Bidvest

2019

NOTICE OF ANNUAL GENERAL MEETING

The Bidvest Group Limited
(incorporated in the Republic of South Africa)
Registration number: 1946/021180/06) (the Company)
Share code: BVT
ISIN: ZAE 000117321

Bidvest annual reports 2019

Available on the Bidvest website,
www.bidvest.com

Hard copies of the reports
available on request from
info@bidvest.co.za

Copies of the report are also
available at Bidvest House,
18 Crescent Drive, Melrose Arch,
during office hours

This document is important and requires your immediate attention

Please read this document immediately. If you have any doubts about what action you should take, contact your independent financial adviser.

If you have sold or transferred all of your shares in The Bidvest Group Limited you should pass on this document, and the associated proxy form, to the person through whom yo made the sale or transfer, for transmission to the purchaser or transferee.

The Bidvest Group Limited

Notice of annual general **meeting**

Notice is hereby given that the 73rd (seventy third) annual general meeting ("AGM") of the shareholders of The Bidvest Group Limited ("The Bidvest Group" or "the Company") will be held in the boardroom, Bidvest House, 18 Crescent Drive, Melrose Arch, at 13:00 on Thursday, 28 November 2019.

This document is important and requires your immediate attention. Your attention is drawn to the notes below, which contain important information regarding participation in the AGM.

The board of directors ("the board") has determined, in accordance with section 59 of the Companies Act, No 71 of 2008 ("the Act"), that the record date by when persons must be recorded as shareholders in the securities register of the Company, in order to be entitled to receive the Notice of AGM, is 18 October 2019. The record date, in order to be recorded in the securities register as a shareholder to be able to attend, participate in and vote at the AGM, is 22 November 2019. The last date to trade, in order to be able to be recorded in the securities register as a shareholder on the aforementioned record date, is 19 November 2019.

In terms of section 61(10) of the Act, shareholders or their proxies may participate in the AGM by way of telephone conference call, and if they wish to do so they:

- must contact the Group company secretary by email at ilze.roux@bidvest.co.za or by telephone at +27 (11) 772 8959 by no later than 14:00 on Wednesday, 20 November 2019, to obtain a pin number and dial-in details for the conference call;
- will be required to provide reasonably satisfactory identification;
- will be billed separately by their own telephone service providers for the telephone call to participate in the meeting; and
- must submit their voting proxies to the transfer secretaries in accordance with the instructions per the paragraph below.

Shareholders who choose this form of attendance may not vote telephonically at the AGM.

Who may attend

1. If you hold dematerialised shares which are registered in your name or if you are the registered holder of certified shares:
   (a) you may attend the AGM in person; or
   (b) you may appoint a proxy to represent you at the AGM by completing the attached form of proxy in accordance with the instructions contained therein.

Forms of proxy must be forwarded to reach the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196, South Africa or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them by no later than 08:30 on Friday, 22 November 2019. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

2. If you hold dematerialised shares which are not registered in your name:
   (a) and you wish to attend the AGM in person, you must obtain the necessary letter of representation from your Central Securities Depository Participant (CSDP) or broker or nominee (as the case may be); or
   (b) if you do not wish to attend the AGM but would like your vote to be recorded at the meeting, you should contact your CSDP or broker or nominee (as the case may be) and furnish them with your voting instructions; and
   (c) you must not complete the attached form of proxy.

The purpose of the AGM is for the following business to be transacted and to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company's memorandum of incorporation ("MOI"), the Act, as read together with the Listings Requirements of the stock exchange operated by the JSE Limited ("the JSE") ("the Listings Requirements"):

PART A

Present the annual financial statements, audit committee report and social and ethics report

1. Present the audited Annual Financial Statements of the Company and of the Bidvest Group (being the Company and its subsidiaries), for the financial year ended 30 June 2019, together with the reports of the directors of the Company, the audit committee of the Company and the external auditors of the Company. The Annual Financial Statements of the Company for the financial year ended 30 June 2019 can be obtained from the Bidvest Group website at www.bidvest.com; and

2. Present the report of the social and ethics committee for the financial year ended 30 June 2019, as required in terms of Regulation 43 of the Companies Regulations, 2011 ("the Regulations"), as set out on page 7 of the Governance Report.

Notice of annual general **meeting**

(continued)

PART B

Ordinary resolutions

To consider and, if deemed fit, to approve, with or without modification, the ordinary resolutions set out below, in the manner required by the MOI and the Act, as read with the Listings Requirements:

3. Ordinary Resolution Number 1

Re-election of eligible directors

To vote on the election, each by way of a separate vote, of the following directors who are required to retire in terms of clause 39.3 of the Company's MOI, and who are eligible and have offered themselves for re-election:

3.1 Ms S Masinga

3.2 Ms NT Madisa

The nominations committee of the board has reviewed the composition of the board taking into account the nature of the work of the board, the strategy of the Company, the skills requirements of the board, diversity considerations, the balance between executive and non-executive directors, statutory requirements in respect of board committee work, and King IV recommendations on director independence and tenure and has recommended the re-election of the directors listed above.

Mr Payne and Ms Slabbert, both of whom have been independent non-executive directors on the board for longer than nine years, will retire at the AGM. Mr Dawe has not offered himself up for re-election.

4. Ordinary Resolution Number 2

Directors appointed during the year/Election of directors

4.1 To vote on the election of Mr BF Mohale who was appointed by the board in terms of clause 39.2 of the MOI after the previous AGM and who will cease to hold office at the end of the AGM, unless he is elected at the AGM. Mr Mohale was appointed as a director with effect from 1 July 2019 in terms of clause 36.1 of the MOI.

5. Ordinary Resolution Number 3

Re-appointment of independent external auditor

Resolved that the re-appointment of PricewaterhouseCoopers Inc., as nominated by the Group's audit committee, as the independent external auditor of the Group. It is noted that Mr Craig West is the individual registered auditor who will undertake the audit for the financial year ending 30 June 2020, being the designated auditor in terms of section 90 of the Act.

6. Ordinary Resolution Number 4

Election of members of the audit committee

To vote on the election, each by way of a separate vote, of the members of the audit committee of the Company, to hold office until the end of the next AGM, namely:

6.1 Mr NW Thomson;

6.2 Ms RD Mokate; and

6.3 Mr EK Diack.

The board has reviewed the proposed composition of the audit committee against the requirements of the Act and the Regulations and has confirmed that the proposed audit committee will comply with the relevant requirements, and has the necessary knowledge, skills and experience to enable the audit committee to perform its duties in terms of the Act. The board recommends the election, by holders, of the directors listed above as members of the audit committee to hold office until the end of the next AGM.

Brief CVs of these members nominated in terms of ordinary resolutions 4.1 to 4.3 above appear on pages 11 and 12 of the Governance Report.

7. Ordinary Resolution Number 5

General authority to directors to allot and issue authorised but unissued ordinary shares

To resolve to place not more than 5% (five percent is approximately 16 900 000 ordinary shares) of the issued ordinary shares of the Company under the control of the directors, who shall be authorised, subject to the MOI, the requirements of the Companies Act and the Listings Requirements, to allot and issue shares in the authorised, but unissued share capital of the Company at such times, at such prices and for such purposes as they may determine, at their discretion, after setting aside so many shares as may be required to be allotted and issued pursuant to the Company's share incentive schemes or acquisitions utilising such shares as currency to discharge the purchase consideration.

8. **Ordinary Resolution Number 6**

General authority to issue shares for cash

To resolve that subject to the passing of ordinary resolution number 5 and in terms of the Listings Requirements, the directors are hereby authorised to issue up to 5% (five percent is approximately 16 900 000 ordinary shares) ordinary shares for cash, representing a class of share already in issue or, where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue as and when suitable opportunities arise, subject to the following conditions, *inter alia*:

- that this authority shall not extend beyond the next AGM or 15 (fifteen) months from the date of this AGM, whichever date is the earliest;
- that a press announcement giving full details will be published on SENS at the time of any issue representing, on a cumulative basis 5% or more of the number of shares in issue prior to the issue/s from the date of this AGM until the date of the next AGM or 15 (fifteen) months from the date of this AGM, whichever date is the earliest;
- that the shares must be issued to public shareholders and not to related parties;
- that any issue in the aggregate in any one year shall not exceed 5% (five percent is approximately 16 900 000 ordinary shares) of the Company's issued ordinary share capital; and
- that in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed to by the directors. In the event that shares have not traded in the said 30 (thirty) day period a ruling will be obtained from the committee of the JSE.

Subject to the approval of the general authority proposed in terms of this ordinary resolution number 6, and in terms of the Listings Requirements, shareholders, by their approval of this resolution, grant a waiver of any pre-emptive rights to which ordinary shareholders may be entitled in favour of the directors for the allotment and issue of ordinary shares in the share capital of the Company for cash other than in the normal course by way of a rights offer or a claw-back offer or pursuant to the Company's share incentive schemes or acquisitions utilising such shares as currency to discharge the purchase consideration.

For the sake of clarity, the aggregate number of shares issued in ordinary resolutions numbered 5 and 6 will not exceed 5% (five percent is approximately 16 900 000 ordinary shares) of ordinary shares in the issued share capital of the Company.

A 75% (seventy-five percent) majority of the votes cast by shareholders present or represented and voting at the general meeting will be required in order for ordinary resolution numbered 6 to become effective.

9. **Ordinary Resolution Number 7**

Payment of dividend by way of *pro rata* reduction of share capital or share premium

To resolve that the directors of the Company shall be entitled to pay, by way of a *pro rata* reduction of share capital or share premium, in lieu of a dividend, an amount equal to the amount which the directors of the Company would have declared and paid out of profits in respect of the Company's interim and final dividends for the financial year ending 30 June 2020.

This general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this ordinary resolution number 7.

10. **Ordinary Resolution Number 8**

Directors' authority to implement special and ordinary resolutions

To resolve that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the ordinary and special resolutions passed at the AGM.

11. **Ordinary Resolution Number 9**

Ratification relating to personal financial interest arising from multiple offices in the Group

To resolve that any resolutions or agreements of executive directors and prescribed officers of the Company in contravention of section 75 of the Companies Act, are hereby ratified, but only to the extent that the relevant resolutions or agreements fell within the ambit of section 75 of the Companies Act, as a result of the deeming of the relevant executive director and/or prescribed officer as a "related person" to another company in the Group, of which the relevant executive director and/or prescribed officer is also a director or prescribed officer.

Section 75 of the Companies Act, prohibits a director or prescribed officer from participating in or voting on any Board resolutions or entering into any agreements if such director or prescribed officer has a "personal financial interest" in the matter. This prohibition also applies if that director is related to another person that has a "personal financial interest" in that matter. Section 75 of the Companies Act extends the definition of "related person" to other companies for which the director and/or prescribed officer is a director or prescribed officer. As the executive directors and prescribed officers of the Company may serve more than one

Notice of annual general **meeting**

(continued)

company in the Group, the above resolution is intended to ensure that any resolutions or agreements by the board are valid, despite the fact that it may have involved multiple Bidvest Group companies, served by the same individuals as directors or prescribed officers. The above resolution does not ratify any other actions of directors or prescribed officers that contravened section 75 of the Companies Act, for any other reason. Resolution 9 does not limit any other statutory or common law duties that apply to directors or prescribed officers.

PART C

Non-binding advisory vote

To consider and vote on the resolutions set out below, in the manner required by the King IV Report on Corporate Governance for South Africa, 2016 (King IV), as read with the Listings Requirements:

12. To endorse, on an advisory basis, the Company's remuneration policy

(excluding the remuneration of the non-executive directors for their services as directors and members of board committees and the audit committee) as set out on pages 16 to 20 of the Governance Report for the year ended 30 June 2019.

Motivation for advisory endorsement

In terms of King IV and the Listings Requirements, an advisory vote should be obtained from shareholders on the Company's remuneration policy. The vote allows shareholders to express their views on the remuneration policy adopted but will not be binding on the Company.

13. To endorse, on an advisory basis, the implementation report of the Company's remuneration policy

(excluding the remuneration of the non-executive directors for their services as directors and members of board committees and the audit committee) as set out on pages 21 to 31 of the Governance Report for the year ended 30 June 2019.

Motivation for advisory endorsement

In terms of King IV and the Listings Requirements, an advisory vote should be obtained from shareholders on the implementation of the Company's remuneration policy. The vote allows shareholders to express their views on the extent of implementation of the Company's remuneration policy but will not be binding on the Company.

PART D

Special resolutions

To consider and, if deemed fit, to approve with or without modification, the special resolutions set out below, in the manner required by the MOI and the Act, as read with the Listings Requirements.

14. Special Resolution Number 1

Resolved that in terms of clause 45.1 of the MOI, for the period commencing 1 July 2019 until this resolution is replaced, the remuneration payable to non-executive directors of the Company for their services as directors be as set out in the table below:

	Basic per annum	Per meeting attended
Chairman[1]	1 643 000	
Lead independent	212 000	
Board members	109 663	44 045
Audit committee chairman	312 586	49 438
Audit committee member	82 585	35 955
Remuneration committee chairman	140 450	33 933
Remuneration committee member		38 764
Nominations committee member		35 730
Acquisitions committee chairman	94 045	40 000
Acquisitions committee member		42 023
Risk committee chairman	166 742	29 438
Risk committee member		31 236
Social & Ethics committee chairman	100 000	29 438
Social & Ethics committee member		29 438
Ad hoc meetings		21 348

[1] *The Group chairman's fee cover chairmanship and membership of all board committees.*

Non-executive director's fees were adjusted by 6% last year. For 2020, an adjustment of 6% is recommended in respect of board and committee fees, following a detailed comparison of non-executive directors' fees to market-related benchmarks.

The above fees are proposed net of VAT which may become payable thereon depending on the status of the individual director's tax position.

Reason for and effect of special resolution number 1

In terms of section 65(11)(h) of the Act, read with sections 66(8) and 66(9) of the Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the holders within the previous 2 (two) years.

15. Special Resolution Number 2

General authority to acquire/(repurchase) shares

To resolve that the Company or any of its subsidiaries be hereby authorised, by way of a general authority, to approve the purchase from time to time of its own issued ordinary shares by the Company, or approve the purchase of ordinary shares in the Company by any of its subsidiaries upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but always subject to the provisions of the MOI and the requirements of the JSE, being that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement;
- this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution number 2;
- an announcement will be published on SENS as soon as the Company or any of its subsidiaries has acquired ordinary shares constituting, on a cumulative basis 3% (three percent) of the number of ordinary shares in issue prior to the acquisition pursuant to which the aforesaid 3% (three percent) threshold is reached, and for each 3% (three percent) in aggregate acquired thereafter, containing full details of such acquisitions;
- acquisitions of shares in aggregate in any one financial year may not exceed 10% (ten percent) of the Company's ordinary issued share capital as at the date of passing of this special resolution number 2;
- in determining the price at which ordinary shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE over the five business days immediately preceding the date of repurchase of such ordinary shares by the Company or any of its subsidiaries;
- the Company has been given authority by its MOI;
- at any one point in time, the Company may only appoint one agent to affect any repurchase on the Company's behalf; and
- the Company and/or its subsidiaries may not repurchase any shares during a prohibited period as defined by the Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed, and full details of the programme have been submitted to, in writing, the JSE prior to the commencement of the prohibited period.

The reason for and effect of special resolution number 2 is to grant the Company a general authority in terms of the Listings Requirements for the repurchase by the Company, or a subsidiary of the Company, of the Company's shares.

Notes on share purchases

The directors have no specific intention, at present, for the Company to repurchase any of its shares, but consider that such a general authority should be put in place should an opportunity present itself to do so during the financial year, which is in the best interests of the Company and its shareholders.

At that time an announcement will be made detailing the salient features of the capital reduction and the Company's sponsor shall, prior to the implementation of the reduction, provide the JSE with the written working capital statement required in terms of the Listings Requirements.

Before entering the market to effect the general repurchase (special resolution number 2) and the general payment (ordinary resolution number 7) the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the aforegoing general authority, special authority and the general payment, will ensure that for a period of 12 (twelve) months after the date of the notice of AGM:

- the Company and the Group will be able, in the ordinary course of business, to pay their debts;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group;
- the share capital and the reserves of the Company and the Group will be adequate for ordinary business purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes.

Notice of annual general **meeting**

(continued)

16. Special Resolution Number 3

General authority to provide financial assistance to related or inter-related companies and corporations

To resolve that the board of directors of the Company may, to the extent required by and subject to sections 44 and 45 of the Companies Act and the requirements (if applicable) of MOI and Listing Requirements:

Authorise the Company to provide direct or indirect financial assistance to a related or inter-related company, provided that no such financial assistance may be provided at any time in terms of the authority after the expiry of two years from the date of the adoption of this special resolution number 3. This special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the Company.

The reason and the effect of the special resolution number 3 is to grant the board the authority to provide inter-group loans and other financial assistance for the purposes of funding the activities of the Group.

The board undertakes that such assistance will be for the advancement of the Group's commercial interests and subject to compliance with section 45 of the Act.

17. Additional disclosure of information

The following information is provided in terms of the Listings Requirements for purposes of the general authority:

- Major shareholders of the Company – Annual Financial Statements, page 112;
- Share capital and premium of the Company – Annual Financial Statements, pages 56.

Material changes

Other than the facts and developments reported on in the financial report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Directors' responsibility statement

The directors, whose names appear on page 9 of the Annual Financial Statements, collectively and individually accept full responsibility for the accuracy of the information pertaining to these resolutions. They certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the resolutions contain all information required by law and the Listings Requirements.

By order of the board of directors

I Roux
Company secretary

18 October 2019

Form of **proxy**

Bidvest

The Bidvest Group Limited
(Registration number 1946/021180/06) (the Company)
Share code: BVT
ISIN: ZAE 000117321

For the 73rd annual general meeting – for use by certificated shareholders and dematerialised shareholders with own-name registration

Holders of dematerialised ordinary shares, other than those with own-name registration, must inform their CSDP or broker of their intention to attend the AGM and request their CSDP to issue them with the necessary letter of representation to attend the AGM in person or provide their CSDP with their voting instructions should they not wish to attend the AGM in person.

I/We (full name in block capitals please) of (address) ______________________________

of address ______________________________

being a member/members of The Bidvest Group Limited and entitled to ______________________________ votes[1]

hereby appoint ______________________________

of ______________________________

or failing him/her ______________________________

of ______________________________

or failing him/her, the chairman of the meeting as my/our proxy to vote on my/our behalf at the AGM of the Company to be held at Bidvest House, 18 Crescent Drive, Melrose Arch at 13:00 on 28 November 2019 or at any adjournment thereof, as follows:

[1] *Insert number of securities in respect of which you are entitled to exercise voting rights.*

PART B

Ordinary resolutions		**FOR**	**AGAINST**	**ABSTAIN**
Ordinary Resolution 1	Re-election of directors who retire by rotation:			
	1.1 Ms S Masinga			
	1.2 Ms NT Madisa			
Ordinary Resolution 2	2.1 Election of Mr BF Mohale as non-executive director			
Ordinary Resolution 3	Re-appointment of independent external auditor			
Ordinary Resolution 4	Election of members of the audit committee:			
	4.1 Mr NW Thomson			
	4.2 Ms RD Mokate			
	4.3 Mr EK Diack			
Ordinary Resolution 5	General authority to directors to allot and issue authorised but unissued ordinary shares			
Ordinary Resolution 6	General authority to issue shares for cash			
Ordinary Resolution 7	Payment of dividend by way of *pro rata* reduction of share capital or share premium			
Ordinary Resolution 8	Directors' authority to implement special and ordinary resolutions			
Ordinary Resolution 9	Ratification relating to personal financial interest arising from multiple offices in the Group			

Form of **proxy** (continued)

PART C

Non-binding advisory vote		FOR	AGAINST	ABSTAIN
Advisory Endorsement	Remuneration policy			
Advisory Endorsement	Implementation of remuneration policy			

PART D

Special resolutions		FOR	AGAINST	ABSTAIN
Special Resolution 1	Non-executive directors' remuneration			
Special Resolution 2	General authority to acquire/(repurchase) shares			
Special Resolution 3	General authority to provide financial assistance to related or inter-related companies and corporations			

Independent auditor's report on the summarised consolidated financial statements

To the Shareholders of The Bidvest Group Limited

Opinion

The summarised consolidated financial statements of The Bidvest Group Limited, set out on pages 10 to 23 of The Bidvest Group Limited AGM notice, which comprise the summarised consolidated statement of financial position as at 30 June 2019, the summarised consolidated income statement, the summarised consolidated statement of other comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of The Bidvest Group Limited for the year ended 30 June 2019.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 30 August 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summarised financial statements, set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C West
Registered Auditor
Johannesburg

2 September 2019

Summarised consolidated income **statement**

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited	% Change
Revenue	**77 152 384**	76 963 472	0.2
Cost of revenue	**(54 142 671)**	(54 716 818)	(1.0)
Gross profit	**23 009 713**	22 246 654	3.4
Operating expenses	**(16 952 252)**	(16 199 932)	4.6
Other income	**310 208**	319 558	(2.9)
Income from investments	**368 258**	142 795	157.9
Trading profit	**6 735 927**	6 509 075	3.5
Share-based payment expense	**(190 109)**	(154 986)	22.7
Acquisition costs and customer contracts amortisation	**(65 858)**	(82 901)	(20.6)
Net capital items[#]	**(787 102)**	(351 977)	123.6
Profit before finance charges and associate income	**5 692 858**	5 919 211	(3.8)
Net finance charges	**(1 054 933)**	(1 020 730)	3.4
Finance income	**180 461**	158 709	
Finance charges	**(1 235 394)**	(1 179 439)	
Share of profit of associates	**583 198**	423 729	37.6
Current year earnings	**592 104**	431 857	37.1
Net capital items	**(8 906)**	(8 128)	
Profit before taxation	**5 221 123**	5 322 210	(1.9)
Taxation	**(1 417 193)**	(1 436 597)	(1.4)
Profit for the year	**3 803 930**	3 885 613	
Attributable to:			
Shareholders of the Company	**3 775 282**	3 817 996	(1.1)
Non-controlling interest	**28 648**	67 617	(57.6)
	3 803 930	3 885 613	(2.1)
Basic earnings per share (cents)	**1 119.4**	1 137.3	(1.6)
Diluted basic earnings per share (cents)	**1 116.4**	1 132.4	(1.4)

[#] Refer to the headline earnings calculation for further details.

Supplementary information			
Normalised headline earnings per share (cents)*	**1 320.0**	1 254.9	5.2
Headline earnings per share (cents)	**1 352.1**	1 231.6	9.8
Diluted headline earnings per share (cents)	**1 348.4**	1 226.3	10.0
Shares in issue			
Total ('000)	**338 382**	336 766	
Weighted ('000)	**337 245**	335 718	
Diluted weighted ('000)	**338 164**	337 161	
Dividends per share (cents)	**600.0**	556.0	7.9
Interim	**282.0**	255.0	10.6
Final	**318.0**	301.0	5.6

** Normalised headline earnings per share excludes acquisition cost, amortisation of acquired customer contracts and the non-cash share of Comair's SAA settlement.*

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited	% Change
Headline earnings			
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:			
Profit attributable to shareholders of the Company	**3 775 282**	3 817 996	(1.1)
Impairment of property, plant and equipment; goodwill and intangible assets	**10 299**	12 840	
Property, plant and equipment#	**9 580**	3 311	
Goodwill#	**–**	15 258	
Intangible assets#	**1 648**	1 115	
Taxation effect	**(196)**	–	
Non-controlling interest	**(733)**	(6 844)	
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**175 030**	155 828	
Loss on disposal and closure#	**202 250**	188 635	
Impairment of disposal group assets held for sale#	**–**	39 323	
Taxation effect	**(23 947)**	(37 407)	
Non-controlling interest	**(3 273)**	(34 723)	
Net loss on disposal and remeasurement to recoverable fair value of associates	**622 900**	234 338	
Remeasurement to recoverable fair value of associate#	**623 941**	248 709	
Net (gain)/loss on change in shareholding in associates#	**(1 041)**	(2 981)	
Non-controlling interest	**–**	(11 390)	
Net gain on disposal of property, plant and equipment and intangible assets	**(19 016)**	(24 185)	
Property, plant and equipment#	**(28 192)**	(39 796)	
Intangible assets#	**(4 249)**	(15 895)	
Taxation effect	**11 554**	1 400	
Non-controlling interest	**1 871**	30 106	
Compensation received on loss or impairment of property, plant and equipment	**(13 630)**	(70 263)	
Compensation received#	**(16 835)**	(85 702)	
Taxation effect	**3 205**	15 439	
Non-headline items included in equity accounted earnings of associated companies	**8 906**	8 128	
Headline earnings	**4 559 771**	4 134 682	10.3

 # Items above included as capital items on summarised consolidated income statement.

R'000	Year ended 30 June 2019 Audited	Year ended 30 June 2018 Audited
Normalised headline earnings per share		
Normalised headline earnings per share is a measurement used by the chief operating decision-maker, Lindsay Ralphs. The calculation of normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts and is based on the normalised headline profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The Group's non-cash share of Comair's SAA travel agent incentive scheme settlement has been included in the calculation of normalised headline earnings in the current period. The presentation of normalised headline earnings is not an IFRS requirement.		
Headline earnings	**4 559 771**	4 134 682
Acquisition costs	**22 940**	50 190
Amortisation of customer contracts	**42 918**	32 711
Non-cash share of Comair's SAA travel agent incentive scheme settlement	**(167 950)**	–
Taxation effect	**(5 883)**	(4 522)
Normalised headline earnings	**4 451 796**	4 213 061

Summarised consolidated statement of other comprehensive **income**

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited
Profit for the year	**3 803 930**	3 885 613
Other comprehensive income/(expense) net of taxation		
Items that may be reclassified subsequently to profit or loss	**(38 166)**	(38 783)
Decrease in foreign currency translation reserve		
Exchange differences arising during the year	**(11 044)**	(31 331)
Decrease in fair value of cash flow hedges	**(12 617)**	(7 452)
Fair value loss arising during the period	**(17 523)**	(10 350)
Taxation effect for the year	**4 906**	2 898
Share of other comprehensive income of associates	**(14 505)**	–
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries and or associates	**(42 903)**	–
Items that will not be reclassified subsequently to profit or loss		
Changes in the fair value of financial assets recognised through other comprehensive income^	**23 849**	(3 111)
Share of other comprehensive income of associates	**677**	–
Defined benefit obligations	**(679)**	2 031
Net remeasurement of defined benefit obligations during the year	**(943)**	2 920
Taxation effect for the year	**264**	(889)
Total comprehensive income for the year	**3 746 708**	3 845 750
Attributable to:		
Shareholders of the Company	**3 718 156**	3 785 885
Non-controlling interest	**28 552**	59 865
	3 746 708	3 845 750

^ *Changes in the fair value of equity instruments elected as FVOCI have been reclassified for comparative purposes.*

Summarised consolidated statement of cash **flows**

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Re-presented Audited*
Cash flows from operating activities	**2 580 285**	5 386 455
Profit before finance charges and associate income	**5 692 858**	5 919 211
Dividends from associates	**155 889**	206 725
Acquisition costs	**22 940**	50 190
Depreciation and amortisation	**1 698 014**	1 680 638
Remeasurement to recoverable fair value of associates	**623 941**	248 709
Other cash and non-cash items	**(17 008)**	156 983
Cash generated by operations before changes in working capital	**8 176 634**	8 262 456
Changes in working capital	**(1 107 708)**	1 523 258
Decrease in inventories	**44 123**	45 270
Increase in trade receivables	**(99 242)**	(776 913)
Increase in banking and other advances	**(764 085)**	(421 236)
(Decrease)/increase in trade and other payables and provisions	**(1 074 852)**	1 467 099
Increase in amounts owed to bank depositors	**786 348**	1 209 038
Cash generated by operations	**7 068 926**	9 785 714
Net finance charges paid	**(1 047 056)**	(1 038 799)
Taxation paid	**(1 422 308)**	(1 297 155)
Dividends paid by the Company	**(1 964 229)**	(1 740 197)
Dividends paid by subsidiaries	**(55 048)**	(323 108)
– Non-controlling shareholders	**(51 207)**	(319 984)
– Put-call option holders	**(3 841)**	(3 124)
Cash effects of investment activities	**(3 281 913)**	(5 872 506)
Net (acquisition)/disposal of vehicle rental fleet	**(243 334)**	73 245
Net additions to property, plant and equipment	**(2 198 170)**	(2 204 353)
Net additions to intangible assets	**(160 245)**	(102 044)
Acquisition of subsidiaries, businesses, associates and investments	**(2 253 448)**	(3 704 932)
Disposal of subsidiaries, businesses, associates and investments	**1 573 284**	65 578
Cash effects of financing activities	**(766 609)**	253 211
Settlement of puttable non-controlling interest liability	**(16 500)**	–
Transactions with non-controlling interests	**(757 645)**	–
Borrowings raised	**3 124 004**	3 669 023
Borrowings repaid	**(3 116 468)**	(3 415 812)
Net decrease in cash and cash equivalents	**(1 468 237)**	(232 840)
Net cash and cash equivalents at the beginning of the year	**3 514 398**	3 886 417
Net cash and cash equivalents arising on consolidation of the Bidvest Education Trust	**–**	23 094
Net cash and cash equivalents of disposal groups held for sale	**–**	(122 651)
Exchange rate adjustment	**(11 638)**	(39 622)
Net cash and cash equivalents at end of the year	**2 034 523**	3 514 398
Net cash and cash equivalents comprise:		
Cash and cash equivalents	**6 617 075**	6 168 293
Bank overdrafts included in short-term portion of interest-bearing borrowings	**(4 582 552)**	(2 653 895)
	2 034 523	3 514 398

Refer to page 22

Summarised consolidated statement of financial **position**

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited
ASSETS		
Non-current assets	**31 011 664**	28 950 541
Property, plant and equipment	**12 048 736**	11 173 458
Intangible assets	**3 378 627**	3 367 806
Goodwill	**5 424 027**	4 447 769
Deferred taxation assets	**845 421**	761 368
Defined benefit pension surplus	**241 390**	224 577
Interest in associates	**5 803 569**	5 342 027
Life assurance fund	**44 175**	21 324
Investments	**1 732 951**	2 802 905
Banking and other advances	**1 492 768**	809 307
Current assets	**30 834 644**	29 131 418
Vehicle rental fleet	**1 277 803**	1 205 591
Inventories	**8 558 967**	8 515 551
Short-term portion of banking and other advances	**1 162 407**	1 082 937
Short-term portion of investments	**1 211 481**	–
Trade and other receivables	**11 724 064**	12 033 937
Taxation	**282 847**	125 109
Cash and cash equivalents	**6 617 075**	6 168 293
Disposal group assets held for sale	**–**	253 919
Total assets	**61 846 308**	58 335 878
EQUITY AND LIABILITIES		
Capital and reserves	**25 922 832**	24 980 709
Attributable to shareholders of the Company	**25 618 212**	23 957 082
Non-controlling interest	**304 620**	1 023 627
Non-current liabilities	**8 946 369**	8 899 765
Deferred taxation liabilities	**1 335 156**	1 209 549
Life assurance fund	**–**	10 545
Long-term portion of borrowings	**7 008 239**	7 122 485
Post-retirement obligations	**74 317**	76 943
Puttable non-controlling interest liabilities	**82 317**	90 530
Long-term portion of provisions	**350 705**	248 633
Long-term portion of operating lease liabilities	**95 636**	141 080
Current liabilities	**26 977 107**	24 423 619
Trade and other payables	**11 991 853**	12 983 511
Short-term portion of provisions	**332 465**	281 532
Vendors for acquisition	**518 231**	22 708
Taxation	**291 042**	168 844
Amounts owed to bank depositors	**6 407 490**	5 621 142
Short-term portion of borrowings	**7 436 026**	5 345 882
Disposal group liabilities held for sale	**–**	31 785
Total equity and liabilities	**61 846 308**	58 335 878
Supplementary information		
Net tangible asset value per share (cents)	**4 969**	4 793
Net asset value per share (cents)	**7 571**	7 114

Summarised consolidated statement of changes in **equity**

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited
Equity attributable to shareholders of the Company	**25 618 212**	23 957 082
Share capital	**16 948**	16 873
Balance at beginning of the year	**16 873**	16 770
Shares issued during the year	**75**	103
Share premium	**1 099 231**	797 717
Balance at beginning of the year	**797 717**	379 792
Shares issued during the year	**302 012**	418 505
Share issue costs	**(498)**	(580)
Foreign currency translation reserve	**208 936**	262 787
Balance at beginning of the year	**262 787**	286 628
Movement during the year	**(10 948)**	(23 168)
Realisation of reserve on disposal of subsidiaries and or associates	**(42 903)**	(673)
Hedging reserve	**(13 580)**	(963)
Balance at beginning of the year	**(963)**	6 489
Fair value losses arising during the year	**(17 523)**	(10 350)
Deferred tax recognised directly in reserve	**4 906**	2 898
Equity-settled share-based payment reserve	**(343 118)**	(243 388)
Balance at beginning of the year	**(243 388)**	(14 787)
Arising during the year	**191 070**	155 637
Deferred tax recognised directly in reserve	**34 289**	36 540
Utilisation during the year	**(324 656)**	(419 756)
Realisation of reserve on disposal of subsidiaries and or associates	**8 049**	(1 022)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**2 734**	–
Transfer from retained earnings	**(11 216)**	–
Movement in retained earnings	**24 012 732**	22 486 993
Balance at the beginning of the year	**22 486 993**	20 279 261
IFRS 15 adjustment to balance at beginning of the period	**(38 723)**	–
IFRS 9 adjustment to balance at beginning of the period	**(41 360)**	–
Attributable profit	**3 775 282**	3 817 996
Change in fair value of financial assets recognised through other comprehensive income	**23 849**	(3 111)
Net remeasurement of defined benefit obligations during the year	**(679)**	1 620
Retained earnings arising on consolidation of the Bidvest Education Trust	**–**	222 155
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	**(218 674)**	(85 706)
Remeasurement of put option liability	**(7 115)**	(5 025)
Share of other comprehensive income of associates	**(13 828)**	–
Net dividends paid	**(1 964 229)**	(1 740 197)
Transfer from equity-settled share-based payment reserve	**11 216**	–
Treasury shares	**637 063**	637 063
Balance at the beginning of the year	**637 063**	743 152
Treasury shares arising on consolidation of the Bidvest Education Trust	**–**	(106 089)

Summarised consolidated statement of changes in **equity** (continued)

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited
Equity attributable to non-controlling interests of the Company	**304 620**	1 023 627
Balance at beginning of the year	**1 023 627**	1 347 018
IFRS 15 adjustment to balance at beginning of the period	**(14 506)**	–
IFRS 9 adjustment to balance at beginning of the period	**(2 512)**	–
Other comprehensive income	**28 552**	59 865
Attributable profit	**28 648**	67 617
Movement in foreign currency translation reserve	**(96)**	(8 163)
Net remeasurement of defined benefit obligations during the year	**–**	411
Dividends paid	**(51 207)**	(319 984)
Movement in equity-settled share-based payment reserve	**(961)**	(651)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**(2 734)**	–
Changes in shareholding	**(894 313)**	(125 405)
Grant of put options to non-controlling interests	**–**	(22 922)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**218 674**	85 706
Total equity	**25 922 832**	24 980 709

Basis of presentation of summarised consolidated financial **statements**

These summarised provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and includes, at a minimum, disclosure as required by IAS 34 Interim Financial Reporting, the Companies Act of South Africa and the JSE Listings Requirements. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2018.

In preparing the consolidated financial statements from which these summarised consolidated financial statements are prepared, directors make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2018.

Significant accounting policies

The accounting policies applied in these summarised consolidated financial statements are in terms of IFRS and the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018, except as detailed below:

The Group has adopted the following new accounting standards as issued by the IASB, which were effective for the Group from 1 July 2018:

- IFRS 15 Revenue from Contracts with Customers (IFRS 15); and
- IFRS 9 Financial Instruments (IFRS 9).

The application of both IFRS 15 and IFRS 9 has had no material impact on the Group's results.

Retained earnings as at 1 July 2018 has been restated as follows:

R'000	Year ended 30 June 2019 Audited
Retained earnings at the beginning of the period	22 486 993
Bill-and-hold arrangement (IFRS 15)	(40 294)
Performance obligations satisfied over time (IFRS 15)	(37 000)
Customer acceptance (IFRS 15)	3 431
Expected credit loss model (IFRS 9)	(58 280)
Taxation effect	35 042
Non-controlling interest	17 018
Restated retained earnings at the beginning of the period	22 406 910

Adoption of and transition to IFRS 15

In transitioning to IFRS 15 the Group applied the cumulative effect method and retained prior period figures as reported under the previous standards, recognising the cumulative effect of applying the new standard as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period).

The Group principally generates revenue from providing a wide range of goods and services through its seven core trading operations, Services, Freight, Commercial Products, Office and Print, Financial Services, Automotive and Electrical.

Basis of presentation of summarised consolidated financial **statements**

(continued)

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods and services to a customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over products or services to a customer.

On conclusion of a detailed assessment, the Group identified the following impact of the change in accounting policy, the prior period financial effects of which are detailed in the table above.

- ***Bill-and-hold arrangement.*** Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15, revenue is recognised at the point in time when control transfers to the customer.
- ***Performance obligations satisfied over time.*** Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15, revenue is recognised at the point in time when control transfers to the customer.
- ***Customer acceptance.*** Upon review management has concluded that these sales meet the IFRS 15 requirements to recognise revenue when control transfers, and although customer acceptance is required, the other determinants of control in IFRS 15 indicate that revenue should be recognised prior to customer acceptance. Therefore, revenue for these services will be recognised earlier under IFRS 15.

Given the diverse nature of the business management believes the summarised segmental revenue analysis presents the nature and amount of Group revenue streams with sufficiently different characteristics not obscured by insignificant detail, and therefore fulfils the disaggregation disclosure requirements of IFRS 15.

Adoption of and transition to IFRS 9

As a result of the adoption of IFRS 9 the Group changed from the incurred credit loss model detailed in IAS 39 to the expected credit loss (ECL) model to calculate impairments of financial instruments. IFRS 9 also resulted in a change in the classification of the measurement categories for financial instruments. In transitioning to IFRS 9, the Group has applied the changes retrospectively but has elected not to restate comparative information.

Impairment

Applying the incurred loss model, the Group assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed, the allowance for credit losses in respect of financial assets at amortised cost was calculated as the difference between the asset's carrying amount and its recoverable amount.

Following the adoption of IFRS 9, the Group calculates allowance for credit losses as ECL's for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECL's are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. ECL's are discounted at the original effective interest rate of the financial asset. The Group applies the simplified approach to determine the ECL for trade receivables, contract assets and lease receivables (collectively, accounts receivable). This results in calculating lifetime expected credit losses for these receivables. ECL for accounts receivable is calculated using a provision matrix.

The Group operates a decentralised structure and the provision matrix is deployed for each operating entity's accounts receivable as follows: ECLs are calculated by applying a loss ratio to the aged balance of accounts receivable at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Accounts receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward-looking information to determine the ECL for the portfolio of accounts receivable at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL.

In determining the ECL for its financial assets, Bidvest Bank applies the three stage general approach, which is based on changes in credit quality since initial recognition. ECLs are calculated using a probability of default, a loss given default and the exposure at default. Both forward-looking macro-economic information and historical data are considered in the assessment of ECL.

The financial impact on prior periods of changing from an incurred loss model to an ECL model has been detailed in the table on page 17.

Classification, initial recognition and subsequent measurement

IFRS 9 introduces new measurement categories for financial assets. The measurement categories of IFRS 9 and IAS 39 are illustrated in the comparative table below. From 1 July 2018 the Group classifies financial assets in each of the IFRS 9 measurement categories based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

IAS 39 category	IFRS 9 category
Financial assets at fair value through profit or loss (FVTPL)	Financial assets at FVTPL
Loans and receivables	Financial assets at amortised cost
Available for sale	Investment at fair value through other comprehensive income (FVOCI)*
Held to maturity	

* *This includes both debt and equity instruments. The biggest change is that on derecognition of equity instruments gains and losses accumulated in OCI are not reclassified to profit or loss.*

On initial recognition of equity investments not held for trading, the Group may elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. Fair value gains or losses on these instruments will not be recycled to profit and loss when sold, but rather transferred within equity.

Financial liabilities are measured at amortised cost.

Comparatives

During the period, certain operations were reclassified between segments as a result of an internal reporting restructure.
The comparative periods segmental information has been amended to reflect these insignificant changes. No comparative information has been changed following the adoption of IFRS 9 and IFRS 15.

Significant commitment

Bidvest Freight is in the process of constructing an LPG tank farm in the port of Richards Bay. To 30 June 2019, R489 million has been spent with an additional R460 million committed to the project. The estimated completion date is July 2020.

Fair value of financial instruments

The Group's investments of R2 944 million (2018: R2 803 million) include R135 million (2018: R32 million) recorded at amortised cost, R1 498 million (2018: R1 714 million) recorded and measured at fair values using quoted prices (Level 1) and R1 311 million (2018: R1 057 million) recorded and measured at fair value using factors not based on observable data (Level 3). Fair value gains on Level 3 investments recognised in the income statement total R249 million (2018: R57 million).

Analysis of investments at a fair value not determined by observable market data.

R'000	**Year ended 30 June 2019 Audited**	Year ended 30 June 2018 Audited
Balance at the beginning of year	**1 056 988**	995 961
On acquisition of business	**3 798**	–
Purchases, loan advances or transfers from other categories	**10 540**	5 434
Fair value adjustment recognised directly in equity	**5**	–
Fair value adjustment arising during the year recognised in the income statement	**248 830**	56 559
Proceeds on disposal, repayment of loans or transfers to other categories	**(12 906)**	–
Profit on disposal of investments	**2 085**	–
Exchange rate adjustments	**1 792**	(966)
	1 311 132	1 056 988

Basis of presentation of summarised consolidated financial **statements**

(continued)

The Group's effective beneficial interest in the Indian-based Mumbai International Airport Private Limited (MIAL) is an unlisted investment held for trading and classified as a financial asset at fair value through profit or loss, and the fair value is not based on observable market data (Level 3).

Based on the directors' valuation at 30 June 2019, the carrying value of this investment is R1.2 billion (US$86 million) (2018: R988 million (US$72 million)). The valuation of MIAL is fair value less cost to sell and is based on a signed sale agreement, which is subject to suspensive and conditions precedent. The investment has been reclassified as a current asset and is expected to be sold within the next 12 months.

MIAL is a foreign-based asset and the ruling year-end exchange rate, US$1 = R14.09 (2017: US$1 = R13.72), is a further factor that affects the carrying value.

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R14 456 million whose carrying value is R14 444 million.

Acquisition and disposal of businesses, subsidiaries, associates and investments

Acquisitions

The Group acquired 100% of the share capital and voting rights of UAV and Drone Solutions Proprietary Limited (UDS) for R500 million effective 1 March 2019. UDS is a profit-for-purpose. South African company established in 2013 to take advantage of technological developments in the world of Unmanned Airborne Systems. UDS provides solutions for environmental conservation, security services, infrastructure inspection, survey and stockpile management and blasting profiles. In-house capabilities and competencies include mechanical, electrical and software engineering. The acquisition enhances the Group's overall service offering, particularly security services. The purchase price was funded from existing cash resources and facilities.

Effective 1 February 2019, Pureau Fresh Water Company Proprietary Limited (Pureau), 82% owned by the Group, acquired 100% of the ordinary share capital and voting rights of Zanihold Proprietary Limited (Aquazania), holding company of Aquazania Proprietary Limited and Aquazania Africa Proprietary Limited, for R390 million. Aquazania supplies a range of bottled water coolers, plumbed in water dispensers (bottleless water coolers) and coffee machines to households and a wide variety of corporate customers. The acquisition increases Pureau's market share and enhances its service and technology offering. The acquisition was funded using existing cash resources and facilities.

During the year the Group acquired an additional 10 648 542 Adcock Ingram Holdings Limited (Adcock Ingram) ordinary shares for R650 million. The additional shares acquired increases the Group's interest in the Adcock Ingram associate from 37.6% to 43.7%. Subsequent to year-end, the Group obtained a controlling interest in Adcock Ingram. The purchase price was funded from existing cash resources and facilities.

The Group also made a number of less significant acquisitions during the year. These acquisitions were funded from existing cash resources.

The following table summarises the assets acquired and liabilities assumed at fair value which have been included in these results from the respective acquisition dates. The Goodwill and Intangible asset values represented for UDS and Aquazania are provisional, as the acquisitions were completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

R'000	UDS	Aquazania	Other acquisitions	**Total acquisitions**
Property, plant and equipment	2 782	28 319	67 485	**98 586**
Deferred taxation	–	584	(864)	**(280)**
Interest in associates	–	–	706 533	**706 533**
Investments and advances[&]	–	–	860 194	**860 194**
Inventories	827	7 493	45 243	**53 563**
Trade and other receivables	19 444	26 387	208 379	**254 210**
Cash and cash equivalents	975	20 990	52 017	**73 982**
Borrowings	–	–	(15 916)	**(15 916)**
Trade and other payables and provisions	(2 079)	(23 351)	(256 246)	**(281 676)**
Taxation	(924)	(7 086)	(7 072)	**(15 082)**
Intangible assets	–	–	3 090	**3 090**
	21 025	53 336	1 662 843	**1 737 204**
Non-controlling interest	–	–	19 963	**19 963**
Goodwill	478 975	335 333	228 537	**1 042 845**
Net assets acquired	500 000	388 669	1 911 343	**2 800 012**
Settled as follows:				
Cash and cash equivalents acquired				**(73 982)**
Acquisition costs				**22 940**
Net change in vendors for acquisition				**(495 522)**
Net acquisition of businesses, subsidiaries, associates and investments				**2 253 448**

[&] *R125 million of advances to B-BBEE and other partners, R731 million purchases made in the Group's various investment portfolios, primarily those of Bidvest Insurance and Bidvest Bank, R4 million acquisitions.*

Goodwill arose on the 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. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base and geographic reach in the market place.

UDS contributed R47 million to revenue and R28 million to operating income. Had the acquisition taken place 1 July 2018 the contribution to revenue would have been R101 million and R46 million to operating profit. Aquazania contributed R87 million to revenue and R27 million to profit and loss. Had the acquisition taken place 1 July 2018 the contribution would have been R128 million and R48 million to profit and loss.

Disposals

Effective 1 November 2018 the Group disposed of its entire interest in TMS Group Industrial Services Proprietary Limited (TMS), an industrial facilities cleaning and maintenance contractor, to Sekta Group for R219 million (R116 million equity and R103 million debt).

On March 2019 the Group sold its entire interest in Renfreight Proprietary Limited (Renfreight) to Makana Investment Corporation (MIC) for R110 million. The transaction was completed as part of a Broad-Based Black Economic Empowerment deal, which provides MIC, via its 100% ownership of Renfreight, an 11% share of the BPL partnership. BPL is a leading South African end-to-end supply chain solutions company.

Included in investments and advances is the disposal, in August 2018, of 1,3 million shares in Bid Corporation Limited (Bidcorp) for R406 million, the Group's entire holding save for 0,4 million shares held by the Bidvest Education Trust.

Basis of presentation of summarised consolidated financial **statements**

(continued)

The previously recognised disposal group, Comet Investments Capital Inc. (Comet), was sold during the year.

R'000	TMS	Renfreight	Other disposals	**Total disposals**
Property, plant and equipment	(43 400)	–	(39 136)	**(82 536)**
Deferred taxation	(65 653)	–	32 531	**(33 122)**
Interest in associates	–	–	(32 651)	**(32 651)**
Investments and advances**	–	–	(1 027 403)	**(1 027 403)**
Inventories	(3 360)	–	(710)	**(4 070)**
Trade and other receivables	(109 196)	(98 353)	(165 467)	**(373 016)**
Cash and cash equivalents	(100 166)	(43)	1 419	**(98 790)**
Trade and other payables and provisions	61 797	364	88 701	**150 862**
Taxation	–	(1 512)	(12 710)	**(14 222)**
Disposal group assets held for sale	–	–	(253 921)	**(253 921)**
Disposal group liabilities held for sale	–	–	31 785	**31 785**
Intangible assets	(6 491)	–	–	**(6 491)**
	(266 469)	(99 544)	(1 377 562)	**(1 743 575)**
Non-controlling interest	–	–	116 705	**116 705**
Realisation of foreign currency translation reserve	–	–	42 903	**42 903**
Realisation of share-based payment reserve	(8 049)	–	–	**(8 049)**
Goodwill	(37 004)	(15 332)	(14 242)	**(66 578)**
Net assets disposed of	(311 522)	(114 876)	(1 232 196)	**(1 658 594)**
Settled as follows:				
Cash and cash equivalents disposed of				**98 790**
Net loss on disposal of operations				**177 261**
Settlement of receivable arising on disposal of subsidiaries and associates				**(190 741)**
Net proceeds on disposal of businesses, subsidiaries, associates and investments				**(1 573 284)**

*** R406 million Bidcorp, R621 million sales made in the Group's various investment portfolios, primarily those of Corporate and Bidvest Bank.*

Significant accounting judgement

The Group's purchase of 10.6 million additional Adcock Ingram shares during the year resulted in the Group holding an effective 44.8% (2018: 38.5%) of the net ordinary shares in issue (total ordinary shares in issue less treasury shares). The Group's economic interest in Adcock Ingram is 51.4% (2018: 45.2%) as a consequence of treating the 2015 sale of 15.0% of its holding, in terms of the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme), to Ad-izinyosi as a deferred sale. For the year ending 30 June 2019 the Group equity accounted, rather than consolidated, its 51.4% economic controlling interest in Adcock Ingram as the requirements for control detailed in IFRS 3 Business Combinations could not be met.

Re-presentation of comparatives

The Group operates an equity settled share-based payment scheme. In the comparative period, the Group presented the intragroup cash flows for settling the obligations as gross amounts in the cash flow statement. No external Group cash flows arise as a result of these transaction, therefore the prior year cash flow statement has been re-presented accordingly. This re-presentation had no impact on the Group's cash and cash equivalents or statement of financial position, however, cash generated by operations increased by R418 million in 2018, and the cash flow from financing activities declined by R418 million.

Subsequent event

Effective 1 August 2019, following the dissolution of the Scheme, the Group attained a 51.4% economic controlling interest in Adcock Ingram. This investment will be consolidated from 1 August 2019.

The acquisition of Eqstra for R3.1 billion enterprise value, was announced on 15 July 2019 and is subject to normal approvals and conditions precedent.

Audit report

The auditors, PricewaterhouseCoopers Inc., have issued their opinion on the consolidated financial statements for the year ended 30 June 2019. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified opinion. A copy of the auditor's report together with a copy of the audited consolidated financial statements are available for inspection at the Company's registered office.

These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with the consolidated financial statements. These summarised provisional consolidated financial statements have been audited by the Company's auditors who have issued an unmodified opinion on page 9. The auditor's report does not necessarily report on all of the information contained in this notice. Any reference to future financial information included in this notice has not been reviewed or reported on by the auditors.

Shareholders are advised, that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of their report together with the consolidated financial statements from the Company's registered office.

Preparer of the summarised consolidated financial statements

The consolidated financial statements and summarised consolidated financial statements have been prepared under the supervision of the chief financial officer, MJ Steyn BCom CA(SA), and were approved by the board of directors on 30 August 2019.

Notes

Bidvest

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