

The directors have pleasure in presenting their report and audited financial statements for the year ended June 30 2010.

Nature of business

The Company is an investment holding company with subsidiaries operating in the services, trading and distribution industries. Details of the Group's activities are included in *Bidvest at a glance: our structure*, and *Operational review*.

Financial reporting

The directors are required by the Companies Act of South Africa to produce financial statements, which fairly present the state of affairs of the Company and the Group as at the end of the financial year and the profit or loss for that financial year, in conformity with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

The financial statements as set out in this report have been prepared by management in accordance with IFRS and the Companies Act of South Africa, 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 2010 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 directors continue to adopt the going-concern basis in preparing the financial statements.

Declaration by the audit committee

The audit committee has complied with its terms of reference as established by the board of directors and is satisfied that the external auditors, whose appointment it recommended to shareholders, were independent of the Group from July 1 2009 to the date of this report. The audit committee assisted the board in discharging its duties relating to the safeguarding of assets, accounting systems and practices, internal control processes and the preparation of accurate financial reports and statements and assisted the directors in ensuring that there is an adequate and effective system of internal control in place and supported the overall effectiveness of corporate governance processes. The audit committee determines the fees of and also sets the principles for recommending the use of the external auditors for non-audit services. To ensure that the committee can effectively comply with its terms of reference, the group financial director, the external auditors, and the head of internal audit attend the meetings as invitees. In addition, the audit committee holds separate meetings with management, external audit and the head of internal audit to ensure that all relevant matters have been identified and discussed without undue influence. Furthermore the audit committee has considered the expertise and experience of the group financial director and is satisfied to the appropriateness thereof.

Share capital

The Company issued a total of 3 889 939 (2009: 1 120 842) ordinary shares of 5 cents each at premiums of between R6,95 and R90,00 (2009: R32,00 and R71,99) per share, in terms of The Bidvest Share Incentive Scheme. The Company also issued a total of 9 555 865 ordinary shares of 5 cents each at premiums of between R98,41 and R115,21 per share, in order to facilitate the acquisition of Nowaco, and issued 414 375 ordinary shares of 5 cents each at a premium of R119,95 per share, for the acquisition of 29 250 000 ordinary shares in Amalgamated Appliances Limited.

Acquisitions

The Group acquired 100% of the issued share capital of the Nowaco group (Nowaco) of companies with effect from July 1 2009 for an enterprise value of €250 million. Nowaco includes Nowaco Czech Republic s.r.o. which focuses on the Czech Republic and Slovakia and Farutex Sp.z.o.o. which serves the Polish market. The purchase consideration was settled with cash of €119 million and the assumption of debt equating to €131 million. The Group also undertook a number of smaller acquisitions during the year. Details of assets acquired and liabilities assumed are contained in note 11 to these financial statements.

Subsequent events

No reportable events took place subsequent to the year-end.

Results of operations

The results of operations are dealt with in the consolidated income statement, segmental analysis and review of operations.

Movement in treasury 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 of shareholders held on November 17 2009, a maximum of 67 256 913 ordinary shares could be acquired by the Company of which 33 628 447 can be acquired by its subsidiaries. Subsidiaries acquired a total of 522 480 ordinary shares at an average price (including costs) of R47,80 per share. A total of 386 567 ordinary shares were disposed of at an average price of R42,33 per share in settlement of share options exercised.

Distributions

A cash distribution out of share premium of 190,0 cents per share (2009: 190,0 cents per share), in lieu of a dividend, was awarded to shareholders recorded in the register at the close of business on March 26 2010.

Subsequent to year-end, a dividend of 225,0 cents per share (2009: refund of share premium in lieu of dividend 190,0 cents per share) was awarded to shareholders recorded in the register at the close of business on Thursday, September 23 2010. The salient dates are:

Distribution dates:

Last day to trade cum-distribution	Thursday, September 16 2010
Trading ex-distribution commences	Friday, September 17 2010
Record date	Thursday, September 23 2010
Payment date	Monday, September 27 2010

Payments to shareholders

Approval was obtained at the last 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 of South Africa.

Special resolutions

A special resolution was passed at the annual general meeting of shareholders held on November 17 2009 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 their articles of association and to change their names.

Directorate

Mr FJ Barnes resigned as an executive director with effect from June 30 2010 but remains on the board as a non-executive director.

In terms of the Company's articles of association the directors who retire by rotation at the forthcoming annual general meeting are CM Ramaphosa, FJ Barnes, LG Boyle, AA da Costa, MBN Dube, S Koseff, NG Payne and FDP Tlakula. All retiring directors are eligible and available for re-election.

The names of the directors who were in office during the period September 1 2009 to August 27 2010 and the details of board meetings attended by each of the directors are:

Director	Date of appointment	November 16 2009	February 26 2010	June 4 2010	August 27 2010
Chairman					
MC Ramaphosa	July 6 2004	^	^	^	Apol
Independent non-executive directors					
DDB Band	October 27 2003	^	^	^	^
LG Boyle	January 23 2001	^	^	^	^
S Koseff	June 17 1997	Apol	^	^	^
NP Mageza	August 28 2009	^	^	^	^
D Masson	March 10 1992	^	^	^	^
JL Pamensky	January 8 1990	^	^	^	^
NG Payne	June 30 2006	^	^	^	^
FDP Tlakula	June 30 2006	Apol	^	^	^
Non-executive directors					
AA da Costa	December 8 2003	^	^	^	^
FJ Barnes	October 27 2003	^	Apol	^	^
MBN Dube	October 27 2003	^	^	^	Apol
RM Kunene	December 8 2003	^	^	^	^
T Slabbert	August 20 2007	^	Apol	Apol	^
Executive					
B Joffe	March 1 1989	^	^	^	^
BL Berson	October 27 2003	^	^	^	^
MC Berzack	April 29 2002	^	^	^	^
DE Cleasby	July 9 2007	^	^	^	^
AW Dawe	June 30 2006	^	^	^	^
LI Jacobs	October 27 2003	^	^	^	^
P Nyman	February 1 1991	^	^	^	^
SG Pretorius	February 19 2004	^	^	^	^
LP Ralphs	May 19 1992	^	^	^	^
AC Salomon	September 10 1990	^	^	^	^
Alternate					
LJ Mokoena (AA da Costa)	December 8 2003	N/A	N/A	N/A	N/A

^ Attended in person, by video-conference or tele-conference.

Apol – Apologies tendered.

Audit committee

The names of the members who were in office during the period September 1 2009 to August 27 2010 and the details of audit committee meetings attended by each of the members are:

Director	November 11 2009	(Special) February 10 2010	February 25 2010	May 27 2010	August 23 2010	August 24 2010
Independent non-executive chairman						
NG Payne	^	^	^	^	^	^
Independent non-executive directors						
NP Mageza	^	^	^	^	^	^
D Masson	^	^	^	^	^	^
JL Pamensky	^	^	Apol	^	^	^

^ Attended in person, by video-conference or tele-conference.

Apol – Apologies tendered.

Executive committee

No formal meetings were held during the period September 1 2009 to August 27 2010.

Nominations committee

No meetings were held during the period September 1 2009 to August 27 2010.

Acquisition committee

No meetings were held during the period September 1 2009 to August 27 2010.

Remuneration committee

The names of the members who were in office during the period September 1 2009 to August 27 2010 and the details of remuneration committee meetings attended by each of the directors are:

Director	December 9 2010	August 13 2010
Independent non-executive chairman		
DDB Band	^	^
Independent non-executive directors		
D Masson	^	^
JL Pamensky	^	^

^ Attended in person.

Messrs DE Cleasby and P Nyman resigned as members with effect from September 1 2009.

Risk committee

The names of the members who were in office during the period September 1 2009 to August 27 2010 and the details of the risk committee meetings attended by each of the members are:

Director	October 22 2009	January 26 2010	April 19 2010	July 29 2010
Independent non-executive chairman				
NG Payne	^	^	^	^
Independent non-executive directors				
D Masson	^	^	^	^
Executive				
FJ Barnes	^	^	**	
BL Berson	^	Apol	Apol	Alt
MC Berzack	^	^	^	^
NW Birch	^	^	^	Apol
DE Cleasby	^	^	^	^
AW Dawe	^	^	^	^
B Joffe	^	^	^	Apol
M Notrica	^	^	^	^
P Nyman	^	^	^	^
SG Pretorius	Apol	^	^	^
LP Ralphs	^	^	^	^
AC Salomon	^	Apol	^	^
CE Singer	^	^	^	^
BM Varcoe	^	^	^	^

^ Attended in person, by video-conference or tele-conference.

Alt – Apologies tendered, meeting attended by divisional representative.

Apol – Apologies tendered.

** Resigned February 28 2010.

Transformation committee

The names of the members who were in office during the period September 1 2009 to August 27 2010 and the number of transformation committee meetings attended by each of the members are:

Director	November 16 2009	March 1 2010	May 17 2010	August 20 2010
Executive chairman				
LI Jacobs	^	^	^	^
Non-executive directors				
T Slabbert	^	Apol	Apol	Apol
FDP Tlakula	Apol	^	Apol	Apol
Executive				
MC Berzack	^	^	^	^
NW Birch	^	^	^	^
AW Dawe	^	^	^	Alt
MJ Finger	Apol	^	^	^
B Joffe	^	^	Apol	^
SG Mahlalela	^	^	Apol	^
GC McMahon	^	^	^	^
M Notrica	Alt	^	Alt	Alt
SG Pretorius	^	^	Apol	^
LP Ralphs	Alt	Alt	^	Alt
CE Singer	^	^	Alt	Alt
SA Thwala	^	^	^	^
BM Varcoe	^	^	Alt	^

^ Attended in person, by video-conference or tele-conference.

Alt – Apologies tendered, meeting attended by divisional representative.

Apol – Apologies tendered.

Directors' interests

The aggregate interests of the directors in the capital of the Company at June 30 2010 were:

	Number of shares	
	2010	2009
Beneficial	5 130 863	5 194 523
Non-beneficial	25 654 244	26 724 120
Held in terms of The Bidvest Share Incentive Scheme		
Options	1 381 750	2 212 502
Shares	1 140 362	1 140 362

Directors' shareholdings

The individual beneficial interests declared by the current directors and officers in the Company's share capital at June 30 2010 held directly or indirectly were:

Beneficial Director	2010 Number of shares		2009 Number of shares	
	Direct	Indirect	Direct	Indirect
BL Berson	8		8	
MC Berzack	24 014		44 014	
LG Boyle	101 000		101 000	
AA da Costa	110 257	223 810	110 257	223 810
LI Jacobs		1 808 003		1 808 003
B Joffe	127 986		127 986	
S Koseff	8		8	
RM Kunene		434 239		434 239
D Masson	8	5 235	8	5 235
LJ Mokoena (alternate)		216 840		216 840
P Nyman	78 000	78 000	70 000	70 000
JL Pamensky	9		9	
SG Pretorius	24 790		24 790	
LP Ralphs	180 624		240 360	
MC Ramaphosa		1 530 372		1 530 372
AC Salomon	187 660		187 584	
Total	834 364	4 296 499	906 024	4 288 499

Held in terms of The Bidvest Incentive Scheme

The Bidvest Incentive Scheme grants loans to staff and directors for the acquisition of shares in the Company. The numbers of shares and carrying values of the loans issued to directors and officers as at June 30 2010 were:

Director	2010		2009	
	Number of shares	Carrying value of loan R'000	Number of shares	Carrying value of loan R'000
FJ Barnes	99 162	11 459	99 162	11 824
BL Berson	49 581	5 729	49 581	5 912
MC Berzack	148 743	16 498	148 743	16 484
DE Cleasby	74 371	8 249	74 371	8 242
AW Dawe	99 162	10 999	99 162	10 989
LI Jacobs	49 581	5 499	49 581	5 495
B Joffe	198 324	21 386	198 324	21 979
P Nyman	49 581	5 499	49 581	5 495
SG Pretorius	148 743	16 498	148 743	16 484
LP Ralphs	148 743	16 498	148 743	16 484
AC Salomon	74 371	8 249	74 371	8 242
Total	1 140 362	126 563	1 140 362	127 630

Non-beneficial

In addition to the aforementioned holdings:

- B Joffe is a trustee and potential beneficiary of a discretionary trust holding 3 335 296 (2009: 3 335 237) shares;
- P Nyman is a trustee of various trusts holding 4 163 215 (2009: 4 345 398) shares but has no beneficial interest in these shares;
- D Masson and P Nyman are trustees of the Group's retirement funds which hold 863 260 (2009: 837 781) shares. P Nyman is also a trustee of a Group medical aid society which holds nil (2009: 29 575) shares; and
- AA da Costa, LI Jacobs 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 holds 26 510 312 (2009: 26 510 312) shares.

The only director who was directly or indirectly interested in excess of 1% of the Company's issued share capital was B Joffe.

	Number of shares	
	2010	2009
Beneficial – Direct	127 986	127 986
Held in terms of The Bidvest Incentive Scheme	198 324	198 324
Non-beneficial	3 335 296	3 335 237
	3 661 606	3 661 547

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 executive directors while in office of the Company during the year ended June 30 2010 can be analysed as follows:

Director	Basic remuneration R'000	Other benefits R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
FJ Barnes*	2 936	3 856	1 174	1 205	9 171
BL Berson	4 515	174	168	4 917	9 774
MC Berzack	3 463	564	98	3 700	7 825
DE Cleasby	2 180	231	234	2 500	5 145
AW Dawe	2 530	107	270	3 000	5 907
LI Jacobs	1 415	119	189	1 000	2 723
B Joffe	8 049	765	525	9 168	18 507
P Nyman	1 905	182	171	600	2 858
SG Pretorius†	2 425	134	355	2 000	4 914
LP Ralphs	3 470	391	418	4 000	8 279
AC Salomon	2 416	114	270	2 750	5 550
2010 Total	35 304	6 637	3 872	34 840	80 653

* In terms of a compromise agreement entered into with Mr FJ Barnes in March 2010, a total benefit of £1,0 million will be paid over a two-year period ending in February 2012, based on certain terms and conditions. Included in Mr FJ Barnes's 2010 remuneration is an amount of R3,9 million which was paid to him on the cessation of his executive services.

† As a result of an administrative error, Mr SG Pretorius was erroneously paid an amount of R586 320 in the 2009 financial year. This amount has been repaid to the Group in the current financial year. (Shareholders are referred to the SENS announcement on November 20 2009). The remuneration as disclosed in the 2009 annual report has not been restated, however, the current year's remuneration is shown net of this repayment.

• Certain executive directors serve as non-executive directors of companies outside of the Group. Directors' fees in this regard, are paid to the Group.

For comparative purposes the remuneration paid to executive directors while in office of the Company during the year ended June 30 2009 can be analysed as follows:

Director	Basic remuneration R'000	Other benefits R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
FJ Barnes	4 703	246	290	–	5 239
BL Berson	4 239	170	349	3 804	8 562
MC Berzack	3 252	377	381	2 600	6 610
DE Cleasby	2 007	236	207	1 800	4 250
AW Dawe	2 362	58	250	2 700	5 370
LI Jacobs	1 300	134	175	750	2 359
B Joffe	7 200	289	471	7 453	15 413
P Nyman	1 727	205	164	–	2 096
SG Pretorius	3 371	217	476	1 800	5 864
LP Ralphs	3 254	404	375	3 600	7 633
AC Salomon	2 181	192	249	2 500	5 122
2009 Total	35 596	2 528	3 387	27 007	68 518

Directors' long-term incentives

Director	2010 R'000	2009 R'000
Share-based payment expense		
FJ Barnes	993	918
BL Berson	2 178	471
MC Berzack	2 257	1 269
DE Cleasby	1 546	612
AW Dawe	1 886	798
LI Jacobs	473	461
B Joffe	3 304	1 741
P Nyman	207	480
SG Pretorius	575	1 256
LP Ralphs	2 257	1 269
AC Salomon	636	689
	16 312	9 964
Cash incentive		
BL Berson	–	5 169
	16 312	15 133

The remuneration paid to non-executive directors while in office of the Company during the year ended June 30 2010 can be analysed as follows:

Director	Directors' fees R'000	Other services as directors of subsidiary companies R'000	Total emoluments R'000	Share-based payment expense R'000	2010 Total R'000	2009 Total R'000
DDB Band	305		305		305	222
LG Boyle	103		103	32	135	206
AA da Costa	103		103		103	75
MBN Dube	103		103		103	75
S Koseff	89		89		89	53
RM Kunene	103		103		103	64
NP Mageza	176		176		176	–
D Masson	406	244	650		650	484
LJ Mokoena	45		45		45	16
JL Pamensky	284	143	427		427	307
NG Payne	625	128	753		753	472
MC Ramaphosa	530		530		530	478
T Slabbert	97		97		97	107
FDP Tlakula	122		122		122	43
2010 Total	3 091	515	3 606	32	3 638	2 602
2009 Total	2 113	358	2 471	131	2 602	

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' and officers' outstanding share options

Director/officer	Share options at June 30 2009		Share options exercised			Share options at June 30 2010	
	Number	Average price R	Number	Average price R	Benefit arising on exercise of options R'000	Number	Average price R
BL Berson	42 000	48,56	12 000	41,20	1 138	30 000	51,51
MC Berzack	251 252	47,63	63 752	30,11	6 424	187 500	53,60
DE Cleasby	50 000	61,58	–	–	–	50 000	61,58
AW Dawe	94 250	51,96	50 000	42,49	3 751	44 250	62,89
LI Jacobs	80 000	57,97	45 000	47,06	3 161	35 000	71,99
B Joffe	150 000	65,16	–	–	–	150 000	65,16
P Nyman	330 000	44,21	40 000	40,20	3 841	290 000	44,77
SG Pretorius	135 000	58,11	–	–	–	135 000	58,11
LP Ralphs	615 000	43,99	190 000	37,65	18 487	425 000	46,83
AC Salomon	335 000	47,50	335 000	47,60	27 321	–	–
Former executive directors							
FJ Barnes	36 250	50,04	36 250	50,04	2 438	–	–
MBN Dube	85 000	55,35	50 000	43,70	3 680	35 000	79,99
	2 203 752	47,21	822 002	40,20	70 241	1 381 750	52,83
Former company secretary							
MA David	8 750	63,21					
	2 212 502	47,21					

These options are exercisable over the period July 1 2009 to May 31 2015. A detailed register of options outstanding by tranche is available for inspection at the Company's registered office.

Details of the directors' and officers' conditional share awards

Director/officer	Conditional awards at June 30 2009	New awards	Lapsed	Conditional awards 2009
				Number
B Joffe	150 000	–	–	150 000
FJ Barnes	100 000	–	(100 000)	–
BL Berson	100 000	–	–	100 000
MC Berzack	100 000	–	–	100 000
DE Cleasby	75 000	–	–	75 000
AW Dawe	75 000	–	–	75 000
LI Jacobs	40 000	–	–	40 000
LP Ralphs	100 000	–	–	100 000
AC Salomon	50 000	–	–	50 000
CA Brighten	10 000	–	–	10 000
Total	800 000	–	(100 000)	700 000

A conditional award is a conditional right to a share, which is awarded subject to performance and vesting conditions.

Secretary

Mr CA Brighten is the company secretary. The business and postal addresses of the secretary, which are also the registered addresses of the Company, are Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg, 2196 and PO Box 87274, Houghton, Johannesburg, 2041, respectively.

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:

	2010 R'000	2009 R'000
Profits	3 373 361	3 333 374
Losses	(69 169)	(115 627)