



Bidvest Namibia

Bidvest Namibia is the holding company for Bidvest’s interests in Namibia, which include fishing and similar commercial businesses to those of Bidvest in South Africa.

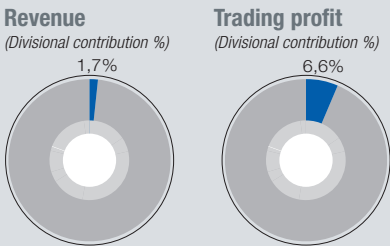


R1,9 billion

Revenue 20,6% increase

R367,9 million

Trading profit 25,0% increase



Resource management

Represented by: Improved fishing methods at Namsoy. Many fishing methods, particularly bottom trawling, inflict serious collateral damage on the environment through damage to coral and sea bed. Collateral damage is minimised at Namsoy through targeted mid-water trawling and gear restrictions designed to avoid excessive harvesting of juveniles. Gear losses are minimal and by-catch remains around 1% of total catches, still among the best percentages internationally.



Highlights

- ▶ Successful listing on the Namibian Stock Exchange (NSX)
- ▶ Credibility enhanced with investment community as prospectus forecasts are achieved
- ▶ NAD600 million available for possible acquisitions
- ▶ Biggest ever investment in Namibian fishing industry
- ▶ NAD21 million spent on land for Caterplus expansion
- ▶ Successful Ovanhu empowerment transaction concluded
- ▶ Namsoy Community Trust invests R3,2 million in local projects
- ▶ Horse mackerel and pilchard populations recovering and quotas increasing

Financial indicators

(for the year ended June 30)

	2010 R'm	2009 R'm
Revenue	1 949,2	1 616,4
Trading profit	367,9	294,3
Operating assets	1 012,1	459,8
Operating liabilities	399,6	343,3
Depreciation	39,3	30,2
Amortisation and impairments of intangible assets	8,4	5,8
Goodwill and intangible assets	111,4	121,0

Sustainable development indicator overview

Employees	2 574	1 998
Total training spend (R'000)	2 168	2 597
Training spend per employee (R)	842	1 300
Employees attending HIV/Aids training (%)	34,3	6,5
Lost-time injury frequency rate	16,3	9,7
Work-related fatalities (number)	–	–
CSI spend (R'000)	4 089	208
Total water usage (litres '000)	16 935	11 062 ⁽¹⁾
Total electricity usage (kWh '000)	4 727	6 213
Petrol (litres)	478 454	458 756
Diesel (litres)	35 603 217	29 867 699 ⁽¹⁾
Total carbon emissions (tonnes)	97 006	81 912 ⁽¹⁾
Carbon emissions per employee (tonnes)	37,7	41,0

⁽¹⁾ Restated



**QUICK LINK: Historic divisional
sustainable development data**

http://www.bidvest.com/bidvest_ar2010/027.html

Bidvest Namibia



Sebby Kankondi, *chief executive*

Positioning and reputation

Following our NSX listing, Bidvest Namibia entrenched its positioning as a Namibian business, deeply rooted in the country and strongly committed to quality service across multiple sectors. At listing on October 26, we became the second largest company on the NSX by market capitalisation, with the third largest free float of shares (32,4%).

We're a reliable partner of customers in the quest for solutions and a reliable partner of government in the search for sustainable resource utilisation.

Trust was reinforced across the investment community as half-year results and subsequent performance were closely scrutinised against our listings prospectus. The overall reaction was that we can be trusted to perform in line with forecasts as revenue and profit growth met expectations.

Macro- and trading environment

The strong Namibian dollar was negative for our fishing, computer consumables and stationery supply businesses. The general economic slowdown after the international financial crisis resulted in spending curbs by many companies, impacting business-to-business activities. Major customers

such as the mines took a cautious approach. Consumer spending was also under pressure.

Stable fuel prices were positive for our fishing fleet and distribution activities.

Performance

Despite challenging trading conditions, strong momentum was maintained. Revenue rose 20,6% to NAD1,9 billion (NAD1,6 billion) while trading profit moved 25,0% higher to NAD367,9 million (NAD294,3 million).

Results were buoyed by high catch rates within the fishing business, especially Namsoy and further supported by an excellent result from the freight business Manica.

Financial performance was impacted by a BEE ownership transaction charge of NAD16,9 million as IFRS requires us to reflect the value of new empowerment structures as a reserve on our statement of financial position.

Non-financial performance was pleasing. Completion of the broad-based black economic empowerment transaction gave further impetus to transformation – a key pillar of sustainability.

BEE ownership is not obligatory, but future indigenisation legislation may require a 25% stake by black Namibians. Our transaction ahead of legal requirements established our BEE credentials.

Managers across the business participated in sustainability awareness programmes and we continued our support for responsible management of fishing resources, a strategic imperative for us.

Strategic and industry dynamics

The international crisis reduced European demand for white hake and monkfish. Our fishing business, however, focuses primarily on pelagic species that appeal to African markets. This demand remained strong and we benefited from our status as suppliers of one of Africa's most affordable sources of quality protein.

Catch rates remained at good levels and fish prices stabilised after strong recovery from the dramatic collapse of 2008.

Our travel business was impacted by the global crisis, but freight businesses benefited from large infrastructure investment projects, continued growth in rig- and ship-repair activities and transport corridor developments. We increased our investment in freight-related equipment and facilities.

Efficiencies

Expense management was a focus area for all teams and cash generation remained strong.

Efficiencies in support of quality remained a priority in the fishing fleet. A three-year investment of over NAD50 million has improved the freezing capacities of our vessels, ensuring we remain the preferred supplier in our market. Fuel cost efficiencies are also being achieved.

Benchmarks

Businesses are benchmarked individually. Precise forecasts, business by business, were presented in September in our listings prospectus. Projections were achieved.

Brand and operational dynamics

The corporate brand – Bidvest Namibia – achieved a high profile in the investment community and among consumers. Previously, operational brands such as Waltons, Rennies Travel, Minolco and Blue Marine (Caterplus) enjoyed strong recognition with little attention paid to the parent.

Listings excitement focused attention on the strength of the overall business and Bidvest Namibia's broad contribution to the economy.

At operational level, our brands continue to derive competitive advantage from leadership positions.

The operational challenge across all businesses was continuing to drive growth in the face of skills shortages.

New initiatives

The most significant investment was the NAD208,8 million purchase of a new vessel by Namsov, believed to be largest single investment ever made in Namibia's fishing industry.

The purchase was announced less than a month after our listing. The transaction tapped Namsov's own cash resources and left the NAD314,1 million raised by our listing untouched.

The new vessel, renamed the MFV Jupiter, was bought from the Ukraine. The 123m-long vessel can freeze up to 180 tonnes a day, process 50 tonnes of fishmeal a day and store more than 2 000 tonnes of frozen fish. MFV Jupiter boosts the capacity of our horse mackerel fleet of midwater trawlers from about 120 000 tonnes to 152 000 tonnes a year. There are now six vessels in the midwater trawler fleet.

NAD21,0 million was spent on the site for a new Caterplus multi-temperature facility.

Rennies Travel launched a touring division.

Business risks

Our fishing business relies on a marine resource that must be carefully managed. Improving catch rates confirm the horse mackerel resource's strong recovery. Constant vigilance is required. We cooperate fully with government to ensure rigorous resource management.

Risks relating to the recruitment and retention of the best talent remain a challenge to us. We have therefore prioritised skills development and training.

Credit risk grows as trading conditions deteriorate, but was well managed.

Reputational risk came into sharp focus post-listing on the Namibian Stock Exchange. High standards of integrity and customer service apply at all businesses. Reputational risk has become a focus area for our risk committee.

Sustainable development

Media interest during the listing period and our heightened profile had a marked effect on staff morale. Pride in Bidvest complemented pride in individual operations.

Our staff is self-reliant and resourceful, serving a huge country with a thinly scattered population of only two million. We derive great satisfaction from our status as reliable suppliers that get the job done with complete professionalism.

We are working to raise the level of strategic thinking, challenging managers across the business to consider sustainable development as an opportunity rather than a cost. The company is an empowerment leader with broadening local participation in business operations.

Economic performance – We concluded the Ovanhu transaction, effective June 30 2009, securing local ownership for 14,8% of the shares in Bidvest Namibia. Three shareholder groups (lead partner, Union Investment Company and Women for Action and Development) and various community groups participated in the transaction. By reopening our pilchard cannery, over 800 people have again found seasonal employment. Namsov owns 50,1% of Trachurus Fishing, a joint venture with four smaller local fishing companies. Under Namsov management, the company continues to perform well in the harvesting of its horse mackerel quotas.

Environment – Fish stocks continue to be responsibly managed by the authorities through fishing quotas. Following the recovery of both horse mackerel and pilchard populations, quotas are steadily increasing. Collateral damage to the marine environment is limited by targeted midwater trawling, gear losses are minimal and our by-catch remains low at 1% of total

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catches. We are converting our fleet to run on cheaper fuel grades. We continue to improve the efficiency of freight operations. Manica handles sulphur and zinc, potentially hazardous to the environment. The company is ISO 9001 compliant. No spills were reported and no fines levied for non-compliance with local or international environmental regulations.

Human resources – Staff numbers have increased by 29%, mostly in our fishing operations. Crews have representation through unions and the company enjoys generally good industrial relations. We enrolled our first two Namibian officer candidates at the officers' training school in Saldanha, South Africa, the start of a 13- to 15-year programme. Transferring skills into the local economy is a challenge given difficulties in renewing working visas for foreigners.

Health and safety – Government observers monitor operations at sea, during transhipments and discharges. Namsoy adheres to all international maritime regulations, with special emphasis on safety. No serious incidents were recorded. HIV/Aids and health-related absenteeism are major concerns, particularly in fishing, transport and stevedoring operations. However, we recorded fewer cases, as well as significantly lower absenteeism. We continue our support in the form of VCT and the use of ARVs. No work-related fatalities were recorded.

Labour disputes – Five arbitration cases were brought against Bidvest Namibia, with four findings against the division.

Society – More rigorous local reporting requirements following our listing helped drive more formal governance processes. New structures include separate risk, audit and sustainability committees, dealing with the risks of fraud, corruption and anti-competitive behaviour.

Corporate social investment – The Namsoy Community Trust, a 10% shareholder in Namsoy, invested R3,2 million in projects to help people and communities in need. The trust supplied training equipment to a training facility in the remote town of Keetmanshoop (NAD1,0 million), established an endowment fund for the University of Namibia to assist postgraduate students doing research on coastal and marine subjects in the coastal town of Henties Bay (NAD1,0 million) and continues to sponsor preparatory schools in disadvantaged areas during school holidays for Grade 10 learners.

 **QUICK LINK: Divisional sustainability report**
http://www.bidvest.com/bidvest_ar2010/028.html

Future

Further expansion is planned. Our businesses are strongly placed in their respective industries, creating a platform for continued organic growth. Acquisitive growth will not be neglected. We have a strong financial position and substantial cash resources. More than NAD300 million was raised by our listing.

Significant growth has already been achieved by Namsoy. Other areas of possible expansion are receiving attention. For example, Namibia's tourism industry offers potential as do various service sectors.

BIDVEST FISHERIES HOLDINGS

The business and the flagship Namsoy brand performed strongly, driven by good catches and improved fish prices. We enhanced our reputation for quality and maintained our preferred supplier status in an increasingly competitive sector. Lower fuel prices were helpful.

Horse mackerel operations exceeded targets. The inshore pelagic industry showed signs of recovery and achieved better-than-expected results. Internationally, the underperformance of other pelagic supplier zones supported demand for our product – further confirmation of the continuing need for responsible resource management.

Acquisition of MFV Jupiter will result in improved fishing days at lower fuel costs.

We secured an additional pilchard quota, leading to improved canning factory efficiencies.

Several initiatives are planned to support future growth. Efforts will be made to secure additional quotas. Ways of optimising our canning capacity are under investigation, as is the development of fishing harbour infrastructure at our facilities in Walvis Bay. Exposure of our oyster business in the Walvis Bay lagoon to algae blooms will receive focused attention. Returns from our investment in an Angolan inshore fishing business are anticipated in the coming year.

BIDVEST COMMERCIAL HOLDINGS

The business is made up of four components, Freight, Industrial and

Commercial Products, Services and Foodservice. Performance was mixed as trading conditions deteriorated. Freight (Manica Group Namibia) performed well on the back of high demand for ships agency, clearing and forwarding and logistic services in Walvis Bay.

Within Industrial and Commercial Products, Waltons, Kolok, CN Business Furniture and Voltex saw demand and volumes drop. The office furniture category was a casualty of corporate cutbacks while lower tender activity impacted Voltex. The strong Namibian dollar was negative for Kolok. Currency factors also put a brake on indirect Angolan demand across trading and retailing businesses.

At Services, Rennie's Travel cut costs and sought efficiencies to achieve pleasing results in the face of growing pressure. Minolco benefited from higher machine sales and good copy-click revenues.

Budget Rent a Car was under pressure. A new Budget Rent a Car facility at Hosea Kutako International Airport is planned.

Caterplus achieved sales growth despite capacity constraints. Plans to build a new facility in Windhoek are being finalised.