–	107 329	107 329		107 329	–	122 997	122 997		122 997
Current liabilities	10 410 181	(107 329)	10 302 852	47 687	10 350 539	11 565 067	(122 997)	11 442 070	82 396	11 524 466
Trade and other payables	6 960 711	486 404	7 447 115	10 609	7 457 724	8 950 544	576 675	9 527 219	16 925	9 544 144
Provisions	842 530	(593 733)	248 797	29 793	278 590	897 715	(699 672)	198 043	56 770	254 813
Vendors for acquisition	90 152		90 152		90 152	–		–		–
Taxation	404 082		404 082	5 444	409 526	441 467		441 467	6 775	448 242
Short-term portion of banking liabilities	56 557		56 557		56 557	94 468		94 468		94 468
Short-term portion of borrowings	2 056 149		2 056 149	1 841	2 057 990	1 180 873		1 180 873	1 926	1 182 799
Total equity and liabilities	18 021 382	–	18 021 382	273 174	18 294 556	20 894 966	–	20 894 966	228 365	21 123 331

Company income statement

for the year ended June 30

	Note	2006 R'000	2005 R'000
Dividends received		994 216	695 212
Subsidiaries and joint ventures		991 142	690 059
Associates		3 074	5 132
Unlisted investments		–	21
Impairment of investment in subsidiaries		(10 521)	–
Fair value adjustments to investments in subsidiaries, joint ventures and associates		(345 678)	(2 556)
Profit on disposal of subsidiaries, joint ventures and associates		1 332	32 093
Profit before taxation		639 349	724 749
Taxation	2	(368)	4 712
Profit for the year attributable to shareholders		638 981	729 461

Company cash flow statement

for the year ended June 30

	Note	2006 R000	2005 R000
Cash outflow from operating activities		(73 280)	(162 754)
Cash generated by operations	3	996 167	694 741
Taxation refund received (taxation paid)	4	4 576	(4)
Distributions to shareholders		–	(215 879)
Refund of share premium to shareholders in lieu of dividends		(1 074 023)	(641 612)
Cash effects of investment activities		(128 201)	28 603
Decrease in advances to subsidiaries		556 985	214 138
Increase in advances to associates		(20 095)	–
Acquisition of subsidiaries and associates	5	(672 783)	(227 547)
Proceeds on disposal of subsidiaries, joint ventures and associates	6	7 692	42 012
Cash effects of financing activities		180 274	177 061
Proceeds from share issues		180 274	177 061
Net increase (decrease) in cash and cash equivalents		(21 207)	42 910
Cash and cash equivalents at beginning of year		85 578	42 668
Cash and cash equivalents at end of year		64 371	85 578

Company balance sheet
at June 30

	Note	2006 R'000	2005 R'000
ASSETS			
Non-current assets		5 170 886	5 298 991
Interest in subsidiaries	7	5 010 402	5 207 426
Interest in joint ventures	8	4 540	4 540
Interest in associates	9	155 094	86 175
Investments	10	850	850
Current assets		64 371	90 294
Cash and cash equivalents		64 371	85 578
Taxation		–	4 716
Total assets		5 235 257	5 389 285
EQUITY AND LIABILITIES			
Capital and reserves	11	5 151 066	5 355 784
Current liabilities		84 191	33 501
Trade and other payables		8 395	6 444
Provisions	12	37 578	27 057
Vendors for acquisition		37 990	–
Taxation		228	–
Total equity and liabilities		5 235 257	5 389 285

Notes to the Company financial statements
for the year ended June 30

	2006 R'000	2005 R'000
1. Statement of recognised income and expenses		
A statement of recognised income and expenses has not been prepared as there were no amounts recognised directly in equity. Details of changes in capital and reserves are provided in note 11.		
2. Taxation		
Current taxation	(232)	4 712
Current year	–	(2 524)
Prior years	(232)	7 236
Secondary taxation on companies	(136)	–
Total taxation per income statement	(368)	4 712
The reconciliation of the effective tax rate with the company tax rate is as follows	%	%
Taxation for the year as a percentage of profit before taxation	(0,1)	(0,7)
Dividend and exempt income	45,2	29,0
Difference in rate as a result of capital gains taxation	–	(0,3)
Changes in prior year's estimation	0,1	1,0
Expenses not taxable or allowed	(16,2)	–
Rate of South African company taxation	29,0	29,0
	R'000	R'000
Secondary taxation on companies – dividend credits available	91 442	47 057
3. Cash generated by operations		
Profit before taxation	639 349	724 749
Adjustment for non-cash items	354 867	(29 537)
Retained (utilised) to finance working capital		
Increase (decrease) in trade and other payables and provisions	1 951	(471)
Cash generated by operations	996 167	694 741
4. Taxation refund received (taxation paid)		
Amount payable at beginning of year	4 716	–
Per income statement	(368)	4 712
Amount payable at end of year	228	(4 716)
Refund received (amount paid)	4 576	(4)
5. Acquisition of subsidiaries and associates		
Interest in subsidiaries	(661 949)	(169 216)
Interest in associates	(48 824)	(3 269)
Total value of acquisitions	(710 773)	(172 485)
Vendors for acquisition at beginning of year	–	(55 062)
Vendors for acquisition at end of year	37 990	–
Amounts paid	(672 783)	(227 547)

	2006 R'000	2005 R'000
6. Proceeds on disposal of subsidiaries, joint ventures and associates		
Interest in subsidiaries	6 360	1 600
Interest in associates	–	8 319
Net carrying value	6 360	9 919
Profit on disposal	1 332	32 093
Net proceeds	7 692	42 012
7. Interest in subsidiaries		
Shares at cost	2 820 262	2 460 301
Due by subsidiaries	2 618 389	2 932 672
Due to subsidiaries	(428 249)	(185 547)
	5 010 402	5 207 426
Details of subsidiaries are reflected on pages 184 to 187 of this report.		
8. Interest in joint ventures		
Shares at cost	4 540	4 540
Details of major joint ventures are reflected on page 187 of this report.		
9. Interest in associates		
Listed	56 272	48 715
Unlisted	78 727	37 460
	134 999	86 175
Interest free advances	20 095	–
	155 094	86 175
Market value of listed associates	213 186	141 321
Directors' value of unlisted associates	131 216	86 431
	344 402	227 752
Details of major associates are reflected on page 187 of this report.		
10. Investments		
Unlisted shares	850	850
Directors' value of unlisted investments	850	850

Notes to the Company financial statements
for the year ended June 30

	2006 R'000	2005 R'000
11. Capital and reserves		
Share capital		
Authorised		
540 000 000 (2005: 540 000 000) ordinary shares of 5 cents each	27 000	27 000
	Number	Number
Issued		
Balance at beginning of year	320 421 750	315 614 767
Shares issued in terms of the share incentive scheme	4 756 648	4 806 983
Balance at end of year	325 178 398	320 421 750
	R'000	R'000
Issued share capital	16 259	16 021
Balance at beginning of year	16 021	15 781
Shares issued in terms of the share incentive scheme	238	240
Share premium	2 695 956	3 589 943
Balance at beginning of year	3 589 943	4 054 734
Arising on shares issued in terms of the share incentive scheme	180 217	177 349
Refunds of share premium to shareholders in lieu of dividends	(1 074 023)	(641 612)
Share issue expenses	(181)	(528)
Reserves		
Equity-settled share-based payment reserve	107 945	57 895
Balance at beginning of year	57 895	20 274
Arising during current year	50 050	37 621
Retained earnings	2 330 906	1 691 925
Balance at beginning of year	1 691 925	1 178 343
Profit attributable to shareholders	638 981	729 461
Dividends and capitalisation issues	–	(215 879)
Total capital and reserves	5 151 066	5 355 784
The Company issued 18 000 000 options to shareholders to subscribe for 18 000 000 new ordinary shares at R60 per share on December 8 2006, in terms of a special resolution passed at a meeting of shareholders held on November 10 2003. 30 000 000 of the unissued shares are under the control of the directors until the next annual general meeting.		
12. Provisions		
Provision for impairments in subsidiaries	37 578	27 057
13. Contingent liabilities		
In respect of guarantees of banking and other facilities granted to subsidiaries and associates	11 116 200	9 847 163
Of which has been utilised	2 740 463	1 802 492

14. Borrowing powers

Borrowing powers, in terms of the articles of association, are unlimited.

15. Related parties

The subsidiaries, joint ventures and associates of the Group are identified in the annexure set out on pages 184 to 187. All of these entities are related parties of the Company. The Company has made loans to, and has received loans from, certain of these entities as set out in the said annexure.

Details of income received from these related parties are included in the income statement.

All expenditure incurred by the Company is borne by a subsidiary in lieu of administration fees and interest.

16. Transition to IFRS

As stated in the accounting policies, these are the Company's first financial statements prepared in accordance with IFRS.

The accounting policies have been applied in preparing the financial statements for the year ended June 30 2006 and the comparative information presented in these financial statements for the year ended June 30 2005.

The only adjustment required by the Company for IFRS is to account for share options granted to employees of its subsidiaries in accordance with IFRS 2. The Company's transition date to IFRS is July 1 2004 and the Company has taken advantage of the optional exemption from full retrospective application at this date to only account for the cost of options to acquire shares in the Company, granted subsequent to November 7 2002 which had not vested by January 1 2005.

The implementation of IFRS has not had an impact on the income statement or cash flow statement of the Company. The effect of the introduction of this statement on the balance sheet at July 1 2004 is to increase the value of investments in subsidiaries and equity-settled share-based payment reserve by R20,1 million. The value of investments in subsidiaries and equity-settled share-based payment reserve increased by R37,8 million at June 30 2005.

Interest in subsidiaries, joint ventures and associates

for the year ended June 30

Major subsidiaries	Issued capital R'000	Company's interest					
		Effective holdings		Shares		Indebtedness	
		2006 %	2005 %	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Catering supplies, food and allied products							
3663 First for Food Service (Pty) Limited#	*	100	100	—	—	—	—
BFS Group Limited (trading as 3663) ⁽¹⁾	396 128	100	100	—	—	—	—
Bid Foodservice (Europe) Limited ⁽¹⁾	132 046	100	—	—	—	—	—
Bidbake (Pty) Limited#	*	100	100	—	—	—	—
Bidfood (Pty) Limited#	*	100	100	—	—	—	—
Bidvest (N.S.W) Limited ⁽²⁾	*	100	100	—	—	—	—
Bidvest (Victoria) (Pty) Limited ⁽²⁾	*	100	100	—	—	—	—
Bidvest (W.A.) (Pty) Limited ⁽²⁾	*	100	100	—	—	—	—
Bidvest Australia Limited ⁽²⁾	843	100	100	—	—	—	—
Blue Marine Frozen Foods (Pty) Limited#	*	100	100	—	—	—	—
Burleigh Marr Distributions (Pty) Limited ⁽²⁾	69	100	100	—	—	—	—
C.C.W. Catering Supplies (Pty) Limited#	*	100	100	—	—	—	—
Caterplus (Pty) Limited ⁽²⁾	*	100	100	—	—	—	—
Caterplus (Botswana) (Pty) Limited ⁽³⁾	*	100	100	—	—	—	—
Caterplus Namibia (Pty) Limited ⁽⁴⁾	*	100	100	—	—	—	—
Catersales (Pty) Limited#	*	100	100	—	—	—	—
Chipkins Bakery Supplies (Pty) Limited#	*	100	100	—	—	—	—
Chipkins Catering Supplies (Pty) Limited#	*	100	100	—	—	—	—
Continental Spice Works (Pty) Limited#	*	100	100	—	—	—	—
Crean Foodservice Limited ⁽⁵⁾	*	100	100	—	—	—	—
Crown Foods Group (Pty) Limited#	*	100	100	—	—	—	—
Crown National (Pty) Limited#	10	100	100	10	10	(10)	(10)
D and R Lowe Catering Supplies (Pty) Limited#	*	100	100	—	—	(312)	(326)
Deli XI Belgie Nv ⁽⁶⁾	771 447	100	—	—	—	—	—
Deli XI BV ⁽⁷⁾	108 026	100	—	—	—	—	—
Deli XI SA ⁽⁶⁾	18 168	100	—	—	—	—	—
Everyday Foods (Pty) Limited	*	100	100	1 003	1 003	—	—
First Food Distributors (Pty) Limited#	*	100	100	—	—	—	—
Horeca Trade LLC ⁽⁸⁾	594	80	—	—	—	—	—
Hotel Amenities Suppliers (Pty) Limited	*	100	100	—	—	—	—
International Bakery Ingredients (Pty) Limited	*	100	100	19 647	19 647	—	—
John Lewis Foodservice (Pty) Limited ⁽²⁾	*	100	100	—	—	—	—
Lou's Wholesalers (Pty) Limited#	*	100	100	—	—	—	—
Lufil Packaging (Pty) Limited	*	100	100	59 244	59 093	—	—
M & M Quality Choice (Pty) Limited#	*	100	100	—	—	—	—
Modern Packaging (Benoni) (Pty) Limited#	*	100	100	—	—	—	—
N Stephenson (Pty) Limited ⁽²⁾	212	100	100	—	—	—	—
NCP Yeast (Pty) Limited#	*	100	100	—	—	—	—
Patleys (Pty) Limited#	*	100	100	—	—	—	—
Promo Sachets (Pty) Limited#	*	100	100	2 480	2 480	(97)	—
RFS Catering Supplies (Pty) Limited#	*	100	100	—	—	—	—
Seaworld Frozen Foods (Pty) Limited#	*	100	100	—	—	2 429	2 429
The Barton Meat Company Limited ⁽¹⁾	1	51	51	—	—	—	—
Tri-Mark Industries (Pty) Limited	*	100	100	4 044	4 044	—	—
Vulcan Catering Equipment (Pty) Limited#	*	100	100	—	—	—	—
Financial and related services							
Bid Financial Services (Pty) Limited	*	100	100	—	—	90 000	90 000
Concorde Travel (Pty) Limited	*	90	90	47 433	—	—	—
Connex Travel (Pty) Limited	100	47	47	28 040	—	5 513	—
Namibia Bureau de Change (Pty) Limited ⁽⁴⁾	500	51	51	—	—	—	—
Prestige Travel SA (Pty) Limited#	*	100	100	—	—	—	—
Rennies Bank Limited	1 800	100	100	—	—	—	—
Rennies Travel (Namibia) (Pty) Limited ⁽⁴⁾	*	100	100	—	—	—	—
Rennies Travel (Pty) Limited	*	75	75	1 151	502	—	—
Travel Connections (Pty) Limited	*	60	60	9 119	9 064	—	—
Uniworld Travel (Pty) Limited#	*	100	100	—	—	—	—
World Travel (Pty) Limited	3 350	100	100	7 306	—	—	—
Freight forwarding, clearing, distribution warehousing and allied activities							
African Shipping Limited	2 450	100	100	8 996	8 996	—	—
Bidcorp Outsourced Services Limited ⁽¹⁾	286 714	100	100	—	—	—	—
Bidcorp Property Limited ⁽¹⁾	*	100	100	—	—	—	—
Bidfreight (Pty) Limited#	*	100	100	—	—	—	—
Bidfreight Intermodal (Pty) Limited#	*	100	100	—	—	—	—
Bidfreight Logistics (Pty) Limited#	*	100	100	—	—	—	—
Bidfreight Port Operations (Pty) Limited#	*	100	100	—	—	—	—
Bidfreight Terminals (Pty) Limited#	*	100	100	—	—	—	—
Bulk Connections (Pty) Limited#	*	100	100	—	—	—	—
Freightbulk (Pty) Limited	1	100	100	672	662	108	108
Island View Storage Limited	6 300	100	100	367 226	366 843	—	—
Island View Storage Richards Bay (Pty) Limited	500	100	100	—	—	—	—
Luderitz Bay Shipping & Forwarding (Pty) Limited ⁽⁹⁾	*	40	40	—	—	—	—
Manica (Zambia) Limited ⁽¹⁰⁾	903	100	100	—	—	—	—
Manica Africa (Pty) Limited	3 088	100	100	—	—	—	—

Major subsidiaries	Issued capital R'000	Effective holdings		Company's interest		Indebtedness	
		2006 %	2005 %	Shares 2006 R'000	2005 R'000	2006 R'000	2005 R'000
Freight forwarding, clearing, distribution warehousing and allied activities <i>(continued)</i>							
Manica Botswana (Pty) Limited ⁽³⁾	179	100	100	—	—	—	—
Manica Group Namibia (Pty) Limited ⁽⁴⁾	275	62	62	—	—	—	—
Manica Malawi Limited ⁽¹¹⁾	367	75	50	—	—	—	—
Manica Zimbabwe Limited ⁽¹²⁾	*	100	100	—	—	—	—
Manica Holdings Limited	1	100	100	77 280	76 986	23 499	17 112
Naval Servicos A Navegação Limitada ⁽⁹⁾	10	100	100	—	—	—	—
Ontime Automotive (Specialist Operations) Limited ⁽¹⁾	1	100	100	—	—	—	—
Ontime Automotive (Technical Services) Limited ⁽¹⁾	13	100	100	—	—	—	—
Ontime Automotive (Volume Distribution) Limited ⁽¹⁾	660	100	100	—	—	—	—
Ontime Automotive Limited ⁽¹⁾	396 138	100	100	—	—	—	—
Ontime Rescue & Recovery Limited ⁽¹⁾	1	100	100	—	—	—	—
P & I Associates (Pty) Limited#	*	100	100	—	—	—	—
Procdib Limited ⁽¹⁾	*	100	100	—	—	—	—
Renfreight (Pty) Limited	*	100	100	95 554	95 554	(108)	(108)
Rennie Murray and Company (Pty) Limited#	*	100	100	—	—	—	—
Rennies Distribution Services (Pty) Limited#	*	100	100	—	—	—	—
Rennies Property Holdings (Pty) Limited	54 000	100	100	54 000	54 000	—	—
Rennies Ships Agency (Pty) Limited#	*	100	100	—	—	—	—
Safcor Freight (Pty) Limited (trading as Safcor Panalpina)	*	100	100	106 512	105 218	—	40 000
South African Bulk Terminals Limited	2	100	100	51 125	50 716	—	—
South African Container Depots (Pty) Limited#	*	100	100	—	—	—	—
South African Container Stevedores (Pty) Limited	1	82	82	37	13	—	—
Walvis Bay Airport Services (Pty) Limited	5	31	31	—	—	—	—
Walvis Bay Stevedoring Company (Pty) Limited ⁽⁴⁾	*	34	37	—	—	—	—
Woker Freight Services (Pty) Limited ⁽⁴⁾	29	62	62	—	—	—	—
Office furniture, supplies and related products							
Bid Information Exchange (Pty) Limited#	*	100	100	—	—	—	—
Bonanza Holdings (Pty) Limited	*	100	100	—	—	5 396	5 652
Budget Desks and Chairs (Pty) Limited#	*	100	100	—	—	—	—
Cecil Nurse (Pty) Limited#	*	100	100	—	—	—	—
Contract Office Products (Pty) Limited#	*	100	100	—	—	—	—
Dauphin Office Seating SA (Pty) Limited	*	71	71	1 663	1 507	—	—
Hortors Stationery (Pty) Limited#	*	100	100	—	—	—	—
Kolok (Botswana) (Pty) Limited ⁽³⁾	*	100	100	—	—	—	—
Kolok (Namibia) (Pty) Limited ⁽⁴⁾	*	100	100	—	—	—	—
Kolok (Pty) Limited#	*	100	100	—	—	—	—
Kuyasa Stationers (Pty) Limited	*	100	100	—	—	—	—
Minolco (Namibia) (Pty) Limited ⁽⁴⁾	*	100	100	—	—	—	—
Minolco (Pty) Limited#	*	100	100	—	—	—	—
Nuclear Corporate Furniture (Pty) Limited#	*	100	100	—	—	—	—
Offurn Clearance House (Pty) Limited#	*	60	60	5 963	1 963	—	—
Pago Designs (Pty) Limited	*	100	100	3 644	3 644	600	600
Seating (Pty) Limited#	*	100	100	—	—	—	—
South African Diaries (Pty) Limited#	*	100	100	—	—	—	—
Waltons Stationery Company (Namibia) (Pty) Limited ⁽⁴⁾	*	100	100	—	—	—	—
Waltons Stationery Company (Pty) Limited#	31	100	100	31	31	(31)	(31)
Printing and stationery products							
Bidpaper Plus (Pty) Limited	*	100	100	—	—	—	—
Bid Commercial Products (UK) Limited ⁽¹⁾	*	100	100	—	—	—	—
Email Connection (Pty) Limited	*	51	51	2 606	2 606	—	—
Expressed Solutions (Pty) Limited	*	100	100	—	—	7 687	7 687
Globe Stationery Manufacturing Company (Pty) Limited#	*	100	100	—	—	—	—
Kolok Africa (Pty) Limited#	*	100	100	—	—	—	—
Lithotech (Pty) Limited	*	100	100	—	—	—	—
Lithotech Holdings Limited	473	100	100	137 661	136 733	10 000	2 606
Lithotech Solutions (Pty) Limited	*	100	100	—	—	—	—
Ozalid South Africa (Pty) Limited#	*	100	100	—	—	—	—
Silveray Manufacturers (Pty) Limited#	58	100	100	—	—	—	—
Silveray Statmark Company (Pty) Limited#	11	100	100	7 017	7 017	(3 290)	(3 302)
Tension Envelope (Pty) Limited#	*	100	100	—	—	—	—
Packaging closures and fastening systems							
Afcom Group Limited	343	100	100	12 412	12 412	31 587	31 587
African Commerce Developing Company (Pty) Limited#	151	100	100	—	—	—	—
Buffalo Executape (Pty) Limited#	*	100	100	—	—	—	—
Buffalo Tapes (Pty) Limited#	*	100	100	—	—	—	—
G E Hudson (Pty) Limited#	*	100	100	—	—	—	—
Ram Fasteners (Pty) Limited	3 111	100	100	3 441	3 385	11 836	12 713
Linen rental, laundry and cleaning services							
Airport Handling Services (Pty) Limited	*	40	40	—	—	—	—
Bidair Services (Pty) Limited#	*	100	100	409	173	—	—
Bidserv (Pty) Limited#	*	100	100	—	—	—	—

Interest in subsidiaries, joint ventures and associates

for the year ended June 30

Major subsidiaries	Issued capital R'000	Company's interest					
		Effective holdings		Shares		Indebtedness	
		2006 %	2005 %	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Linen rental, laundry and cleaning services (continued)							
Bidserv Industrial Products (Pty) Limited#	*	100	100	—	—	—	—
Bidserv Risk Solutions (Pty) Limited#	*	100	100	—	—	—	—
Bidvest Zambia (Pty) Limited ⁽¹⁰⁾	*	100	100	—	—	—	—
Bosnandi Laundry (Pty) Limited	*	51	51	—	—	—	—
Companhia de Fumigações de Mozambique Limitada ⁽⁹⁾	5	100	100	—	—	—	—
Dinatla Property Services (Pty) Limited	30	50	50	925	908	—	—
Execuflora (Pty) Limited#	*	100	100	—	—	—	—
Express Air Services (Pty) Limited	1	100	100	—	—	—	18 100
First Garment Rental (Pty) Limited#	*	100	100	—	—	—	—
First In Staffing Solutions (Pty) Limited	*	100	100	—	—	—	—
Giant Clothing Limited ⁽¹¹⁾	9	100	100	—	6 114	—	—
Global Payment Technologies Cash Systems (Pty) Limited#	*	100	80	44 301	—	—	—
Ingenico SA (Pty) Limited#	*	100	100	8 037	—	—	—
Langa Status Property Services (Pty) Limited	*	48	48	—	—	—	—
Magnum Shield Security Services (Pty) Limited#	*	100	100	—	—	—	—
Master Guard Fabric Protection Africa (Pty) Limited	*	50	50	16	16	—	—
Melisizwa Property Services (Pty) Limited	*	26	26	—	—	—	—
Nomtsalane Cleaning Services (Pty) Limited	*	50	50	—	—	—	—
Prestige Cleaning Services (Pty) Limited#	*	100	100	—	—	—	—
Provicom Electronics (Pty) Limited#	*	100	100	—	—	—	—
Pureau Fresh Water Company (Pty) Limited#	*	100	100	—	—	—	—
QMS Consulting (Pty) Limited#	*	100	100	—	—	—	—
Rochester Midlands Industries SA (Pty) Limited	*	50	50	167	167	—	—
Setsebi Property Services (Pty) Limited	*	48	48	—	—	—	—
Steiner Group (Pty) Limited#	*	100	100	—	—	—	—
Steiner Hygiene (Pty) Limited#	*	100	100	—	—	—	—
Steiner Hygiene Mozambique Limitada ⁽⁹⁾	6	100	100	—	—	—	—
Steiner Hygiene Swaziland (Pty) Limited#	6	100	100	—	—	—	—
Strategic Corporate Solutions (Pty) Limited#	*	100	100	—	—	—	—
Taemane Cleaning Services (Pty) Limited	*	70	70	—	—	—	—
TMS Group (Pty) Limited#	*	100	100	—	—	—	—
TMS Group UK Limited ⁽¹⁾	*	100	100	—	—	—	—
Top Turf Botswana (Pty) Limited ⁽³⁾	*	100	100	—	—	—	—
Top Turf Group (Pty) Limited#	*	100	100	4	4	(4)	—
Top Turf Mauritius (Pty) Limited ⁽¹³⁾	*	100	100	—	—	—	—
Top Turf Seychelles (Pty) Limited ⁽¹⁴⁾	1	100	100	—	—	—	—
Total Outdoors (Swaziland) (Pty) Limited ⁽¹⁵⁾	*	100	100	—	—	—	—
Umoja Property Solutions (Pty) Limited	*	51	51	—	—	—	—
Vericon Outsourcing (Pty) Limited#	*	100	100	—	—	—	—
Electrical, security and related products							
Bellco Electrical Company (Pty) Limited	200	100	100	—	—	—	—
Berzack Brothers (Jhb) (Pty) Limited	200	100	100	—	—	—	—
Berzack Brothers (Pty) Limited	4 300	100	100	—	—	—	—
Bloch & Levitan (Pty) Limited	50	100	100	—	—	—	—
Eastman Staples Limited ⁽¹⁾	224	50	50	—	—	—	—
Sanlic International (Pty) Limited	*	100	100	—	—	—	—
Versalec Cables (Pty) Limited	*	100	—	37 990	—	—	—
Voltex (Pty) Limited	9	100	100	—	—	—	—
Voltex Holdings Limited	6 630	100	100	257 050	251 882	—	—
Motor retail and related services							
Eliance (Pty) Limited	*	100	100	—	—	—	—
Gaz Motor Corporation Southern Africa (Pty) Limited	4	43	43	—	—	—	—
Kunene Motor Holdings Limited	*	60	60	—	—	—	—
McCarthy Car Hire (Botswana) (Pty) Limited ⁽³⁾	*	100	100	—	—	—	—
McCarthy Car Hire Namibia (Pty) Limited ⁽⁴⁾	*	100	100	—	—	—	—
McCarthy Investments (Namibia) (Pty) Limited ⁽⁴⁾	*	85	90	—	—	—	—
McCarthy Limited	1 183 907	100	100	759 727	729 023	—	—
McLife Assurance Company Limited	10 000	100	100	—	—	—	—
McProp Properties (Pty) Limited	90	100	100	—	—	—	—
McSure Limited	10 000	100	100	—	—	—	—
Group services, investment, property and dormant companies							
Airport Logistics Property Holdings (Pty) Limited	*	50	50	142	—	—	—
BB Investment Company (Pty) Limited#	*	100	100	—	—	—	—
BICP Offshore Holdings (Pty) Limited	*	100	100	—	—	1 970	—
Bid Corporate Services (Pty) Limited#	*	100	100	—	—	52	52
Bid Corporation (Pty) Limited	*	100	100	583	346	1 230 549	1 257 969
Bid Corporation Offshore Investments Limited ⁽¹⁴⁾	13	100	100	—	—	—	—
Bid Foodservice Products Division (IOM) Limited ⁽¹⁴⁾	*	100	100	—	—	—	—
Bid Industrial Holdings (Pty) Limited	*	100	100	68 212	37 843	153 900	249 361
Bid Property Holdings (Pty) Limited	*	100	100	—	—	17 996	7 277
Bid Services Division (Pty) Limited	*	100	100	86	28	576 436	514 670
Bid Services Division (UK) Limited ⁽¹⁾	*	100	100	—	—	—	—

Major subsidiaries	Issued capital R'000	Effective holdings		Shares		Company's interest		Indebtedness	
		2006	2005	2006	2005	2006	2005	2006	2005
		%	%	R'000	R'000	R'000	R'000	R'000	R'000
Group services, investment, property and dormant companies <i>(continued)</i>									
Bidcorp Finance Limited ^(1a)	*	100	100	—	—	—	—	—	—
Bidcorp plc ⁽¹⁾	655 409	100	100	—	—	—	—	—	—
Bidvest (UK) Limited ⁽¹⁾	*	100	100	—	—	—	—	—	—
Bidvest International Limited ^(1a)	*	100	100	—	—	—	—	—	—
G. Fox Properties (Pty) Limited	*	100	100	802	802	—	—	—	—
Jacobs Investments Limited ⁽¹⁾	*	100	100	—	—	—	—	—	—
MyMarketdot Com (Pty) Limited#	*	100	100	—	—	—	—	—	—
Primeinvest 5 (Pty) Limited	*	100	100	—	—	325 136	—	327 947	—
Promoter International Limited ⁽¹⁾	*	100	100	—	—	—	—	—	—
Siki Fox Properties (Pty) Limited	*	100	100	1 000	1 000	—	—	—	—
Silveray Properties (Pty) Limited	*	100	100	8 833	8 833	—	—	4 968	—
Skillion Limited ⁽¹⁾	13	100	100	—	—	—	—	—	—
The Globe Foundry (Pty) Limited	32	100	100	1 234	1 234	—	—	—	—
Waltons Properties Namibia (Pty) Limited ⁽⁴⁾	1	100	100	1	1	—	—	—	—
Other				477 848	370 741	(300 702)	—	160 064	—
				2 782 684	2 433 244	2 190 140	—	2 747 125	—
Major joint ventures									
Aeromaritime International Management Services (Pty) Limited ^(C)	4	50	50	—	—	—	—	—	—
Cape Town Bulk Storage (Pty) Limited ^(C)	1 000	50	50	—	—	—	—	—	—
Ebony Travel (Pty) Limited ^(B)	*	49	49	—	—	—	—	—	—
Ensimbini Terminals (Pty) Limited ^(C)	2	50	50	4 540	4 540	—	—	—	—
Masithuthuke Cables (Pty) Limited ^(G)	1	30	30	—	—	—	—	—	—
Phakama Print (Pty) Limited ^(E)	*	40	40	—	—	—	—	—	—
Ubuhle Be Dauphin Office Seating (Pty) Limited ^(D)	*	28	28	—	—	—	—	—	—
Voltex Swaziland (Pty) Limited ^{(15)(G)}	*	50	50	—	—	—	—	—	—
				4 540	4 540	—	—	—	—
Major associates									
Atomic Office Equipment (Pty) Limited ^(D)	*	49	49	—	—	—	—	—	—
Compu-Clearing Outsourcing Limited ^(C)	388	25	25	8 806	8 806	—	—	—	—
Ditulo Office (Pty) Limited ^(D)	*	40	40	—	—	—	—	—	—
Enviroserv Holdings Limited ^(F)	1 063	33	28	47 466	39 909	—	—	—	—
Harvey World Travel Southern Africa (Pty) Limited ^(B)	*	50	50	3 464	—	—	—	—	—
Imperial McCarthy (Pty) Limited ^(H)	1	50	50	—	—	—	—	—	—
Master Currency (Pty) Limited ^(B)	1	45	45	31 760	—	—	—	—	—
Sebenza Forwarding & Shipping Consultancy (Pty) Limited ^(C)	*	45	45	5 011	5 011	—	—	—	—
Silapha Office Products (Pty) Limited ^(D)	*	25	40	20	20	—	—	—	—
Supaswift (Pty) Limited ^(C)	*	36	100	—	—	20 000	—	—	—
Tiger Wheels Limited ^(H)	597	20	20	—	—	—	—	—	—
Yeastpro (Pty) Limited ^(A)	*	25	25	32 381	32 381	—	—	—	—
Other				6 091	48	95	—	—	—
				134 999	86 175	20 095	—	—	—

Amounts owing by or to subsidiaries, joint ventures and associates are unsecured, interest free and have no fixed terms of repayment.

*less than R1 000

#Trading as an agent

Country of incorporation if not South Africa

- | | |
|-------------------------------------|-----------------------------|
| ⁽¹⁾ United Kingdom | ⁽⁹⁾ Mozambique |
| ⁽²⁾ Australia | ⁽¹⁰⁾ Zambia |
| ⁽³⁾ Botswana | ⁽¹¹⁾ Malawi |
| ⁽⁴⁾ Namibia | ⁽¹²⁾ Zimbabwe |
| ⁽⁵⁾ New Zealand | ⁽¹³⁾ Mauritius |
| ⁽⁶⁾ Belgium | ⁽¹⁴⁾ Seychelles |
| ⁽⁷⁾ Netherlands | ⁽¹⁵⁾ Swaziland |
| ⁽⁸⁾ United Arab Emirates | ⁽¹⁶⁾ Isle of Man |

Nature of business of joint venture and associates

- ^(A)Catering supplies, food and allied products
- ^(B)Financial and related services
- ^(C)Freight, forwarding, clearing, distribution, warehousing and allied activities
- ^(D)Office furniture, supplies and related products
- ^(E)Printing and stationery products
- ^(F)Linen, rental, laundry and cleaning services
- ^(G)Electrical, security and related products
- ^(H)Motor retail and related services

Shareholders

as at June 30 2006

MAJOR SHAREHOLDERS

Owner list

Major shareholders holding in excess of 1% of the issued capital of the Company, as per the share register and information supplied by nominee companies, and based on the total number of shares in issue:

	%
Dinatla Investment Holdings (Pty) Limited	13,9
Public Investment Corporation Limited (SA)	12,3
BB Investment Company (Pty) Limited	8,0
Old Mutual Life Assurance Company (SA) Limited	3,2
Investment Solutions Limited	2,9
Income Fund of America Inc.	2,2
Sanlam Lewensversekering Beperk	2,0
Liberty Life Association of Africa Limited	1,6
Momentum Life Assurance Limited	1,6
Nedbank Rainmaker Equity Fund	1,3
Eskom Pension Fund	1,2
Investec Value Fund	1,2
Simlend Main Account	1,2
European Pacific Growth Fund	1,1
JDL Holdings (Pty) Limited	1,0
Total	54,7

Manager list

Major fund managers investing in excess of 1% of the issued capital of the Company, as per the share register and information supplied by nominee companies, and based on the total number of shares in issue:

	%
RMB Asset Management (Pty) Limited	11,2
Investec Asset Management (Pty) Limited	10,3
Sanlam Investment Management (Pty) Limited	6,9
Old Mutual Asset Managers (South Africa) (Pty) Limited	5,2
Capital Research and Management Inc.	3,6
Stanlib Asset Management Limited	3,2
Public Investment Corporation Limited (SA)	2,8
Futuregrowth Asset Management (Pty) Limited	2,4
African Harvest Fund Managers (Pty) Limited	1,9
Polaris Capital (SA) (Pty) Limited	1,9
Coronation Fund Managers (Pty) Limited	1,8
Investec Securities Limited	1,4
The Boston Company Asset Management Limited	1,2
First State Investments (UK) Limited	1,1
Metropolitan Asset Managers Limited	1,1
Metal Industries Beneficial Fund Administrators	1,0
Total	57,0

ANALYSIS OF SHAREHOLDERS

Effective empowerment holdings Empowerdex certificate in the 2006 Sustainability report

Economic BEE ownership, calculated in terms of the BEE codes of good practice, is 41,4% with effective BEE control of 29,2%. The Dinatla BEE consortium effectively owns 15,0%, The Public Investment Corporation 13,4 % and a further 16,6% is controlled by BEE asset managers.

The Dinatla transaction was at the holding company level, including both the local and offshore operations of Bidvest. If the Dinatla BEE consortium had bought into the South African operations only, at the same transaction value, the total percentage BEE direct and indirect ownership, at the time of the transaction, would have been in excess of 50%.

As a listed company it is not possible to identify the gender of shareholders other than the economic woman's ownership, calculated in terms of the BEE codes of good practice, of 21,8% via Dinatla.

Type of shareholder	Number of shares	%
Pension funds	98 485 866	30,3
Corporate holdings	45 001 744	13,8
Insurance companies	35 129 299	10,8
Unit trusts	71 401 192	22,0
Private investors	23 635 246	7,3
Other managed funds	22 477 980	6,9
Overseas banks	3 023 055	0,9
Treasury shares	26 024 016	8,0
	325 178 398	100,0

Location of beneficial shareholders

South African private investors	23 635 246	7,3
South African registered funds	181 954 318	56,0
Foreign registered funds	48 563 074	14,9
South African corporate	45 001 744	13,8
Treasury shares	26 024 016	8,0
	325 178 398	100,0

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 10 000	12 525	92,8	11 522 827	3,5
10 001 – 50 000	556	4,1	12 941 603	4,0
50 001 – 100 000	153	1,1	10 710 092	3,3
100 001 – 500 000	193	1,4	42 582 636	13,1
500 001 – 1 000 000	32	0,2	22 160 957	6,8
1 000 001 – 5 000 000	39	0,3	84 335 156	26,0
Above 5 000 000	7	0,1	140 925 127	43,3
	13 505	100,0	325 178 398	100,0

Management directory



Corporate Services

Bid Corporate Services

Chief executive	B Joffe
Group financial director	P Nyman
Financial director designate	D Cleasby
Corporate finance	D Rosevear
Group commercial director	M Dube
Group communications and Bidvest Academy	J Hochfeld
Group financial	N Goodwin
Group company secretarial	M David
Group services	D Koff
Group taxation	C Kourie
Group internal audit	B Smith
Group accounting	J Wilson Y Strydom R Licht

Bidvest Isle of Man

Bidvest United Kingdom

Bid Property Holdings

Managing director	I Menashe
General manager	A Usher

Namsof Fishing Enterprises

Managing director	J Arnold
Administration manager	P Greeff

Namibian Sea Products

Managing director	W Pronk
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Ontime Automotive

Managing director	D Brinklow
Financial director	S McLaughlan



Bidfreight

Chief executive	A Dawe
Financial director	M Steele
Divisional financial manager	D van Staden
Divisional accountant	E Brown
Internal audit	P Premchand

BIDFREIGHT TERMINALS

Managing director	A Dawe
Financial director	M Steyn
Business development director	A Lax

Bulk Connections

Managing director	I Geldart
Financial director	J Pillay
Engineering director	A Bedingham
Operations director	B Deghaye

Island View Storage

Managing director	K Ehlers
Financial director	A Hansen
Commercial director	G Shafer
Operations director	J Joubert
Human resources director	B Ndlovu

Bidfreight Port Operations

Managing director	J Roux
Financial director	R Sukdeo
Commercial director	R Carson
Operations directors	B Carey N Watson M Symes J Goodwin W Mzamo

Rennies Distribution Services

(including Bidfreight International Logistics and Rennies Textile Logistics)

Managing director	D Liesegang
Financial director	N Mbongwa
Commercial director	S Smith
Operations director	T Wilkinson

SACD Freight

(including Bidfreight Intermodal)

Managing director	G Peinke
Financial director	N Bray
Regional directors	Cape Town R Buchanan Durban M Martin Gauteng D Trotter

South African Bulk Terminals

Managing director	K Smith
Financial director	G Schafer
Operations directors	H Lourens R Maharajh R Chapman

Naval

Managing director	L Goncalves
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INTERNATIONAL CLEARING AND FORWARDING

Safcor Panalpina

Chairman	P Womersley
Managing director	P Williams
Financial director	A Soma
Human resources director	S McSweeney
Sales and marketing director	B Thoreson
IT director	J Tennant
Product development director	C Speed-Andrews
Regional director	Gauteng M du Preez
Regional director	KwaZulu-Natal J Cummins
Regional director	Eastern Cape D Rothman
Regional director	Western Cape M Cookson

► Sebenza Forwarding & Shipping Consultancy		
Managing director		N Mogorosi
Group operations director		F van Wyk
Financial manager		C Madden

MARINE SERVICES

► Rennie's Ships Agency

Managing director		DJ Reddy
Financial executive		S Munilal
Liner director		C Mountjoy
Marketing director		A Kee
Port operations		
Directors	Cape KwaZulu-Natal	J Whittington G Stevenson

► Marine Insurance

Rennie Murray

Managing director		R Breckwoldt
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P & I Associates

Managing director		A Reid
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Freightbulk

Managing director		DJ Reddy
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MANICA AFRICA

Managing director		M Gunther
Financial executive		S Charlton
Regional development		G Dawes

Manica Malawi

Managing director		A Chitsime
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Manica Zambia

General manager		D Doyle
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Manica Namibia

Managing director		HW Timke
Financial director		S Hornung

Manica South Africa and Botswana

General manager		P Carter
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Manica Zimbabwe

Managing director		A Kamhunga
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Bidserv

Chief executive		L Ralphs
Financial director		P Meijer
Commercial director		L Jacobs
Group financial manager		B Teixeira

► Bidservice Solutions

Group managing director		J Taylor
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CLEANING SERVICES

► Prestige Group

Group managing director		D Otto
Group financial director		B Gosai
Group operations director		J du Toit
Group marketing and sales director		R White
Group human resources director		P Roux
Industrial relations director		V Monyamané
Divisional director: Finance		M Kourie
Divisional executive: Finance		E Steyn
Divisional executive: Finance		M McClure
Divisional executive: IT		R Shepherd
Divisional executive: Training		L Steyn

Divisional executive: Operations		J Potts
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Divisional executive: Operations		A Pretorius
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Divisional executive: Operations		T van Zyl
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Divisional managing directors: Operations		
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Northern Division

Central Division

Southern Division

Hospitality Division

Healthcare Division

KwaZulu-Natal

Cape Coastal

General manager Operations:		
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Bloemfontein		C van der Merwe
East Rand		S Coetzee
Food Hygiene		E Terreblanche
West Rand		A Maritz
KwaZulu-Natal		N Withers
Johannesburg		W Swart
Pretoria		K Nicholson

Hospitality

First in Staffing Solutions

Healthcare

Healthcare

Healthcare and Hospitality

Johannesburg		T Overbeck
Johannesburg II		K Reid
Johannesburg I		C Goss
Pretoria		I Oosthuizen
KwaZulu-Natal		L Marlow
Western Cape		M Hulley
North Coast		Bertie Letts
South Coast		TBA
Mpumalanga (Highveld)		J Cunningham
Mpumalanga (Lowveld)		M van der Merwe
Midrand		W Butterworth
North Rand		J van Deventer
Northwest		M Marais
Port Elizabeth		A Fulton
Pretoria		L Swart
South Rand		V Vassilev
Vaal		D de Klerk
Welkom		C Strydom
Cape Town		C Basson
Richards Bay		S Gibb
Rustenburg		M Medallie

Management directory

Floorcare Division	J le Roux
Window Cleaning Division	F Schutte
General manager	Technical E Matthews
	Procurement R Govender
	Business Development G Dlodla
	Quality & Safety C Barratt
	Johannesburg E Phelps
Sales Support	
Divisional sales director	
Hospitality/Food Hygiene	T Valentine
Healthcare/Retail/Education	J Kalkwarf
Southern Division	J Nel
Northern Division	A Dippenaar
Commercial	E van den Bergh
Sales director	
KZN Division	W Bowen
Cape Coastal Division	S Fulton
Divisional financial directors:	
Support Centre (Corporate)	V Ramnath
KZN Division	B Cubbitt
Cape Coastal Division	V Chetty
Northern Division	H Tostee
Southern Division	K Forte
Central Division	TBA
Hospitality & Healthcare	I Neermal
Credit Control	M de Swardt
Divisional managers	Kimberley G Macleod
	Ngodwana L Wessels
	Evander T Nel
	Pietersburg/
	Polokwane M van Rooyen
	Pretoria G Swanepoel
	Pietermaritzburg B Alston-Stewart
	Welkom C Strydom
	South Rand N Prinsloo
	Rustenburg L Joubert
	East Rand J Hills
	Johannesburg Hospitality J Chilewitz
	Johannesburg Hospitality A Ndlovu
	Pretoria Hospitality W Breytenbach
	Western Cape J Fleischer
	P Labuschagne
	North Rand M Mans
	Midrand D Cooper
► TMS Group	
Managing director	M Dreyer
Financial director	D Kahts
Group operations director	J Venter
General manager	J Huisamen
General manager	L Moreno
Human resources manager	D Mathonsi
National manager	Safety J Mahlangu

LAUNDRY SERVICES

► Boston Launderers/First Garment Rental/Montana Laundries	
Group managing director	A Fainman
Financial director	M van Niekerk
Divisional managing director Boston	L Volans
Divisional managing director First Garment Rental	C Gibbins
Divisional managing director Montana	B Shirley
FGR regional managers	FGR – Spartan C Verster
	Cape Town M Franken
	Durban L De Beer
	Port Elizabeth D Pitt
	Durban H Hunnink
Boston regional managers	Sun City S Heath
	Cape Town C Field
	Zambia S Roberts
	Guest A Coates
	Spartan S Matthews

STEINER GROUP

Group managing director	N Smith
Group financial director	G Megaw
Group sales director	R van Rooyen
Group marketing & commercial director	T Hlapi
► Steiner Hygiene	
Managing director	P Dunn
Financial director	A Greene
Operations director	E Barnard
Divisional sales directors	Banks and Facilities Management T van Wyk
	Cleaning & Retail F Ströh
	Food and Hospitality D Kroutz
	Mining and Industrial L van Vuuren
	Government and Parastatal C Sambo
Regional operations directors	Gauteng and Free State M Markram
	North, North West and KwaZulu-Natal R Hagerty
	Cape, Free State and KwaZulu-Natal E Grove
Regional financial directors	Gauteng and KwaZulu-Natal A Greene
	North and North West S Liebenberg
	Cape and Free State J de Meillon
Branch managers	Aeroporto S Pienaar
	Benrose D Palm
	Bloemfontein B Beck
	Brackenfell C Basson
	Centurion A Retief
	Durban A Botha
	East London W Schwulst
	Ermelo M Scriven
	George T van der Westhuizen

► Steiner Hygiene (continued)		
	Kimberley	L Bruwer
	Kya Sands	K du Plessis
	Maputo	C de Gouveia
	Montague Gardens	T Buttress
	Ndabeni	L Stijlen
	Nelspruit	C Moffett
	Newcastle	A Drummond
	Pietermaritzburg	I Konstandakellis
	Polokwane	D Straub
	Port Elizabeth	J Mossop
	Potchefstroom	D Palm
	Pretoria West	N van Rooyen
	Richards Bay	D Adamson
	Rustenburg	M Beyl
	Vereeniging	G Rudman
	Welkom	A Jones
► Puréau Fresh Water Company		
Managing director	Johannesburg	R Tyack
Financial director	Johannesburg	G Finch
National sales manager	Johannesburg	R Barnard
Operations manager	Johannesburg	A Duvenhage
Branch managers	East Rand	A Duvenhage
	Pretoria	C Murray
	Durban	M Neale
	Cape Town	C Raikes
Service centre manager	North Rand	T Schmidt
► Execuflo		
Managing director		R Strang
Financial manager		S Maritz
National nurseries general manager		T Watts
Branch managers	East Rand	J Marsh
	West Rand	T Maree
	KwaZulu-Natal	P Hildyard
	Cape Town	J Burger
► Rochester Midlands Industries		
Managing director		James Forman
► Steiner Environmental Solutions		
Managing director		Roger Hagerty
Branch managers	Gauteng	F Coetzer
	Bloemfontein/Potchefstroom	J Jansen
	Durban	P Melvin
	Cape Town	A Hepburn
BIDSERV INDUSTRIAL PRODUCTS		
Group managing director		S Xenophon
Group financial director		A Muir

► G. Fox & Company		
Managing director		S Laser
Financial director		A Muir
Sales manager		B Booysen
Operations manager		R Cohen
Branch manager – Port Elizabeth		I Crane
Branch manager – Middleburg		J Kukard
► Commercial Sundries		
Managing director		S Xenophon
Financial director		A Muir
Branch managers	Johannesburg	P Rice
	Cape Town	H Zohnomessis
	Durban	C Henstock
	Pietersburg	R Prins
► Clockwork Clothing		
Managing director		S Xenophon
Financial director		A Muir
Operations director		R Sparks
► Giant Clothing		
Managing director		S Xenophon
Financial director		A Muir
General manager		P Schoeman
Operations manager		R Sparks
GREEN SERVICES		
► TopTurf		
Managing director		D Kirkby
Divisional directors:		
Landscape Contracting		J Ferguson
Landscape Maintenance		T Cooke
Industrial Landscape Maintenance		J Rautenbach
Mauritius and Seychelles Business Unit		P Kirkby
North West and Swaziland Business Unit		J Kirkby
Finance		A Kotze
Irrigation manager		B Manson
Golf Courses and Sportsturf maintenance manager		M Hildebrand
Human resources manager		E Naude
Durban branch manager		D Aucamp
AVIATION SERVICES		
► BidAir Services		
Managing director		P Bergs
Senior executive finance		A Howie
Senior executive marketing		R Gurr
► Airport Handling Services		
Managing director		J Dhlomo
Senior executive finance		R Balona
Business development director		T Tiedemann
General manager operations		G Vorster

Management directory

Express Air Services	
Managing director	F Wolmarans
Financial director	I Butterworth
Director domestic	R Solomons
General manager international	J Murray
Aviation Security International	
Divisional executive	A Olivier
Divisional executive	P van Baalen
Optima Handling Services	
Divisional executive	L Pillay
Divisional executive	J Botha
Divisional executive	G Boxall
Divisional executive	J Oakes
BIDRISK SOLUTIONS	
Group managing director	S Van Aswegen
Group financial director	A Shiba
Group sales & marketing director	D Mitchell
Group HR director	B Wickham
Magnum Shield Security	
Managing director	D Crichton
Financial director	A Still
Regional director	Gauteng Central N Lamble
Regional director	Gauteng North J Nell
Regional director	Western Cape R Clarke
Regional director	Eastern Cape M Roberts
Regional director	KwaZulu-Natal B McGeary
Vericon Outsourcing	
Managing director	G Gericke
Commercial director	C Reed
Provicom Risk Solutions	
Managing director	C Humphrey
Financial director	C Oleastro
Sales and marketing director	S v Huysen
Operations director	G Shelton
Divisional director	KwaZulu-Natal T Coom
Divisional director	Eastern Cape S Reid
General manager	Cape Town G Trompeter
General manager	East London G Brandt
General manager	Pretoria F Schmidt
INTERNATIONAL PAYMENT SYSTEMS	
Managing director	T Chamberlain
Sales and marketing director	W van Vuuren
Financial manager	S van Huyssteen
BUSINESS SOLUTIONS AND GROUP PROCUREMENT	
mymarket.com	
Managing director	P Katz
Operations director	T Piccione
General manager travel	G Gerber
IT director	B Painting
Sales manager	W Muirhead
Financial manager	J Kramer
Procurement manager	R Govender

OFFICE AUTOMATION

Minolta South Africa	
Managing director	A Griffith
General manager: Finance	I Keshwar
General manager: administration	M Holahan
General manager: Technical	A Barbosa
Océ	
Managing director	K Dix-Peek
General manager: Finance	C Nel
General manager: Marketing & Sales	P Enslin
National service manager	G Hall

BIDTRAVEL

BidTravel	
Managing director	A Lunz
Carlson Wagonlit (trading as Concorde Travel)	
Managing director	D Tagari
Financial director	C Mitchley
Information technology director	D Tagari
Human resources director	D McCartney
Operations director	A Gray
Sales and account management director	M Martins
Connex Travel	
Managing director	K Makhetha
Financial manager	S van Staden
Ebony Travel	
Harvey World Travel	
General manager	N King
Incentag New Directions	
Managing director	C Martin
Premier Club	
Prestige Travel	
Managing director	D Reynolds
Financial director	R Delahunt
Rennies Travel	
Chairman	A Lunz
Managing director	K Harris
Financial director	L Ledwaba
Human resources director	K Morobe
Retail operations directors	Inland Region N Esnouf
	Coastal Region P Holmes
Commercial director	R Lawlor
Business development director	B Philipps
Rennies Travel and Foreign Exchange Malawi	
Area manager	S Chikaunda
Rennies Travel Namibia	
Managing director	H Schultz

▶ Rennies Travel Zimbabwe	
Managing director	RJ Lawlor
Operations director	L Valler
Premier Club Airport Lounges Administration manager	C Sunker
▶ Travel Connections	
Managing director	GA Zilk
▶ Travelwise Botswana	
Managing director	F MacDonald
▶ World Travel	
Managing director	B Langner
Financial director	D van Jaarsveld

BANKING SERVICES

▶ Rennies Bank	
Managing director	A Salomon
Director Treasury and Corporate Banking	G Bower
Director Treasury and Corporate Banking	C MacFarlane
Director Enterprise Wide Risk	A Vermaak
Director Financial	L de Waal
Director Payments and Settlements	J Murtagh
Compliance officer	D Blackstone
▶ Rennies Foreign Exchange	
Director Retail Operations	C MacFarlane

FOREIGN EXCHANGE SERVICES

▶ Travelwise Rennies Foreign Exchange Botswana	
Regional Manager	J Marais
▶ Rennies Travel Holdings Malawi	
Regional manager	J Marais
▶ Namibia Bureau De Change	
Regional manager	S van der Westhuizen



Bidvest Europe

3663 FIRST FOR FOODSERVICE

Chief executive	F Barnes
▶ Multi-temp	
Managing director	A Fisher
Financial director	T Tyler
▶ Frozen, Fresh & Chilled	
Managing director	R O'Keefe
Financial director	A Brogan
▶ Logistics	
Managing director	A Selley
Buying director	I Crawford
Sales director	A Kemp
IT director	J Scott
Finance director	C Jones
Marketing director	D Bell
Director of Multi-temp Business Development	N Wemyss
Regional directors	

▶ Multi-temp	
	K Jackson
	B Rogers
	S Rich
	A McGregor
▶ Frozen, Fresh & Chilled	
	D Sibley
	B Rowland
	A Tiplady
▶ Logistics	
Director of Client Relations	H Wilkinson
Director of Operations	C Lewis-Burling
Director of MOD & international Supply	P de Ternant
▶ The Barton Meat Company	
Managing director	J Barton
Director of Business Development	A Ball
▶ Swithenbank Foods	
	A Watson
▶ Catering Equipment	
	P Knight
▶ Makella	
Commercial director	L Taylor
Director of Systems	M Blank
Director of Finance	
▶ Multi-temp	
▶ Frozen, Fresh & Chilled	
▶ Logistics	
Director Central Finance	M Tyler
Business Support	A Brogan
Director Business Systems	C Carter
Director National Accounts	P Lewis-Burling
Director Quality	M Holmes
Director Operation Services	D Morgan
Director Transport	G Rennie
Director Buying	A Roberts
Director Human Resources	H Angus
▶ DELI XL – Belgium	
Managing director	T Legat
▶ DELI XL – Netherlands	
Managing director	D Slootweg
Financial director	B Heinemann
Chief operations officer	H van der Ster
▶ HORECA TRADE – United Arab Emirates	
Managing director	H Al Jamil

Management directory



Bidvest Australasia

Managing director

B Berson

BIDVEST FIRST FOR FOODSERVICE

Managing director
foodservice

K Bielby

National marketing &
purchasing director

A Fechner

National business
development manager

P Jamieson

National accounts manager

L Vorano

Operations manager
– Southern

R Simpson

General manager QSR

R Wainer

General manager hospitality
supplies

K Rogers

Management information
systems

A Stainlay

Chief financial officer

B Plit

Financial controller

Central

R Romano

North

A Daniel

South

P Wright

National credit

B Boreham

Branches

Adelaide

P Moore

Adelaide John
Lewis Foods

D Lloyd

Albury

T Lewis

Brisbane

M West

Cairns

P North

Canberra

M Moullakis

Central Coast

P Tucker

Geelong

R Barnes

Gold Coast

I McLeod

Coffs Harbour

R Walker

Mackay

L Ottoway

Hervey Bay

R Peterson

Melbourne

J Lowrey

Newcastle

S Collins

Perth

C Miller

Sunshine Coast

G Phillips

Sydney

R Wainer

Stephensons

L Redfern

Townsville

D Kippin

Toowoomba

C Files

Darwin

R Prasad

Hospitality
Supplies
Adelaide

G Cordingley

Hospitality
Supplies
Melbourne

D O'Kane

Hospitality
Supplies
Brisbane

F Shannahan

Wollongong

M Mertens

QSR Sydney

C Lillicrap

QSR Melbourne

D Leibowitz

QSR Adelaide

T Murdoch

QSR Brisbane

S Tomlinson

CREAN FIRST FOR FOODSERVICE

Managing director

N Boswell

General manager
foodservice

P Struckmann

General manager finance

P Ballantine

General manager business
development

M Bodman

General manager national
procurement

M Simpson

IT manager

M Dorward

Branches

Auckland

M Wright

Christchurch

G McGale

Dunedin

B McPhee

Hamilton

G McGregor

Hawkes Bay

K Lovett

Invercargill

R Oosterbroek

Nelson

R Bell

New Plymouth

A Hay

Palmerston North

B Adshead

Queenstown

N Imlach

Rotorua

K Buckthought

Fresh Rotorua

W Wickham

Timaru

G Parkin

Wellington

D Magrath

Whangarei

S Hunt

Fresh Auckland

S Kent

Wanaka

B Wilson

Logistics

G Crean



Bidfood

Chief executive

C Kretzmann

Financial director

N Phillips

Human resources director

M Lockley

Commercial director

S Mahlalela

Manager – First for Service

B James

Logistics manager

J Uys

CATERPLUS

Managing director

B Varcoe

Financial director

T Scruse

National purchasing director

J Vermeulen

National human resources
director

M Lockley

National sales manager

D Sparks

► Catering Supplies

► Catersales

Managing director

E Eagar

Financial manager

S Fourie

Operations manager

J Lazenby

Sales director

K Ross

► CCW Catering Supplies

Managing director

Empangeni

L Govender

Financial manager

C Mulley

Managing director

Pietermaritz-
burg

N Yeats

Financial manager

N Munro

Purchasing director

R Govender

► Chipkins Catering Supplies		
Managing director	Bloemfontein	R Ramos
Financial manager		M Wessels
Purchasing director		M Malherbe
Managing director	Cape Town	R Sneddon
Financial director		C Fourie
Sales director		S Horwitz
Managing director	Durban	R Lowe
Financial director		C Palmer
Purchasing director		S Naicker
Sales director		B Mathura
General manager	East London	M Meyer
Financial director		R Hechter
Operations manager		P Zwane
General manager	George	F Bekker
Financial manager		H Herholdt
Sales manager		T Dawson
Managing director	Johannesburg	H Dorfling
Financial director		C vd Velden
Operations manager		D Conradie
Managing director	Mpumalanga	R Lyon
Financial director		H Strydom
General manager	Polokwane	C Lee
Financial manager		L Broekman
Operations manager		J Phungo
Managing director	Port Elizabeth	A McLeod
Financial manager		P Gouws
► D & R Lowe		
Managing director		C McCormack
Financial manager		A Snyders
Operations manager		S Uys
Sales director		N Papachrysastomou
► First Foods Distributors		
Managing director		D Smit
Financial manager		M Botha
Purchasing manager		C van Coller
Sales director		C Webb
► Lou's Wholesalers		
Managing director		E Webster
Financial manager		J le Roux
Sales manager		D Fos
Operations director		L Sibanda
► M&M Quality Choice		
Managing director		F da Silva
Financial manager		L Bronkhorst
Sales manager		C Danilowitz
Operations manager		R Oberholster
► RFS Catering Supplies		
Managing director		R van Vlaanderen
Financial director		J van Zyl
Purchasing director		N Jattiem
Sales manager		D Malan

► Frozen Foods		
► Caterplus Botswana		
General manager	Gaborone	B Pieterse
► Blue Marine		
General managers	Cape Town	Z Ferreira
	Durban	C Murray-Rawbone
	Johannesburg	G Bain
	Namibia	L Geyser
► East Cape Foods		
General manager	Port Elizabeth	A Roberts
► Seaworld		
General managers	Bloemfontein	A Rheeder
	Cape Town	L Fouche
	Johannesburg	K Kohler
	Nelspruit	A Brower
	Polokwane	N Myburgh
► 3663 First for Foodservice		
General manager		T Ferreira
Sales manager		G Dudley
Financial manager		G De Bruin
SPECIALITY		
► Patleys		
Managing director		M Notrica
Financial director		H Angove
Marketing director		P Wessels
National sales manager		C de Smidt
National operations manager		J Inglis
Purchasing manager		D Cheary
General manager	Cape Town	C Schoeman
Sales manager		M Gliddon
General manager	Durban	P Whitton
Sales manager		E Tuback
General manager	Port Elizabeth	E Mossop
Sales manager		D Valentine
CATERING EQUIPMENT		
► Vulcan Catering Equipment		
Managing director		M Crawford
Financial director		R Lucas
Director product development		R Barros
Director national asset management		A Walker
Director national operations		R McMurray
Director sales selected national brands		M Neilson
Director		C Moodley
Information systems manager		M Hoff
Manager Johannesburg sales		A Mulder
Manager production engineering		D du Plessis
Manager exports		G Fryer

Management directory

Branches		
Branch director	Cape Town	T van der Merwe
Branch director	Durban	C Bradfield
Branch manager	Eastern Cape	B Bateman
PAPER PRODUCTS		
► Lufil Packaging		
Managing director		A Beesley
Managing director		D Couzens
Financial director		D Moodley
Production director		G Keegan
HOSPITALITY ACCESSORIES		
► Hotel Amenities Suppliers		
Managing director		C Leibbrandt
Financial manager		M Coates
National sales manager		C Lewinson
Operations manager		M Melville
► Promo Sachets and Steri Pic		
Managing director		N Taitz
Financial manager		M Coates
BIDBAKE		
Group managing director		W Bright
Financial director		K Jacobs
Administration director		D Greyling
Procurement director		B Forbes
Logistics director		B Singh
Human resources director		E Maripane
Managing director Bidbake technical		D Buono
Managing director baking products		G Goschen
Managing director consumer products		A Duursema
► NCP Yeast		
Factory		
Operations director	Durban	F Mohammed
Engineering manager	Durban	J van Rensburg
Financial manager	Durban	A Abed
Consumer products		
Sales manager	Inland	M Greeff
Sales manager	Inland	C Ngwenya
Sales manager	Coastal	P Khalidas
Financial manager		P O'Bryan

► Chipkins Bakery Supplies		
Branches		
Branch manager	Free State	H de Fries
Branch manager	Western Cape	K Goddear
Financial manager		R Hitchins
Branch manager	KwaZulu-Natal	T Quintal
Financial manager		M Moonsamy
Sales manager		A Smit
Purchasing manager		S Ramadu
Operations manager		S Pillay
Branch manager	Gauteng	G Scheepers
Financial manager		A Singh
Sales manager		P Davison
Branch manager	Mpumalanga	J Wolter
Financial manager		R van Staden
Operations manager		C Flynn
Branch manager	Polokwane	T Aspelng
Financial manager		M Van Wyk
Branch manager	Eastern Cape	B MacLean
Financial manager		M McLeod
Technical director – Factory	Johannesburg	H Adams
Factory manager		C Kuschke
Quality assurance manager		K Domanic
► Trimark/Everyday Foods		
Managing director		D Buono Snr
Production manager		D Buono Jnr
Sales manager		J Serrau
Financial manager		C Pillay
CROWN FOODS GROUP		
► Crown National		
Group managing director		C Singer
Group financial director		A Jochens
Commercial director		G Fasser
National key accounts director		R Maasdorp
Crown Food Ingredients Division		
Managing director	Cape	J Morris
Product director	Cape	G Keeling
Crown Equipment Division		
Managing director		M Jacob
Crown Natural Casings Division		
General manager		K Geldenhuys
Branches		
Managing directors	Western Cape	A Cleghorn
	KwaZulu-Natal	M Critien
	Northern region	J Dyssel
General managers	Free State	J Dreyer
	Mpumalanga	J Matthasen
	Eastern Cape	P Roos
► Modpak		
General manager		B Cousins
► Continental Spice Works		
Managing director		H Pheiffer



Bid Industrial and Commercial products

Chief executive
Financial director
Commercial director

MC Berzack
E Immermann
S Kgaka

VOLTEX ELECTRICAL DISTRIBUTION

Chief executive
Executive directors

MC Berzack
R Berzack
C Esterhuizen
S Green
E Immermann
D Mare
N Chiba
L Jacobs
S Kgaka

Wholesale

Regional manager

North East region T Flaherty

Branches

Electric Centre

Pretoria E Sam

Globe Electrical

Witbank C Stols

Keens Electrical

Montana A Robertson

Olympus P Kruger

Pretoria M Cameron

Voltex Electrical

Centurion P Schuurman

Hazyview W du Toit

Lydenburg J Hamman

Nelspruit H Schoeman
L van Heerden

Regional manager

North West region C Alley

Branches

Electric Centre

Phalaborwa E de Wet

Tzaneen H Steyn

Globe Electrical

Polokwane C Smit

Keens Electrical

Klerksdorp A Goosen

Rustenburg C Heyneke

Voltex Electrical (Electrostar)

Potchefstroom P Potgieter

Regional manager

Gauteng D Blumgart

Branches

Electric Centre

East Rand A Boshoff

Midrand M Storer

West Rand A Lightfoot
C Myburgh

Globe Electrical

Benrose A Botha

Kempton Park S Reynolds

Kensington K Smith

Keens Electrical

Springfield G Cunningham
A Lambey

Litecor Electrical

Alberton M Terblanche

Randburg A Baig

Reuven K Pearman
T Turnbull

Voltex Electrical

Bramley G Jacks
J Murphy

Newcastle G Nel

Vereeniging H Jacobs

Regional manager

KwaZulu-Natal K Draper

Branches

Electric Centre

Durban K Draper

Litecor Electrical

Avoca D Thulasaie

Durban G Paterson

Voltex Electrical

Ballito A Sheik

Hillcrest R Maharaj

Pinetown G Elliott

Pietermaritzburg R Ramdhin

Richards Bay S Ross

Sanlic

Durban N van
Loggerenberg

Waco Industries

Durban N van
Loggerenberg

Regional manager

Free State G Grant

Branches

Globe Electrical

Welkom D Kruger

Litecor Electrical

Bloemfontein C Thompson

Kimberley E Johnston

Regional manager

Western Cape D Barrie-Smith

Branches

Atlas Cable Supplies

Cape Town B Taylor
L Oordt

Crew Electrical

Salt River S Moodaly

Electric Centre

Worcester R Ruthenberg

Globe Electrical

Oshakati M Nagel

Windhoek H Lingner

H&T Electrical

Paarl J Arendse

Strand V Grovers

Litecor Electrical

Upington L Collett

Voltex Electrical

Blackheath N Murray

Cape Town A Gamba

Tygerberg D Collins

West Coast C Matthews

Wetton I Saunders

Voltex Retail Suppliers

Cape Town K Theunissen

Regional manager

Eastern Cape C Boltar

Branches

Electric Centre

Umtata R Pillay

Voltex Coland

East London R Pillay

Voltex Electrical

George R Scholtz

Jeffreys Bay K Wierzba

Knysna C Robinson

Mossel Bay J Campher

Oudtshoorn C Jones

Port Elizabeth A van der Vyver
S Chesling

Uitenhage D Esterhuyse

Voltex Retail Suppliers

East London D Pretorius

Management directory

Specialist Division		
► Atlas Cable Supplies		
General manager		C McDonald
Branches	Alrode	C McDonald D Naidoo
	Tygerberg Depot	D Sooknunan
► Association Cables		
	Alrode	M Rall
Bellco Electrical	Cape Town	H Ward R Lowe
Cabstrut		
General manager		J Louw
Branches		
	Cape Town	A Bodechtel
	Durban	F Jacobs
	Johannesburg	K Beattie K Rose
	Pretoria	D van Zyl
Northern Region Specialist Division		
Regional manager		M van Schalkwyk
Branches		
Atlas Cable Supplies	Polokwane	K de Kock
Voltex Retail Suppliers	Rayton	M Herbst G van Staden
Sanlic International		
General Manager		B Human
Branches		
	Cape Town	F de Kock
	Johannesburg	B van Dyk
	Pretoria	E Coetzee
	Warehouse	N McCabe
Versalec Cables (Pty) Ltd	Midrand	T Schmidt
Voltex Lighting		
General manager		D Donald
Voltex Transmission and Distribution		
Branches		
	Alrode	G du Plooy
	Bloemfontein	K Cilliers
	Durban	N Yates
Electrification and Distribution Technologies		
	East London	R Swart
Waco Industries		
General manager		J Lipson
Branches		
	Bloemfontein	E Ackerman
	Cape Town	R Human
	Cleveland	J Lipson G Pachai R Love J David
	Port Elizabeth	P Louw

BERZACK		
Chairman		MC Berzack
Executive directors		M Berzack R Berzack P Magid
Branches		
	Cape Town	E Huisamen
	Durban	M Berzack L Pevsner
	Johannesburg	R Berzack C Gordon P Magid
	Port Elizabeth	T Allen
	Pretoria	D Wilhelm
► Bloch & Levitan		
Regional manager		J Lourens
Branches		
	Cape Town	A Eksteen
	Durban	R Schnoor
	Johannesburg	J Lourens
EASTMAN STAPLES		
General manager	Huddersfield	C Werb
General manager	Holmewood	G Coleman
General manager	Cumberland	W McAllister
General manager	Dublin	S Shields
General manager	Lodz	S Stawiki
STATIONERY		
Chief executive		M Berzack
Director		C Rostowsky
Director		M Rubin
Internal audit manager		D Conradie
► Waltons Stationery		
Managing director		J Farrell
Financial director		F Reyneke
IT Manager		L Slotow
Procurement director		P Cronje
Managing director	Free State	R Schoonees
Managing director	Gauteng	E Kleynhans
Financial director		E Choonara
Managing director	KwaZulu-Natal	M Frizelle
Sales director		D Choirboli
Managing director	Namibia	J van Tonder
Financial director		K Nel
Managing director	Port Elizabeth	D Hugo
Financial director		P Knight
Managing director	Western Cape	R Bowes
Sales director		K Spence
Hortors		
Managing director		E Bungay
Import division		
Managing director		R Sepp
SA Diaries		
Managing director		P Honeyman
Waltons Promotional Gifts		
Managing director		C Bedser
Director		M Fraser

► Kolok		
Managing director		A Thompson
Financial director		P Kleynhans
Marketing director		M Ebrahim
Operations director		E Cassim
National sales manager		G Chappel
Brand manager		L Stevens
Corporate channel manager		L Nauschutz
Internal sales manager		J Cornish
Branch managers	KwaZulu-Natal	L Klein
	Namibia	M Roets
	Western Cape	S Galley
	Eastern Cape	R Daniels
	Botswana	C Tedder
Contract Office Products		
Managing director		H Magid
Financial director		N George
Operations director		B Eisenstein
Sales director		H Elison
Procurement director		R Gopal
OFFICE FURNITURE		
Chief executive		M Berzack
Director		C Rostowsky
Director		M Rubin
Internal audit manager		D Conradie
► CN Business Furniture		
Managing director		R Bergh
Financial director		W du Plessis
Operations director		J Nortjé
Managing directors	Free State	E Coetzee
	KwaZulu-Natal	G Bolton
	Western Cape	H Meyer
	Pretoria	D Nel
Regional directors	East London	B Lindesay
	Eastern Cape	R Pudney
Regional general manager	Nelspruit	C Schoeman
	Kimberley	R Grindlay
	Pietermaritzburg	L Kruger
	George	C Marques
	Windhoek	B Kotze
Lounge Lizard		
Regional sales manager		A Kleingeld
CN Manufacturing		
General manager		C van Wyk
Financial manager		M Faulmann
Budget Desks and Chairs		
Managing director		G Diamond
Branch manager		L Potgieter
Office Furniture Clearance House		
Branch manager		K Steyn
CN Café		
Manager		S Mann
ACTA SA		
Director		E Coakelin

► Dauphin		
Managing director		I Galloway
Sales director		S Amri
Financial manager		H Noack
Seating		
Managing director		S Gerber
Financial director		L Snyman
Export director		T Dotzler
Production manager		D Moody
Research and development director		C Collins
Pago		
General manager		S van Heerden
Ditulo		
Managing director		K Britz
Marketing director		M Chauke

PACKAGING CLOSURES

► Afcom-GE Hudson		
Chief executive		M Berzack
Managing director		H Greenstein
Financial director		C Levin
Company secretary		B Kerkhoff
Information systems		W Pienaar
Fastening		C Beeby
Packaging		M Hilson
Strapping		B Smith
Stretchfilm		R Trent
Labels		W Coetzer
Human resources		B Campbell
Accounting		M Berthelot
Strapping		F Fremouw
Collated Nails and Staples		F Oudmayer
		A Craukamp
Ti-Strap		W Molautsi
Workshop		D Stojic
Steel Strap		S Pillay
► Branch Distribution		
Bloemfontein	W Coetzer	
	P Sykes	
Cape Town	D McVean-Nicol	
	K Oliver	
Durban	D Poovan	
	K Guess	
East London	A de Beer	
Nelspruit	H Nel	
Port Elizabeth	T Nel	
Pretoria	C Alberts	
Tzaneen	N Smit	
Markwell		
► Ramset		
Managing director		J East
Resellers/Retail		N Romain
Mining/Construction		V Thompson
Stores		F Duffy

Management directory

► Buffalo Executape

Chief executive	M Berzack
Managing director	T Girnun
Financial	C van der Westhuizen
Production	T Isaacs
Sales	A Nel
Operations	S Sewpersad
Information systems	R Vincent



Bidpaper Plus

Chief executive	N Birch
Financial director	C Adendorff
Commercial director	M Finger

PRINTING AND RELATED

► Lithotech

Managing director	N Birch
Financial director	C Adendorff
Key accounts director	M Finger
Marketing manager	D Macfarlane
Human resources manager	P Breytenbach
Financial manager	M Martens
Credit control manager	M Kuhn

Divisions

Lithotech Manufacturing Cape

Managing director	C McWilliams
Financial director	P Rossouw

Lithotech Manufacturing Pinetown

Managing director	M Barrett
Financial manager	P Budrum

Lithotech Listing and Logistics

Managing director	D Lewis
Financial manager	E Le Roux

Phakama Print

Managing director	P Fick
Financial director	Z Vawda

Silveray Manufacturing

Managing director	N Speres
Financial director	P Haripersad

Globe Stationers

Managing director	M Schouw
Financial manager	E Ruiters

Lithotech Labels

Managing director	R Evans
Financial manager	R Lawrensen

Lithotech Manufacturing Spartan

Managing director	V Ruppung
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Ozalid

Managing director	V Ruppung
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Kolok Africa

Managing director	V Ruppung
Financial director	C Petitt

Lithotech Sales Johannesburg

Managing director	L Avanan
Financial manager	M Britz

Lithotech Sales Spartan

Managing director	V Ruppung
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Lithotech Sales Cape

Managing director	F Lundie
Financial director	P Joubert

Lithotech Sales KZN

Managing director	P Hayes
Financial manager	R Singh

Lithotech Sales East London

Managing director	C Saunders
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Lithotech Sales Port Elizabeth

General manager	B van der Berg
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Lithotech Sales Bloemfontein

General manager	W Watson
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Lithotech Corporate

Managing director	J Neethling
Financial director	J Thompson
Export manager	R Dowling

Lithotech Afric Mail Cape

Managing director	H Mentz
Financial director	J Havenga

Lithotech Afric Mail Johannesburg

Operations director	I Sinclair
Financial manager	J Walters

Lithotech Afric Mail Durban

Operations director	S Cleland
Financial director	J Havenga

STATIONERY DISTRIBUTION

► Silveray Statmark Company

Managing director	H Servas
Financial director	T Harman
National sales director	J Millinger
Divisional director	J Wheatly

Branches

Johannesburg	G Reid
Cape Town	G Baines
Durban	H Yunus
Bloemfontein	E Maree
Port Elizabeth	J Kinnel
East London	J Trefusis-Paynter

ALTERNATIVE PRODUCTS

► Email Connection

Managing director	H Rabinowitz
Operations director	D Richard

► Lithotech Solutions

Managing director	D Gilfillan
Managing consultant	O Immink
Financial manager	L Haupt



Bid Auto

McCARTHY MOTOR HOLDINGS

Chief executive	B Pretorius
Financial director	E Roden
Human resources director	R Parkhurst
Financial manager	N Wolno

Franchises

Managing directors:

▶ McCarthy VW/Audi/Seat	C Bailey
▶ McCarthy DaimlerChrysler/Jeep/	
▶ Chrysler Mercedes Benz/Smart	G Damp
▶ McCarthy General Motors/Opel/Isuzu	A Foxcroft
▶ McCarthy Land Rover/Volvo	T Herbert
▶ McCarthy Nissan/Fiat/Alfa/Renault	G Jooste
▶ McCarthy BMW (Forsdicks)	G Payet
▶ McCarthy Peugeot	M Ogram
▶ McCarthy Toyota/Lexus	T Sorour

BUDGET RENT A CAR

Managing director	A Coward
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BURCHMORES CAR AUCTIONS

Managing director	D Jacobson
-------------------	------------

MCCARTHY FINANCIAL SERVICES

▶ McCarthy Insurance Services

Managing director	T Alison
-------------------	----------

ELIANCE

Managing director	M Strydom
-------------------	-----------

Yamaha Distributors

Managing director	I Pears
-------------------	---------

McCarthy Fleet Services

Managing director	B Corcoran
-------------------	------------

McCarthy Finance

Managing director	D Howell
-------------------	----------

McCarthy Vehicle Import & Distribution

Managing director	J Nash
-------------------	--------

General managers:

Procurement	R Bester
Club McCarthy	S Govender
Used Vehicles	C Henderson
Call-a-Car	H Oosthuizen
Mc Auto	M Dawson
McCarthy Student Wheels	D Lejeune

Gaz Southern Africa

	K Meintjies
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Shareholders' diary

Financial year end	June 30
Annual general meeting	October
Report and accounts	
Interim report for the half year ending December 31	February
Preliminary announcement of annual results	September
Annual report	October
Distributions	Declaration
Interim distribution	February
Final distribution	September
	Payment
	March
	October

Administration

The Bidvest Group Limited

Incorporated in the Republic of South Africa
 Registration number: 1946/021180/06
 Share code: BVT
 ISIN: ZAE000008132

Registered office

Bidvest House
 18 Crescent Drive
 Melrose Arch
 Melrose, 2196
 Johannesburg
 South Africa

PO Box 87274
 Houghton, 2041
 South Africa

Telephone: +27 (11) 772 8700
 Telefax: +27 (11) 772 8970
 e-mail: info@bidvest.co.za
 Website: www.bidvest.com

Secretary

MA David

Auditors

KPMG Inc

Legal advisers

Edward Nathan (Pty) Limited
 Ashurst Morris Crisp
 Maitland & Co
 Werksmans Inc

Bankers

The Standard Bank of South Africa Limited
 Standard Bank London plc
 Nedbank Limited
 Investec Bank Limited
 HSBC Bank plc
 FirstRand Group Limited
 Commonwealth Bank of Australia Limited
 Barclays Bank Limited
 ASB Bank Limited
 ABSA Bank Limited

Share transfer secretaries

Link Market Services South Africa (Pty) Limited
 11 Diagonal Street
 Johannesburg, 2001

Sponsors

Investec Securities Limited
 Deutsche Securities SA (Pty) Limited

Financial director designate and Group corporate finance and investor relations

DE Cleasby

Bidvest publications:

The Bidvest Group Limited Annual report 2006*
 The Bidvest Group Limited Financial statements 2006
 The Bidvest Group Limited Sustainability report 2006*
 The Bidvest Group Limited Our business and products 2006*
 The Bidvest Group Limited Report to our people 2006*
 Bidvoice (quarterly magazine)*

*Available on our website www.bidvest.com

*Available on our intranet www.thevillage.bidvest.com

Communications

For further information contact Jack Hochfeld at
 The Bidvest Group Limited +27 (11) 772 8075

Glossary



This symbol indicates that further detailed information is available

ABET	Adult basic education and training
ACSA	Airports Company South Africa
ART	Anti-retroviral treatment for those suffering from or exposed to HIV/Aids
ASATA	Association of South African Travel Agents
ATM	Automatic teller machine
BBBEE	broad-based black economic empowerment
BEE	black economic empowerment
BFFF	British Frozen Foods Federation
CSI	Corporate social investment
CFL	Client for life
CPI	Consumer price index
CPIX	Consumer price index excluding mortgage repayments
DSM	Demand side management
dti	South Africa's Department of Trade and Industry
EFMA	European Forms Manufacturing Association
EMS	Environmental management system
EOWA	Equal opportunity for women in the workplace act
Eskom	South African national electricity supply company
FWD	Federation of Wholesale Distributors
GDP	Gross domestic product
GRI	Global Reporting Initiative
HACCP	Hazard analysis critical control point
HDI	Historically disadvantaged individual
IAS	Investment Analysts' Society
IFRS	International Financial Reporting Standards
IIP	Investors in people
Industry charter(s)	Voluntary, wide commitments to black economic empowerment goals
ISO	International Organisation for Standardisation quality management and quality assurance series of standards (9000) and environmental management series of standards (14001)
JSE	JSE, South Africa
JIA	Johannesburg International Airport
KZN	KwaZulu-Natal
LGV	Large goods vehicle
NER	National electricity regulator
NOSA	National Occupational Safety Association
NPA	National Ports Authority
NPI	National Productivity Institute
OEM	Original equipment manufacturer
OFSCI	Optimum Foodservice Supply Chain Initiative
OHS	Occupational Health and Safety Act (No. 85 of 1993), South Africa
PPP	Public-private partnership
QMS	quality management system
QSR	Quick-service restaurant
SAA	South African Airways
SABS	South African Bureau of Standards
SARB	South African Reserve Bank
SANTACO	South African Taxi Council
SETA	Sectoral education and training authorities
STC	Secondary taxation on companies
Telkom	South African national telephone and telecommunications company
the Codes	Codes of good practice for broad-based black economic empowerment as published by the Department of Trade and Industry South Africa
VCT	Voluntary counselling and testing (HIV/Aids-related)

This is Bidvest – creating value and building strength from diversity.

Our company logos

BID CORPORATE SERVICES NAMSOV NAMSEA ONTIME AUTOMOTIVE	BIDFREIGHT TERMINALS INTERNATIONAL FORWARDING MARINE SERVICES MANICA AFRICA	CLEANING SERVICES LAUNDRY SERVICES STEINER GROUP BIDSERV INDUSTRIAL PRODUCTS GREEN SERVICES AVIATION SERVICES BIDRISK SOLUTIONS INTERNATIONAL PAYMENT SYSTEMS BUSINESS SOLUTIONS AND GROUP PROCUREMENT OFFICE AUTOMATION BIDTRAVEL BANKING SERVICES FOREIGN EXCHANGE SERVICES	3663 FIRST FOR FOODSERVICE - UNITED KINGDOM DELI XL - BELGIUM DELI XL - NETHERLANDS HORECA TRADE - UNITED ARAB EMIRATES
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BIDVEST FIRST FOR FOODSERVICE - AUSTRALIA



CREAN FIRST FOR FOODSERVICE - NEW ZEALAND



CATERPLUS



C.C.C.W.



SPECIALITY



CATERING EQUIPMENT



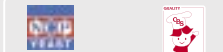
PAPER PRODUCTS



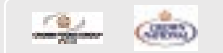
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BIDBAKE

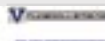


CROWN FOODS GROUP



VOLTEx ELECTRICAL DISTRIBUTION

Wholesale



BERZACK



EASTMAN STAPLES



STATIONERY



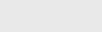
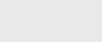
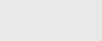
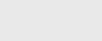
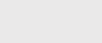
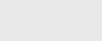
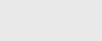
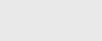
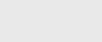
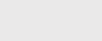
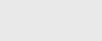
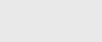
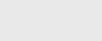
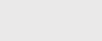
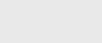
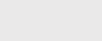
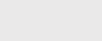
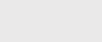
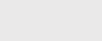
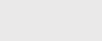
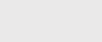
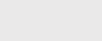
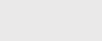
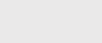
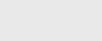
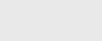
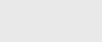
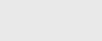
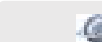
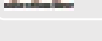
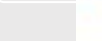
OFFICE FURNITURE



PACKAGING CLOSURES



PRINTING AND RELATED



MCCARTHY MOTOR HOLDINGS



MCCARTHY FINANCIAL SERVICES



MCCARTHY FLEET SERVICES



CLUB MCCARTHY







