



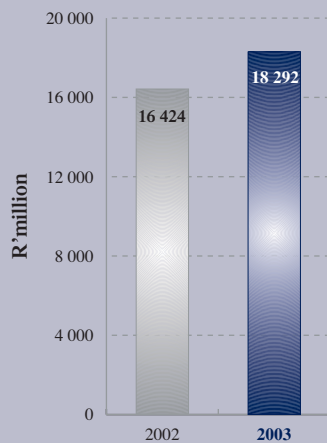
**The Services
Division**

THE BIDVEST GROUP LIMITED

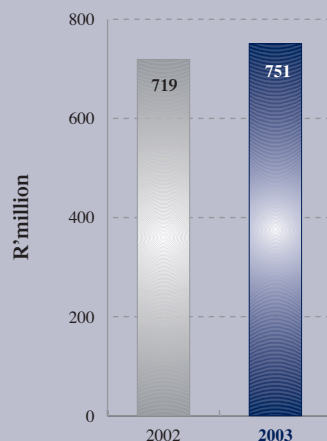
SUMMARY OF OPERATIONS

The Services Division

REVENUE



OPERATING INCOME



BIDFREIGHT

Bidfreight is the leading freight management group in sub-Saharan Africa, with international representation and operations in the United Kingdom and continental Europe. Bidfreight consists of several independent businesses focusing on freight terminals, international freight forwarding, logistics and marine services.

- Ongoing dialogue with Spoornet to solve capacity constraints
- The separation of the National Ports Authority could benefit terminals
- Safcor Panalpina benefited from the incorporation of Renfreight
- Only a modest increase in import volumes and export volumes maintained despite the strengthening currency
- Integrated service offering between Marine and Terminals
- Bidfreight is well positioned to participate in the concessioning process
- Opportunities with Bidcorp plc
- Closure of Safcon



BIDCORP PLC

Bidcorp plc is listed on the London Stock Exchange in the transport sector and focused on the provision of services in the automotive, shipping and property and outsourced services sectors in the United Kingdom and continental Europe.

- Some businesses discontinued
- Some continuing operations restructured at significant cost
- Slow economic growth and Iraqi war delayed recoveries
- Ongoing focus on cost reductions and operational efficiencies
- Business well positioned to benefit from improved markets
- Will pursue opportunities to ensure Bidcorp's involvement in trade between South Africa, the United Kingdom and continental Europe



Bidserv operates in the outsourcing market by supplying cleaning, laundry, hygiene, security and staff facilitation services as well as janitorial products and industrial work wear.

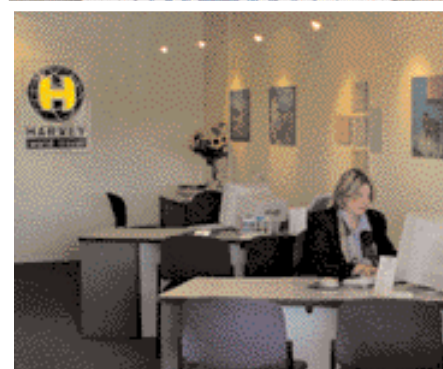
- General move to formal tender processes
- Increased market share and margins
- Prestige, Provicom Electronics, Commercial Sundries and the Laundry division did particularly well
- Magnum Shield's lower than expected performance in line with the industry downturn
- Effects of HIV/AIDS
- Trend to outsourcing is still strong
- Bidserv Integrated Service Solutions well received – a strategic focal point and real growth anticipated



RENNIES FINANCIAL SERVICES

Rennies Financial Services (Renfin) is southern Africa's leading travel-related financial services group providing an extensive blue-chip client base with the widest range of high quality financial and travel products and services to meet all their travel and foreign currency needs locally, regionally and internationally.

- Strong inbound tourism, weak outbound tourism
- Travel
 - Excellent performance in a mixed year
 - Successful rationalisation of low performing units
 - Driving fee income and technology solutions
 - Prospects moderately favourable barring global upsets
- Rennies Bank
 - Excellent growth
 - Short term A2 rating reconfirmed, long term BBB rating awarded





The Foodservice Products Division

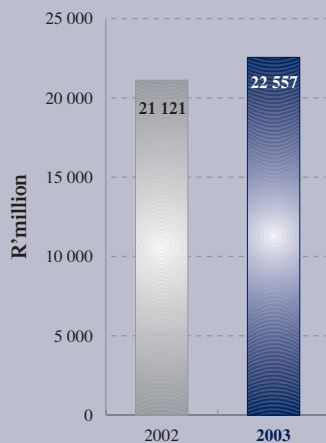
THE BIDVEST GROUP LIMITED

SUMMARY OF OPERATIONS

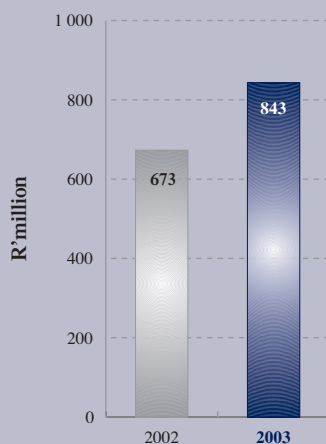
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The Foodservice Products Division

REVENUE



OPERATING INCOME



BIDVEST PLC

Bidvest plc is a leading foodservice products distributor in the United Kingdom, Australia and New Zealand and is listed on the Australian and Luxembourg stock exchanges.



3663

- Revenue increased by 7% and operating profit increased by 26%
- Another year of strong growth in a subdued market
- Further increase in return on funds employed
- Small, but strategic, acquisition of Swithenbank, a fresh and chilled product distributor
- mymarket.com launched successfully
- Included in the United Kingdom Sunday Times '100 Best Companies To Work For'



Australia

- Organic revenue grew by 8%
- Acquisition of a small distributor in Perth in October 2002 – the division's first entrance into the West Australian market
- Acquisition of Coastwide Wholesalers in April 2003
- Post year-end acquisition of Macmont Hospitality Supplies
- Disposal of the primarily retail Darwin business acquired as part of the John Lewis acquisition
- Continued co-branding of all businesses as "Bidvest First for Foodservice"



New Zealand

- Foodservice revenue increased by 14,5%
- Nationwide distribution contract for a major international fast-food group won
- Basket of goods offered to customers increased by over 10%
- Improved return on funds employed
- Currently building a new multi-temperature distribution centre in Rotorua
- Table Talk in Whangarei acquired in March 2003



CATERPLUS

Caterplus is a leading, broadline foodservice distributor of a comprehensive range of products to the catering, hospitality and leisure industry through strategically located independent business units, situated in all urban and tourist centres in southern Africa.

- All divisions performed well
- Significant food price inflation and increased tourism in first half of year – reversed in second half
- National customers consolidating procurement – lower margins to these customers
- Bigger basket of products sold, new products
- Vulcan-Caars produced exceptional results
- IT upgrade planned
- Increasing tourism bodes well for division



COMBINED FOODS

Combined Foods manufactures and distributes a comprehensive range of products to the bakery, meat and food processing industries.

NCP Yeast

- Favourable restructuring of the baking industry
- Results significantly improved

Chipkins Bakery Supplies

- Aggressive trading by competitors
- Major restructuring and cost savings at Johannesburg facility

Crown National

- Higher red meat prices resulted in increased demand for processed value add and poultry products
- New state-of-the-art factory
- Innovative new products





The Commercial Products Division

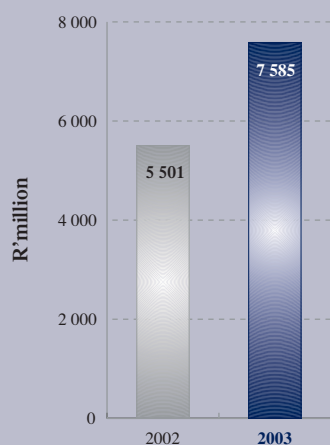
THE BIDVEST GROUP LIMITED

SUMMARY OF OPERATIONS

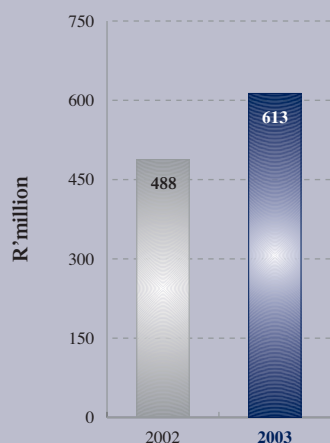
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The Commercial Products Division

REVENUE



OPERATING INCOME



BIDOFFICE

Bidoffice is engaged in the supply, distribution and manufacture of commercial office products including stationery, office furniture, computer consumables and other office automation products, including printing, through a network of branches throughout southern Africa and in Europe.

Stationery

- Waltons' asset management and operating income continue to improve
- Acceptable results from Kolok off an extremely high base

Printing and Related

- Lithotech achieved commendable results through increased margins, asset management and cost savings
- Paragon successfully integrated
- Lithotech France already producing profits

Office Automation

- Acquisition of Océ Printing Systems

Office Furniture

- Contribution doubled from prior period
- Division rationalised, where necessary
- Exceptional performances from Cecil Nurse and Dauphin



BIDPAC

Bidpac is the market and technology leader of nailing, stapling, packaging closures, strapping, adhesive tape, stretchfilm, marking and coding, construction fasteners, labels and stationery products. These products are distributed through a nationwide branch network to the commercial, industrial, mining, agricultural, construction and retail sectors.

- Improved profitability and asset management
- Volatile trading conditions
- Strong manufacturing growth and selling price inflation in first half
- Distinct slow down, de-stocking, more competition in second half
- Import replacement programme affected by strong rand
- Capital equipment sales growth
- Productivity and efficiency initiatives developed
- Continue to develop new products and markets
- Growth in customer base

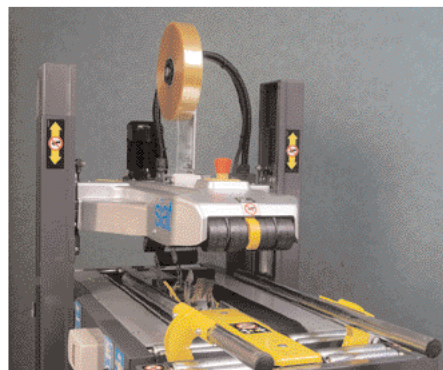


VOLTEX

Voltex is the pre-eminent distributor and wholesaler in South Africa of electrical, electric cable, electrical accessories and all related electrical products used in the industrial, reticulation, domestic and general electrical markets.

Voltex also supplies security products through Sanlic and distributes industrial and domestic sewing and embroidery machines as well as a range of leading appliances through Berzack Brothers.

- Solid performance by all businesses except Cabstrut and Eastman Staples in the United Kingdom
- Government's commitment to housing projects gained momentum
- Strengthened rand put pressure on margins
- Strategic, but subtle, change in direction in that the industrial market was pursued vigorously
- Inroads made with South African blue-chip manufacturers





The Services
Division

THE BIDVEST GROUP LIMITED

REVIEW OF OPERATIONS

The Services Division

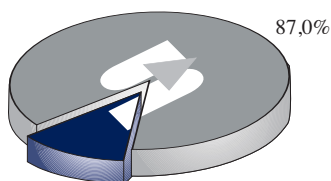
The Services Division comprises Bidfreight, Bidserv and Rennie's Financial Services, three highly focused operations providing services to niche markets, and all leaders in their field.

Our services businesses offset economic cycles by offering long term revenue streams and align Bidvest to its customers by linking their future success to our own.

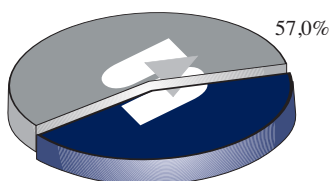
CONTRIBUTION TO THE SERVICES DIVISION – 2003

BIDFREIGHT

Revenue

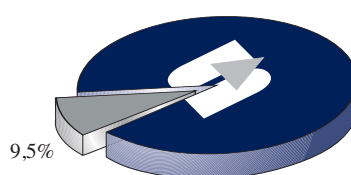


Operating income

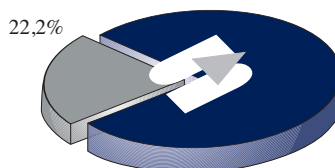


BIDSERV

Revenue

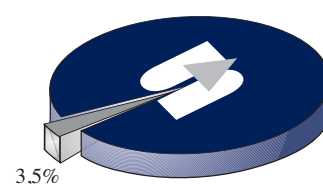


Operating income

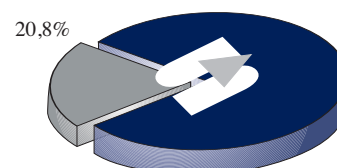


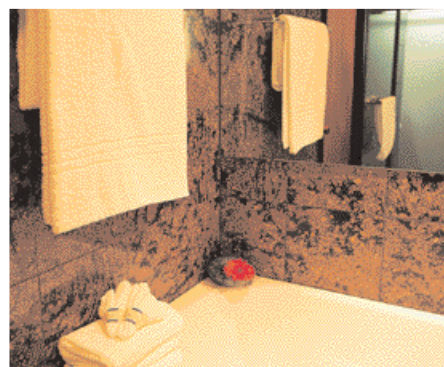
RENNIE'S FINANCIAL SERVICES.

Revenue



Operating income

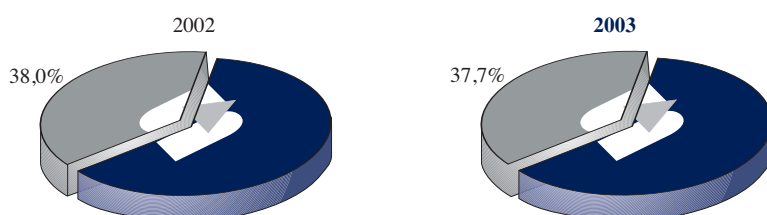




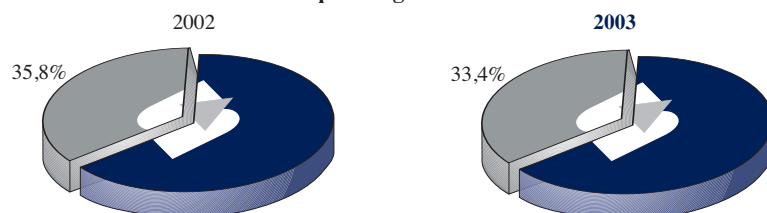
	2003	2002
SEGMENTAL ANALYSIS (R'000)		
Revenue	18 292 281	16 424 403
Operating income	750 502	718 570
Depreciation	317 847	228 710
Capital expenditure	505 707	446 050
Funds employed	1 067 641	1 248 604
Employee benefits and remuneration	2 565 907	2 076 878
RATIOS AND STATISTICS		
Return on average funds employed (%)	64,8	76,0
Operating income margin (%)	4,1	4,4
Number of employees	49 473	47 356

THE SERVICES DIVISION'S CONTRIBUTION TO THE GROUP

Revenue



Operating income





Dave Rosevear
Chairman

REVIEW OF OPERATIONS (CONTINUED)

*Despite the local
currency strength,
export volumes
increased and
this trend is
expected to continue*

Bidfreight

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

Bidfreight reported mixed results over its various operations and was negatively impacted by the strengthening rand/dollar exchange rate, which affected the profitability of the division. Significantly, the two largest operations within Bidfreight, being Terminals and Safcor Panalpina, produced strong results whilst the weaker results came from the smaller and some discontinued operations.

Imports have generally shown only a modest response to the strengthening currency and although exports to the developed world are becoming less competitive, our principal bulk customers have grown volumes during the year.

Bidfreight continues to work closely with Transnet to assist, where possible, to convert road traffic back to rail and to find workable solutions for the bottlenecks in the transport infrastructure, particularly in the ports.

Bidcorp plc, the London-listed shipping and automotive logistics business, made steady – albeit slow – progress towards a clearer, more focused structure and towards future profitability.

Bidfreight Terminals

Bidfreight Terminals is one of South Africa's leading private providers of storage and handling facilities for bulk, break-bulk and containerised cargoes, with facilities strategically positioned in all ports and at key inland locations.

Bidfreight Terminals recorded good results. The division benefited from the weak rand in the first half of the year with a number of customers substantially increasing export sales. Despite the marked appreciation of the rand in the latter part of the year, most bulk export volumes have remained strong, with steel exports being particularly robust. On the import side, the food aid programmes to central Africa resulted in significant grain imports, mostly through the facilities in Durban.



The establishment of the National Port Authority (NPA) as a separate entity will enhance its ability to manage South Africa's ports and will benefit port users and the country as a whole. It also paves the way for the concessioning of port operations, a process that will provide Bidfreight Terminals with significant opportunities. Bidvest's recently announced BEE initiative will position the division to take advantage of these opportunities. The concessioning process, however, is expected to unfold gradually and no significant impact is expected in the current year.

Bluff Mechanical Appliance (BMA)

BMA is a bulk-handling terminal in the port of Durban, specialising in sized and steam coal exports. The division handled 1,9 million tons in the review period.

Large price increases by Spoornet coupled with their rail capacity limitations placed severe pressure on BMA. In addition, the world steam coal price dropped, further reducing throughput. In contrast, the demand for size sensitive coal for domestic heating increased, utilising all the available rail capacity.

Fortunately the terminal's flexibility has allowed it to handle other products and consequently the overall tonnage handled dropped only slightly. BMA is seeking ongoing approval from the NPA to handle non-coal products.

In July 2003 BMA and Freightbulk Ships Agency introduced a complete ships agency service at the terminal, allowing shippers to gain immediate access to information and to benefit from a shorter line of communication. The new information transfer makes use of latest developments including SMS messaging, photographic updates and direct access to customers' file servers.

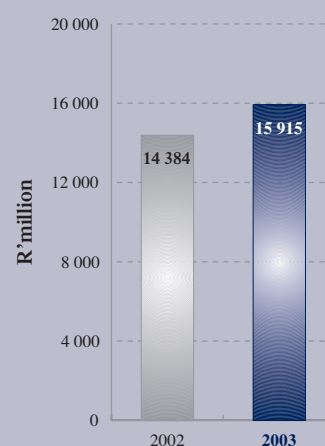
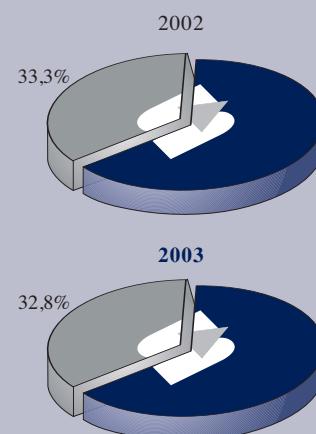
Island View Storage (IVS)

IVS provides independent bulk liquid storage and handling to the chemical, petroleum and edible oil industries. World-class facilities are situated in Durban, Richards Bay, Isando and Cape Town and together handled 1,7 million tons.

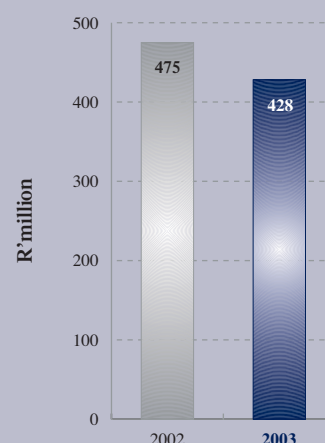
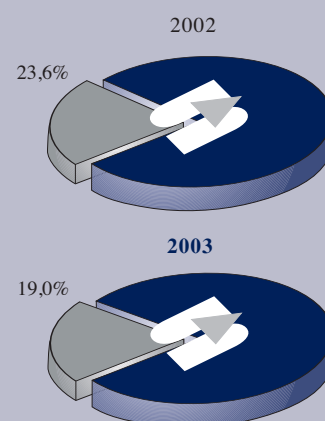
Volumes of imported edible oils, assisted by a strong currency, are growing steadily despite a good yield from local seed crushing. IVS is expanding its

Bidfreight's contribution to the Group

REVENUE



OPERATING INCOME





REVIEW OF OPERATIONS

(CONTINUED)

edible oil storage facility in Maydon Wharf by 15 000 m³ to cater for the steady growth in the market.

IVS embarked on a storage capacity rationalisation and optimisation programme, which has achieved higher volume throughput and has freed up tank space.

Rennies Cargo Terminals (RCT)

RCT provides specially tailored and dedicated port terminal and distribution services to a blue-chip customer base. RCT's major operations are ISO 9002 accredited and the business' service targets are aligned to specific customer needs.

RCT had a successful year, showing good income growth. The business was divided into two operating divisions, Port Operations and Distribution Services, which has allowed management to focus more clearly on distinct profitability drivers and cost reduction programmes.

The Port Operations division produced solid results with high export volumes in both pulp and steel, supplemented by a new sugar terminal management contract, which has opened up further opportunities in the sugar industry.

Distribution Services launched a branding campaign to unlock the growth potential within RCT's client base. New business opportunities, particularly in the warehousing and distribution of chemical products, are being bedded down and should show strong upside growth going forward.

Further growth is expected in the next financial year. Steel volumes are anticipated to remain high, further cost savings are expected and the sugar and chemical businesses should have a positive effect on profitability.

South African Container Depots (SACD)

SACD is one of the market leaders in container and cargo handling, with strategic terminals at all major South African ports, including the inland port in Johannesburg.

SACD made significant inroads into providing logistical services to exporters and, in line with its strategy to provide outsourced logistical services, was awarded a number of long term contracts by blue-chip customers.

The expanded sales force produced a significant number of new opportunities, which resulted in the growth of regional warehousing facilities.

Growth will be more acquisitive so as to complement the core processes of SACD. In addition advertising campaigns, new sales material and additional sales resources are planned to create brand awareness in new target markets.

South African Stevedores (SAS)

SAS is a leading provider of stevedoring services to importers, exporters and shipping lines in all of South Africa's ports.

SAS had a very successful year after the new management team restructured the operation into smaller business units, which resulted in better cost control, the highlighting of non-profitable businesses and a greater commitment and understanding from staff of their contribution to profitability. The business has been recapitalised and most of the old equipment has been replaced. Much attention was paid to client service levels, a process which is starting to reap benefits.

The new branch, which was opened in Cape Town in March 2003, has shown good returns from inception.

Steel export volumes were significantly higher than previous years' and current volumes are expected to be maintained for at least the next year.

SAS' income is expected to continue to grow.



South African Bulk Terminals (SABT)

SABT, which comprises Durban Bulk Shipping (DBS) and Rennies Bulk Terminals (RBT), handles and stores free-flowing bulk agricultural and mineral products, such as maize, wheat, soya, fertilizer and fluorspar. SABT handled in excess of 1,6 million tons.

Substantial imports of oilcake, maize and wheat boosted the operation's performance. SABT handled significant bulk aid cargoes for the United Nations World Food Programme and World Vision.

New logos for SABT and RBT, similar to the DBS logo, have helped entrench the division's corporate identity. RBT was awarded a five star NOSA grading.

In a cost-saving initiative senior management positions were restructured and various support services were rationalised. Numerous functional improvements were implemented, including the upgrading of conveyor systems, modifications to discharging appliances and the investment in bigger pay loaders. These efforts have not only reduced operating costs and improved operational efficiencies, but have resulted in lower emissions, which are constantly monitored to ensure SABT remains environmentally responsible.

Naval (Mozambique)

Naval provides terminal and stevedoring services in Mozambique, principally in the ports of Maputo and Beira.

Improved stevedoring revenues and good granite export volumes through Beira offset the negative effects of the economic crisis in Zimbabwe, which impacted Naval's revenues via reduced export volumes of ferrochrome and citrus.

Further opportunities in the stevedoring of sized coal exports are being explored and the first trial shipment has been handled successfully.

The long-awaited sign-off of Maputo's port privatisation initiative was completed in April 2003. The Maputo Port Development Company (MPDC) has now taken over as the port authority of Maputo. The MPDC is refurbishing the existing port infrastructure, which over time will significantly improve the port's efficiency. This efficiency will, in turn,





REVIEW OF OPERATIONS (CONTINUED)

improve the volume throughput of the port and generate further opportunities for Naval.

International Forwarding

Imports into South Africa have shown only a modest response so far to the stronger rand, possibly in response to weaker manufacturing output locally, which will hopefully reverse once sustained lower interest rates bolster confidence and manufacturing levels. A generally slower tempo of economic activity in the developed world reduced the formerly robust rates of growth in international trade.

The rand strength rendered many exporters' contracts less lucrative. While these export contracts are still substantially in place, they are at risk of non-renewal given the higher local input costs in dollar terms. Should the rand maintain its current strength, the medium term prospects for South African exports to the developed world are limited.

As an exception to this general trend the prospects for exports to Africa are encouraging. South Africa is increasingly being viewed as a suitable source of supply to Africa. It offers short transit times and attractive logistics, while the range of goods available in the country is extensive.

Safcor Panalpina (incorporating Renfreight)

These turbulent trade conditions presented challenges to Safcor Panalpina, South Africa's leading and largest international freight forwarder. Notwithstanding these conditions, the company fared well and posted pleasing results. The results were largely achieved

through tight cost controls, the final rationalisation benefits arising out of the incorporation of Renfreight and by the active management of assets.

It is pleasing to report that after a necessary period of consolidation following the integration of Renfreight, the company has put strengthened and talented teams in place. These, combined with a revitalised forward and outward focus, are starting to yield commercial benefits.

Safcor Panalpina successfully launched additional customised, extended supply-chain solutions for a number of its clients and intends to continue finding ways to add value in the supply-chain beyond the traditional roles of freight forwarding and customs clearing.

Information technology capability was also enhanced by the introduction of new technologies enabling Safcor Panalpina to respond swiftly and with a high, first time success rate to information requests from both clients and internal information technology users.

Despite a volatile rand Safcor Panalpina is ready to capitalise on trade opportunities as they arise.

Sebenza Forwarding and Shipping Consultancy (Sebenza)

Sebenza, in which the Group has a 45% stake, is the largest and most established black-owned forwarding operation in South Africa. It offers international forwarding and customs clearing, courier and warehousing services.

Sebenza continued to invest in information technology in order to provide superior customer service and to enhance operational efficiencies. Day-to-day management of costs and assets contributed to profitability.

Management is confident of securing additional business and is investigating other growth opportunities particularly on the African continent.

Marine Services

Marine Services offers a comprehensive range of ships agency, marine insurance and intermodal services at all South African ports and major inland centres.

Rennies Ships Agency

Rennies Ships Agency maintained its market leading position under highly competitive conditions. Results were negatively affected by the



strengthening of the rand, since a significant proportion of Rennie's Ships Agency's revenue is dollar denominated.

In the non-liner sector, growth was achieved through the increased activity of key principals in the conventional cargo arena and the acquisition of a number of new customers.

Increased focus on networking within Bidfreight in order to provide packaged supply-chain solutions for specific customers has been successful and will continue.

Bidfreight Intermodal

The Bidfreight Intermodal division, which was established two years ago, has made significant progress in the intermodal industry, and handles the rail and road transport logistics for several major shipping lines and shippers throughout the region. Wharf supervision and documentation services are provided in Durban, Port Elizabeth, Cape Town and City Deep, Johannesburg.

Significant growth is anticipated as marketing strategies take shape.

Marine Insurance

The Marine Insurance division comprises Rennie Murray and P & I Associates.

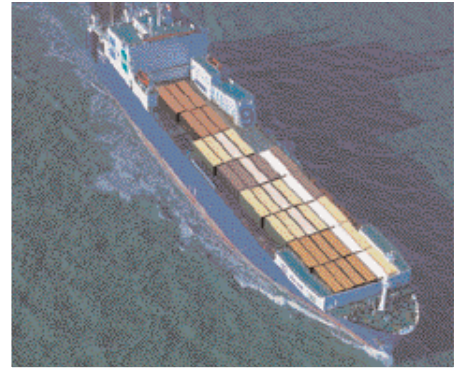
Rennie Murray derives its revenues from marine and cargo surveying, which are performed primarily for the local and overseas marine insurance markets. The business performed satisfactorily under difficult conditions and costs were well controlled at all centres.

The appreciating rand negatively affected P & I's performance.

Freightbulk

Freightbulk offers a comprehensive bulk logistics service incorporating all port and landside operations to southern African importers and exporters. The operations are ISO 9001-2000 accredited.

Freightbulk, acting as agents for Manica Africa, benefited from humanitarian-related traffic consigned through Durban to various countries in eastern sub-Saharan Africa.





REVIEW OF OPERATIONS (CONTINUED)

Japan Marine Supplies and Services (JMSS)

JMSS provides ships agency and supply services to the Japanese tuna fishing industry's vessels in Cape Town.

The South African government cancelled the long-standing agreement between themselves and the Japanese government on fishing rights in South African waters, which together with cost pressures on the tuna fishing industry in Japan, reduced the number of vessel calls and put the future business prospects of JMSS under pressure.

As a result of the future uncertainty of the business, Bidvest disposed of its 50% equity in JMSS to its partners, Japan Tuna Federation.

Manica Africa

Manica's core focus is the movement of commodities into and out of the southern African region. Manica's investment in container terminals, warehouses and border customs clearing offices has created a network that offers clients a unique 'total freight management' solution. The network is further enhanced by an internally designed, web-based cargo tracking system enabling customers to view the progress of their cargo from anywhere in the world.

Economic declines in Zimbabwe, Zambia and Malawi continue to affect cargo volumes into and out of the regions. This negative trend was compounded by the strong South African currency, which increased the transportation costs on exports from the region and increased the landed cost of South African products to its northern neighbours.

Management concentrated on the continued improvement of internal processes and operational capability.

Manica Botswana

Botswana remains the most efficient route from South Africa to Zambia and the south-eastern Democratic Republic of the Congo. Manica is the leading clearing agent at both the Kasane and Groblersbrug border posts. Newly introduced billing and tracking systems afford selected clients improved driver and cargo expediting capabilities as well as simpler administration.

Manica Malawi

Manica Malawi has upgraded its warehouses and cargo handling equipment in order to increase its market presence in the agricultural export market, concentrating mainly on tobacco, tea and sugar. Textile raw material imports and finished product exports also form an important focus area.

HIV/AIDS, high interest and inflation rates, currency depreciation and a lack of donor funding negatively affected the Malawian economy and have led to depressed import volumes.

Manica Zambia

Border clearing activities and the handling, storing and consolidating of cargo at the Copperbelt Container Depot in Kitwe are the main revenue sources of Manica's Zambian operation.

Regional drought, poor copper and cobalt prices, the HIV/AIDS pandemic and large write-offs by mining houses in the copper belt resulted in reduced economic activity and depressed cargo movements.

Manica Zimbabwe

Manica Zimbabwe has performed well in an extremely difficult environment. Focus on food relief was paramount. The container terminals and warehouses also generated reliable revenues.

Hyper inflation conditions prevail in this country and Zimbabwe remains a fertile ground for political unrest.



Manica Namibia

The Namibian freight operations play a major role in the total supply chain of Namibia and actively participate in the import/export business of the local mining industry.

Manica Namibia offers market-leading agency, clearing and forwarding and stevedoring services and is also heavily involved in the Namibian fishing industry.

The division's trading results were negatively impacted by the early discontinuation of the exploratory oil drilling operations by a major petroleum producer, the termination of fresh fish airfreight exports and the general decline in the fishing markets.

Bidfreight Logistics (Bidlog)

Bidlog comprises niche logistics operations active in the fields of specialist warehousing and distribution (Rennies Textile Logistics, Rennies Technology Logistics and Bidfreight International Logistics); carrier-type operations (FedEx); and general sales and handling agency for airfreight (Express Air Services).

Rennies Textile Logistics operates within the domestic textile logistics industry offering specialised cross-docking facilities to major blue-chip retailers. Operational efficiencies are of the highest standard but the performance of the business was impaired by the liquidation of the CNA business.

Rennies Technology Logistics is a specialised distribution business providing services to the consumer electronics market. Demand for consumer electronics decreased due to the volatility of the rand and as a consequence results were below expectation.

Bidfreight International Logistics offers customer-centric, dedicated logistics management services to clients. Bidfreight International Logistics acts as a lead logistics provider and co-ordinates and manages the performance of other service providers in the supply chain.

Bidfreight International Logistics recorded excellent results.

FedEx is positioned in the premium-priced courier and express parcel distribution business. The services offered cater for the movement of high-





REVIEW OF OPERATIONS

(CONTINUED)

value, time-sensitive goods for industries that need a time definite service. The strengthening rand affected this dollar-based business adversely. Volumes, both inbound and outbound, showed little growth over this period.

Express Air Services (EAS) operates within the domestic, regional and international airfreight markets as a handling and sales agent for various airlines. EAS recorded excellent results despite difficult market conditions.

The **Safcon** operation was discontinued due to significant losses being incurred.

Bidcorp plc

Bidcorp plc is listed on the London Stock Exchange in the transport sector and comprises the Automotive Services division, the Shipping Services division and the Property and Outsourced Services division.

Management's focus was on identifying those businesses that fit its strategic vision, ensuring that the appropriate management and structures are in place, and disposing of or closing those businesses that did not fit the strategy. A number of the continuing businesses required extensive restructuring. There were significant costs associated with this process.

Market conditions were tough, particularly in the first half of the 2003 calendar year. This was especially true of

the Automotive Volume Distribution business, where it proved difficult to maintain margins in a highly competitive market, and in the Automotive Specialist Operations business, where manufacturers' promotional activities were severely curtailed. A further round of cost reductions was instituted as a result.

The demand for cross-Channel freight ferry services on Bidcorp's routes was markedly reduced during the Iraqi war and is only now returning to pre-war levels.

Namibian Fishing Operations (Namsov)

Namsov is primarily involved in the midwater trawling industry in Namibia and is a partnership with Namibian citizens and empowerment organisations. Bidfreight has an effective 28% shareholding of this business at an attributable level.

During the year significant capital expenditure was incurred to enhance the efficiency and catch rates of the trawlers.

Notwithstanding the improved catch rates, a higher percentage of smaller fish were caught, the selling price of which is significantly lower than for larger fish.

The strengthening Namibian dollar against the US dollar (the currency in which the fish is sold), together with significant costs related to gaining increased fish quotas, adversely affected the profitability of the operation.

FINANCIAL REVIEW

Excluding Bidcorp plc and Namsov, Bidfreight's revenue increased by 5,3% to R13,7 billion (2002: R13,0 billion) and operating income increased by 11,1% to R395 million (2002: R356 million).

Capital expenditure at R363 million was 44,6% higher than the prior year (2002: R251 million), while depreciation amounted to R224 million (2002: R145 million).

The division's return on average funds employed was 54,3% (2002: 134,1%).



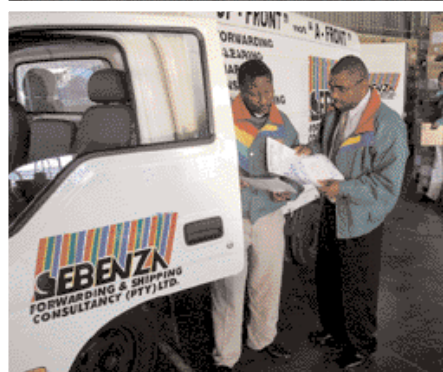
STRATEGIC REVIEW

Bidfreight has significant, strategically located facilities for the handling and storage of products on behalf of customers involved in domestic, import, and export distribution and is a major player in southern Africa in the freight forwarding and clearing industry. Bidfreight's intention is to pursue growth in southern Africa in these areas of expertise as opportunities arise. Further consideration is being given to the expansion of our services for key customers distributing their products into Europe.

PROSPECTS

Terminal's export clients geared up for increased volumes in the expectation of growing exports and despite the local currency strength, bulk export volumes remain resilient. This trend is expected to continue. It is anticipated that the distribution of grains into central and southern Africa will be ongoing.

Bidfreight has a growing customer base and both import and export volumes are expected to increase, with revenues being affected by the rand-dollar exchange rate.





Lindsay Ralphs
Chairman

REVIEW OF OPERATIONS (CONTINUED)

*Bidserv intends
to expand its soft
services offering*

Bidserv

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

Bidserv operates in the soft services sector of the facilities management industry and supplies a wide range of services throughout South Africa. A general move by the market to formal tender processes resulted in tougher trading conditions, particularly in the latter part of the financial year.

The division's extensive national footprint, superior service and product quality resulted in a high percentage of contract wins. Bidserv increased its market share and improved margins.

The Laundry division, which had been problematic for a number of years, as well as Prestige, Provicom Electronics and Commercial Sundries did particularly well. Magnum Shield's lower than expected performance was in line with the substantially reduced margins and general downturn in the guarding industry.

As an employer of approximately 39 000 people, the effects of the HIV/AIDS pandemic are beginning to be felt. Awareness campaigns and training are conducted throughout the division on an on-going basis.

The trend to service outsourcing remains strong as is the demand for new, innovative forms of contracting. To meet this need Bidserv has continued to focus on the provision of an integrated package through the Integrated Service Solutions division.

Bidserv Integrated Service Solutions

The Integrated Service Solutions (ISS) division is focused on combining all of Bidserv's products and services to sell a complete national outsourced services package.

Market awareness of Bidserv's unique, 'all-in-one' solution is growing and a number of contracts with JSE listed companies were secured.

Some sectors of the facilities management market are becoming saturated, but many others, such as mining, still hold potential. ISS' competitive advantage lies in its ability to deal both directly with the client and facility management companies.



Offering so many well-known, highly regarded service providers has helped establish the ISS concept and brand. The division has been well supported by the other Bidserv divisions and its popularity in the marketplace is growing.

ISS reinvented itself in 2003 with the appointment of senior executives. A nationwide brand awareness campaign was also launched.

The division is working on a number of substantial projects due to be implemented within the next twelve months, which will add significant value to Bidserv.

Bidvest's BEE initiative will be a strong marketing, sales and operational tool into the future.

Prestige Group

With more than thirty years' experience, Prestige provides expert cleaning services to a wide range of industries and institutions. Prestige's staff are highly qualified and trained in their fields of expertise. Specialist divisions include hospitality, healthcare, food hygiene, retail, industrial, commercial and educational facilities as well as garden maintenance.

Despite difficult trading conditions, Prestige secured a number of significant contracts and recorded pleasing results. The division has maintained its position as a market leader in the growing contract cleaning industry.

Following the success in the healthcare and hospitality markets, Prestige has created other specialist divisions such as retail and education, staffed by industry professionals.

The division has rebranded its vehicles, creating a new look and feel, which has been well received by the market.

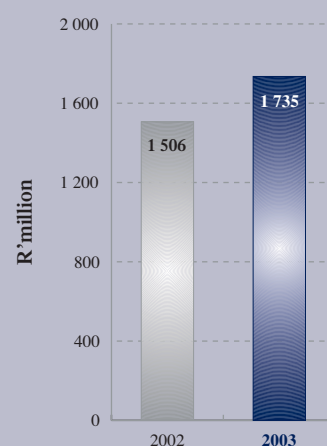
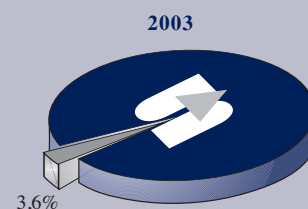
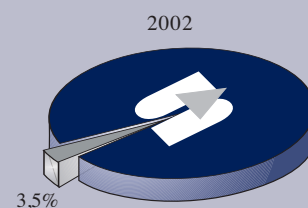
Steiner Hygiene

Steiner Hygiene's core business is to provide hygiene services to the corporate, industrial, health and food sectors through the rental of the latest washroom products. Steiner also provides all the required consumables.

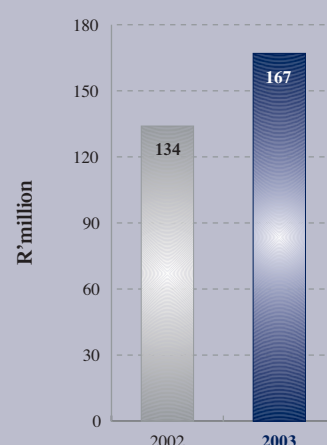
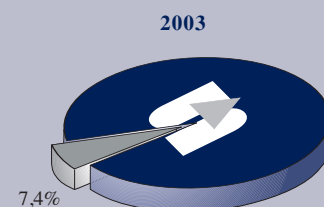
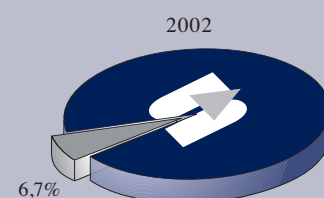
The hygiene services industry experienced many challenges and changes as a result of the introduction of formal tender processes. In response, a number of new players have entered the market with a strategy to buy all

Bidserv's contribution to the Group

REVENUE



OPERATING INCOME





REVIEW OF OPERATIONS

(CONTINUED)

available business, placing pressure on Steiner's margins. To combat margin pressures, Steiner reassessed its structures and operational procedures. Significant cost savings have been achieved. Despite this increased competition, Steiner grew its market share and won numerous significant tenders.

A new customer relationship software package was rolled out to all branches, which has dramatically improved response times and resulted in higher customer satisfaction levels.

Product development is ongoing and a number of innovative new products were introduced exclusively to Steiner, including an automatic paper hand-drying system.

Puréau Fresh Water Company

Puréau, which operates as a division of Steiner Hygiene, supplies purified drinking water, upmarket water coolers and dispensers to the private and business sectors.

With the distribution of Puréau products through Steiner's branches, the division is able to secure national deals, giving Puréau a distinct competitive advantage. New branches in Durban and Cape Town have contributed to the division's national positioning.

The water and water cooler industry has become more competitive with the introduction of many new players. Product offerings have improved across the industry, forcing existing companies to reevaluate their positioning. The increased awareness of an educated public provides growth opportunities.

Management is focused on improving operational efficiencies and implementing sales strategies for winter periods.

Security

Bidserv's security division comprises two specialised operations: Magnum Shield Security Services operates in the guarding industry and Provicom Electronics provides customised electronic security systems.

Magnum Shield Security Services

As an understanding of local conditions is a key success factor, a significant amount of instability within the internationally owned security companies has become evident. Restructuring, retrenchments and further consolidation created job losses and insecurity. The legislated costs of forced hours, annual bonuses and a provident fund increased operating costs. Only a small portion of these costs could be recovered from customers, which has put enormous strain on the industry's profitability. This trend is expected to continue. Magnum Shield's 46 years' experience in the local market gives the division a tremendous competitive advantage.

Tender processes amongst both prospective and existing clients played a far greater role in the awarding of contracts.

Magnum Shield reported an increase in revenues, but operating income was reduced as a result of the squeeze on margins. Magnum Shield nonetheless outperformed its competitors.

Revenue growth was achieved through the development of generic business, aggressive marketing and the strategic decision to specialise in niche markets. Having recognised the need for tailor-made, integrated security solutions, Magnum Shield's service is uniquely designed to suit the specific requirements of each industry. Areas of specialisation include mining, industrial, commercial, automotive, shopping centres, hospitality, residential estates and, more recently, healthcare.

The three-year wage agreement recently signed by the security industry and promulgated by the Minister of Labour should bring a degree of stability to the industry. However, the new measures proposed by the Private Security Industry Regulatory Authority for extended regulation of the security industry are cause for concern.



Provicom Electronics

Provicom Electronics, one of South Africa's largest integrated electronic solution installers, offers a full service from design to the installation of easy to operate systems with quick reference capabilities. Provicom's product offering includes closed-circuit television, access control, intruder detection, fire detection, audio, evacuation systems and perimeter control.

Provicom experienced impressive growth and higher targets have accordingly been set. A few small projects from 2002 have escalated into major national undertakings, testimony to the division's excellent product and service offering.

A number of significant new contracts were awarded with residential estates, business parks, government institutions and local metropolitan councils as part of the Business Against Crime initiative.

Laundry Services

The Bidserv Laundry division consists of three businesses operating in different sectors of the laundry market: Boston Launderers, servicing the hospitality industry via off-site laundries; First Garment Rental, a work wear rental business operating in industrial markets; and Montana Laundries, focusing on the healthcare sector via on-premise laundries.

The division's results continued to improve. Margins remain low, but have increased due to improved productivity.

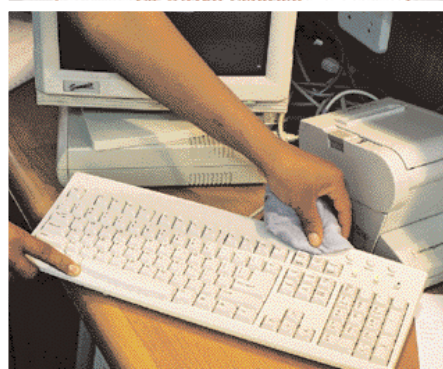
Boston Launderers

Boston Launderers, with its state-of-the-art facilities and a high quality service, is the largest commercial launderer to the hospitality industry.

The hospitality sector has shown real growth in occupancy levels, translating into increased volumes for Boston. Further long term contracts were secured in the hospitality and healthcare sectors. The total linen management concept was launched and well received.

First Garment Rental

First Garment Rental is an industrial work wear launderer, supplying individualised garments on a full maintenance rental scheme. Garments are individually tagged, laundered, repaired and returned to the customer.





REVIEW OF OPERATIONS (CONTINUED)

The division operates a number of world-class laundries across South Africa. Dedicated critical care areas within the laundries helped First Garment Rental to secure major garment rental contracts countrywide.

First Garment Rental's customers include the food manufacturing industry, motor manufacturers, light engineering and the service industry.

Rising levels of exports resulted in strong growth in First Garment Rental's traditional customer base. First Garment Rental successfully launched a range of Hazard Analysis and Critical Control Points (HACCP) garments for their food clients. The requirements both locally and overseas for HACCP accredited products boosted the division's market share.

Montana Laundries

Montana Laundries is a specialist healthcare laundry division operating 24 laundries on a national basis.

Montana Laundries benefited from increased volumes in the healthcare industry and new plants opened at various sites.

Clockwork Clothing (incorporating Admiral Sportswear)

Clockwork is a manufacturer and distributor of work wear garments to the industrial market in South Africa and abroad. Admiral Sportswear distributes sports clothing and footwear, importing from manufacturers in the East and Malawi.

The division met its revenue budgets, but competitive pressures resulted in tighter margins.

Clockwork Clothing plans to move into the direct user market, which should result in higher margins being achieved.

Commercial Sundries

Commercial Sundries is one of the largest distributors of janitorial and cleaning products to the commercial and public sectors. The division also operates a joint venture chemical manufacturing facility in Johannesburg.

Despite increased competitor activity, the division achieved market share growth through improved operational efficiency and service levels. An extended product range also contributed to their excellent results.

Operating costs were reduced and management proactively exited unprofitable business.

Commercial Sundries intends to further extend its product range to include items with volume and profit potential.

TMS-Shezi Industrial Services

TMS-Shezi is one of Bidserv's empowerment joint ventures.

Industrial Cleaning

TMS-Shezi operates in an extremely specialised industry with high barriers to entry, providing cleaning services to petrochemical plants, power stations, toxic-waste spillages, steel manufacturers as well as pulp and paper factories. TMS-Shezi's strategy is to be at the forefront of new technologies and skills to provide environmentally friendly, safe and effective industrial cleaning solutions.

The division maintained a steady growth in spite of various project delays. Numerous large contracts were won, however, efforts to enter the Middle East were disrupted by the Iraqi war. This programme has since been resumed.

Manpower

TMS-Shezi supplies casual, permanent, semi-permanent and seasonal staff to a wide range of industries. Both the hospitality and industrial markets remain highly competitive. With the aggressive growth of the learnership division and the legal department, TMS-Shezi has established a more sustainable business.



The manpower sector has many growth possibilities and TMS-Shezi is targeting niche markets where the risk is easier to manage and the returns are highest.

ACQUISITIONS

The only significant acquisition was that of Airport Handling Services, an aviation support services business, in July 2002.

FINANCIAL REVIEW

Bidserv's revenue grew by 15,2% to R1,7 billion (2002: R1,5 billion). Operating income increased by 24,1% to R166,7 million (2002: R134,4 million). The division reported a 16% increase in return on funds employed.

STRATEGIC REVIEW

Bidserv aims to retain its position as a market leading, national service provider. The packaged solutions of the Integrated Service Solutions division are vital to this strategy.

Bidserv intends to expand its soft services offering.

POST-BALANCE SHEET EVENTS

In line with Bidvest's BEE announcement, Bidserv will in due course and, wherever possible, buy out the minority shareholders in its current black empowerment joint ventures.

Heads of agreement have been signed for two strategic acquisitions in the exterior landscaping and indoor plant industries.

PROSPECTS

The Integrated Service Solutions division remains a strategic focal point and real growth from the delivery of a packaged solution is anticipated.

Bidserv is well positioned to take advantage of any improvement in the economy and expects the trend to outsourcing to continue, which should result in further significant growth in the forthcoming year.





Lilian Boyle
Chief Executive

REVIEW OF OPERATIONS (CONTINUED)

Rennies Financial Services

Renfin's strategy remains focused on the provision of exceptional service to selected clients in clearly defined niche markets, anticipating their changing needs and developing full service ranges to meet those needs

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

Rennies Financial Services (Renfin) experienced mixed fortunes. All operations enjoyed more positive trading conditions in the first half of the year. The second half of the year was, however, marked by traveller anxieties in the lead up to the Iraqi war, which turned out to have only a minor impact on travel patterns, followed by the outbreak and rapid spread of the SARS virus, which had a devastating effect on global travel suppliers as much travel was postponed.

The South African rand staged a remarkable appreciation, weakening already fragile economic conditions. This would normally have encouraged renewed interest in international travel as land arrangements became more affordable in rand terms. However, the timing proved to be unfortunate as the positive perceptions of improved purchasing power were overshadowed by global political instability and the SARS virus.

The upsurge in inbound tourism witnessed in the previous year continued unabated, helped by SA Tourism's consistently strong marketing campaigns and growing fears of terrorist activities in the northern hemisphere. Whilst the highest volumes still originated from western Europe, growth was noted from North America and particularly from Africa, not just in the traditional shopping traffic, but encouragingly from genuine holiday makers as well. SARS all but curtailed the inflow of travellers from Asia for a time.

Rennies Foreign Exchange and Master Currency branches are strategically well located to capitalise on inbound tourists' encashments, which compensated for declining sales of foreign exchange due to the reduced number of outbound passengers. The stronger rand exacerbated the decline in sales of foreign money in rand terms.

A high priority focus area in the travel operations continued to be the preparation for the introduction of a new remuneration model. Representatives from Renfin actively participated in the industry-wide

discussions with SAA, who has funded three significant research projects to provide input for the development of a new model to replace commission payments. These projects covered the development of scenarios relating to the role of distribution channels, analysis of the cost of services rendered to clients on behalf of suppliers and a consumer research study. The findings will culminate in the structure of a new model or models to be announced by SAA in September 2003 for implementation from April 2004.

Communication to existing and potential clients of the implications of a commission-less future continues to receive high priority in the drive to convert all clients to management or transaction fees. The travel management concept continues to be refined in partnership with corporate clients, who now recognise the benefits and real value inherent in the professional management of their travel and entertainment spend through process efficiencies, significant cost savings and seamless service to individual travellers.

Outsourcing travel management, a valuable, but non-core corporate function, is becoming more and more widespread in South African companies. Online solutions, including suppliers' web offerings, appear to offer a cost effective alternative to travel management companies, but it is commonly acknowledged that no online offering is the ideal mechanism. Most are time consuming, fare structures and rules are complex, the best deals are not always available online and they lack the ability to combine payment, reporting and analytical processes.

The division as a whole maintained its focus on increasing productivity, reducing costs and rationalising low performing units and products. Working capital management and the ongoing programme of upgrading systems to enhance efficiencies, streamline all customer-facing activities and lower unit costs also received attention. Cash generation was exceptional and overall the businesses performed extremely well reflecting the stronger base created by the stringent cost-cutting measures implemented last year.

People remain paramount in service businesses. Management and staff are to be commended for a most satisfactory result in a year bedeviled by unfortunate external influences during which their commitment and dedication seldom wavered in spite of the difficulties faced, which were tackled with customary enthusiasm.

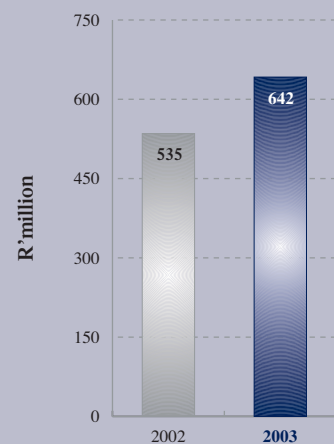
Renfin's contribution to the Group

REVENUE

2002

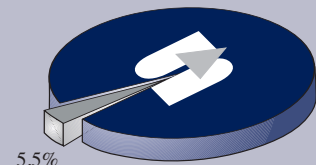


2003

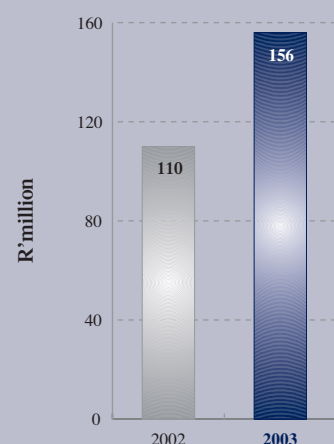
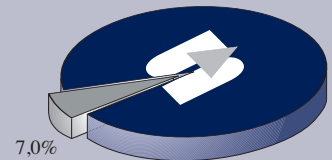


OPERATING INCOME

2002



2003





REVIEW OF OPERATIONS (CONTINUED)

Travel Services

Rennies Travel

Rennies Travel recorded extremely positive results albeit lower than anticipated as a result of the Iraqi war and the SARS outbreak. These factors resulted in the postponement and cancellation of significant numbers of bookings to the Middle and Far East and in some cases resulted in a total travel embargo.

Rennies Travel nevertheless significantly grew its revenue base whilst controlling costs and maximising productivity. By aggressively targeting quality new business, Rennies Travel won numerous excellent accounts. A strong emphasis has been placed on the retention of the existing client base through high quality service, account management strategies and very competitive prices.

Rennies Travel continues to convert customers from the traditional commission model to a fee-based model, offering greater transparency and best possible value.

Continuing on last year's successes in implementing the Rennies Travel online solutions, the website has been further enhanced and is even more user friendly. However, the online solutions are still mainly used for information gathering and reservations are still made through the traditional channels. Continuing efforts will be made to convert customers to online reservations, which would have direct financial benefits.

The "Options" product range has been sold to a tour-operating group who will now manage and distribute the product to Rennies Travel and other Renfin operations.

The Incentives and Conferences division enjoyed another good year while the Inbound division did very well from the growth in passengers out of western Europe in particular.

The Airport Services division, which houses the Premier Club Airport Lounges and Premier Conference Centre, had a successful year with increased visitors to all the lounges. Over half a million passengers per annum are now hosted at Rennies Travel's airport lounges.

The first Premier Conference Centre opened in the new domestic terminal at Johannesburg International Airport in February 2003. This is a world-class facility and has enjoyed an unexpectedly high utilisation from inception. A new international departures lounge was opened in Cape Town and the division is now managing some airline lounges in southern Africa.

The Rennies Travel teams performed exceptionally well during some very busy trading and sometimes uncertain and difficult times. They have again shown resilience and commitment, ensuring that the bar of service excellence continues to be raised.

Rennies Travel remains well positioned to successfully maintain and enhance its leadership position in the ever-changing travel environment.

Rennies Travel Namibia

Rennies Travel Namibia had another successful year with a continued increase in market share. Good growth came from the existing corporate base as well as an increase in leisure and travel packages while the business emanating from Angola showed considerable growth. The restructuring of the management team and intensified controls yielded excellent results particularly in respect of cash collection.

Namibia Bureau de Change

Namibia experienced a decline in incoming tourism and the emergence of new bureau operators in downtown Windhoek and at the international airport. This competition had a slightly negative effect on the trading

results. However, the business has secured another site in an excellent position on the main street in Windhoek and expects to see additional revenues generated by this new branch in the coming year.

Rennies Travel and Foreign Exchange Zimbabwe

In December 2002, government legislation forced the closure of the highly successful foreign exchange business. Rennies Travel, however, continued to operate profitably in an extremely difficult market, which had many restrictions and severe cost pressures due to high inflation and mandated wage increases.

Rennies Travel and Foreign Exchange Malawi

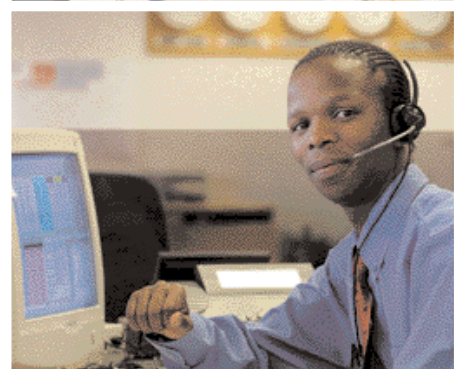
Rennies Travel and Rennies Bureau de Change had a quiet year in an economy that has not grown. The restructuring has been successfully completed and the business is now seeing growth from the corporate market and plans to increase the number of foreign exchange outlets.

Concorde Travel

With the pending change from commission to fees, Concorde Travel spent the review period implementing its value add proposition. The new business model was well received by major corporate clients. The account management programme, together with meaningful management information, helped many clients achieve significant cost savings.

Concorde Travel consolidated its position in the marketplace and together with its international shareholder, Carlson Wagonlit Travel, won some strategic business resulting in five new in-house offices being opened. Existing national clients enjoyed organic growth, which resulted in additional revenue for the business. The second half of the year was affected by the war in Iraq as well as the outbreak of SARS with most corporate clients curtailing travel during this period.

The Concorde Travel associate programme was extended and new members joined from East London, Maputo and Gaborone. This programme extends coverage where Concorde Travel does not have its own offices. There are now six owned offices, eleven in-house offices and twelve associates.





REVIEW OF OPERATIONS

(CONTINUED)

The integrated reservations, accounting and client travel management reporting system (known as FASTRAC) developed by Concorde Travel has now been fully tested and will be implemented from July 2003. It is expected to improve efficiencies and increase consultant productivity, which will result in a lower cost of service to clients.

BTI Connex Travel

BTI Connex Travel has had a successful year building on previous growth and increasing its presence in the corporate travel management sector. BTI Connex Travel is the leading empowerment travel services provider and has been successful in its strategy to be a major supplier of travel services to governmental and parastatal clients.

Significant progress has been made in the acquisition and growth of private sector clients. BTI Connex Travel's policy of providing superior account management offering value for money as well as convenient and seamless travel arrangements for individual travellers has resulted in high client retention levels and pleasing financial results. Continued investment in the training and development of staff also assisted in client retention and service level improvements.

There has been an increase in the proportion of fee-based revenue as a percentage of total revenue, a key measure of preparedness for the new agency remuneration model.

BTI Connex Travel continues to focus on maintaining its debtors book at acceptable levels.

BTI World Travel

BTI World Travel produced a substantial growth in profits this year. Central to this success was the strong improvement in the business' competitiveness. The enhancement of management information systems, the development and fine-tuning of electronic travel planning and self-booking products and an energetic management team resulted in BTI World Travel growing its market share. Keen cost containment, the removal of certain cost structures and a streamlined cash management system further supported both the robust operational and net profit performance.

Although international political events, the SARS outbreak and the performance of the South African currency have impacted negatively on BTI World Travel's cruise and international rail general sales agency products, management at BTI World Travel successfully countered the worst effects and the growth of international rail sales, at times, outstripped that of the rest of the world.

Harvey World Travel Southern Africa

Harvey World Travel presently operates in five countries in southern Africa – Namibia, Swaziland, Lesotho, Botswana and South Africa. Harvey World Travel has in the five years of operation in southern Africa built top of mind awareness of its brand, which has proved popular and attracted many loyal customers.

Many franchised offices have performed extremely well, winning mystery shopper programmes and supplier awards. Harvey World Travel Southern Africa also won numerous supplier awards, including consortium and airline sales and performance awards for professional service in the industry.

An international exchange programme was launched and two South African consultants spent a month working in and visiting Australia and New Zealand branches. This unique programme is a South African first.

The consistent growth Harvey World Travel still achieves indicates the success of the franchise model and its ability to grow business for their franchisees in a challenging global travel environment.

Travel Connections

Travel Connections has grown from strength to strength enjoying a significant increase in profits achieved through the continued long-standing relationship with suppliers and key blue-chip corporate and leisure customers, as well as tightly controlled costs.

Travel Connections' business has benefited particularly from the successful acquisition of several small to medium sized corporate accounts, which has consolidated its market position.

The business continues to invest in training and information technology upgrades.

Travel Connections is well positioned for growth, in particular in the area of upmarket individual leisure travel as well as in the professional handling of the small to medium sized corporate travel business.

Master Currency

Master Currency grew revenue as a result of its quality service, strong alliances and strategic locations, despite the traveller's cheque market declining on the back of the Iraqi war and the SARS crisis emanating from Asia.

Several important new accounts were won which, together with the consolidation of branch infrastructure, insourcing of accounting and information technology solutions and new supplier relationships, contributed to the business' performance.

Rennies Bank

Rennies Bank is a niche bank with its primary focus on foreign exchange and related activities. Rennies Bank also accepts deposits, grants advances, and runs a Visa-branded corporate credit card programme.

The major division of the bank is Rennies Foreign Exchange, which has 58 retail outlets throughout the country. During the year three new branches opened in Bedfordview in Johannesburg, Brooklyn in Pretoria, and in the new domestic terminal at Johannesburg International Airport. Rennies Foreign Exchange continues to be the market leader in traveller's cheques and foreign currency bank notes in South Africa.





REVIEW OF OPERATIONS

(CONTINUED)

Other retail products include drafts, telegraphic transfers, Moneygram, Cash Passport and ancillary products such as travel insurance and telephone cards.

The continued strengthening of the rand did little to boost outbound travel, which was further dampened by the war in Iraq and the SARS virus. Traveller's cheque sales continue to decline in rand terms, but do appear to have bottomed out for the time being in foreign currency terms. There is an increasing trend for travellers to take cash, especially when travelling in Africa.

Inbound tourism continues to increase and good growth was seen in purchases of foreign notes from visitors. The World Summit on Sustainable Development and the Cricket World Cup provided a short-term boost and the successful staging of these two events should have a positive impact in the medium to long term.

Rennies Bank also provides foreign exchange and related services to corporate customers and this division continues to grow steadily.

CA-Ratings confirmed Rennies Bank's short term A2 credit rating and assigned a long term rating of BBB. Rennies Bank continues with its policy to retain sufficient liquidity to be able to repay all depositors on demand. Rennies Bank's capital adequacy ratio, the primary measure of regulatory capital strength for South African banks, is in excess of 100% and considerably higher than the prescribed minimum.

The combination of a strong parent, high levels of liquidity, a well known brand name

and niche focus places Rennies Bank in an extremely strong position for growth.

FINANCIAL REVIEW

Renfin's revenue increased by 20,0% to R642,1 million (2002: R534,9 million) and operating income increased by 42,4% to R156,1 million (2002: R109,7 million).

STRATEGIC REVIEW

Renfin's strategic direction remains consistent and focused on a few key drivers, primarily the provision of exceptional service to selected clients in clearly defined niche markets, anticipating their changing needs and developing full service ranges to meet those needs.

This objective has governed the investment in alternative distribution channels, the continuous evaluation of products and services, the upgrading of skills in all areas and the reinforcement of strategic alliances.

Much attention has been and will continue to be devoted to changing the way business is conducted to adapt to new sources of revenue generation in the future in both travel and foreign exchange operations, an imperative if the well established growth record is to be maintained.

The division will remain flexible and opportunistic, alert to potential acquisitions in related businesses, which will complement the premium brands owned, and add value to all stakeholders.

The management teams in each of the businesses are also concentrating on meeting the challenges posed by BEE requirements, including employment equity, by corporate governance compliance, anti-money laundering legislation (Financial Intelligence Centre and others) and preparation for compliance with the requirements of the Basel II Capital Accord.

PROSPECTS

Recent developments in the South African economy and a generally more stable global economic environment should bode well for the division.

The prospect of increased volumes of both outbound and inbound travel should ensure a continuing high level of trading in all businesses while ongoing initiatives to maximise the margins and drive the cash generation will continue to deliver good returns to shareholders.

Investment in technology has become a very significant feature of the business and the year ahead is expected to see further development of new tools together with the cycle of upgrading existing hardware and software. All the travel companies will invest in their own desktop equipment where required, reducing the cost of and dependence on Galileo, the most commonly used reservation system in the group. This investment will facilitate the roll-out of the integrated front and back office system, FASTRAC, developed by Concorde Travel.





The Foodservice Products
Division

THE BIDVEST GROUP LIMITED

REVIEW OF OPERATIONS

The Foodservice Products Division

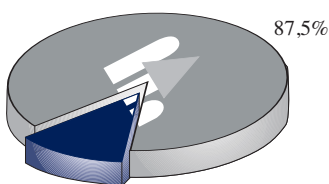
The Foodservice Products Division comprises Bidvest plc, Caterplus and Combined Foods, which are focused on the manufacture, trading and distribution of food and consumable products to the catering, leisure, hospitality and foodservice industries.

Bidvest's foodservice operations in southern Africa, the United Kingdom, Australia and New Zealand cater to the needs of thousands of customers and through them the division reaches millions of consumers who eat meals prepared away from home.

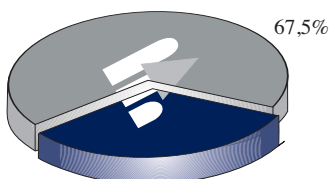
CONTRIBUTION TO THE FOODSERVICE PRODUCTS DIVISION – 2003

BIDVEST PLC

Revenue

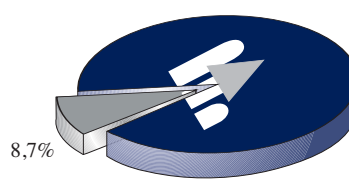


Operating income

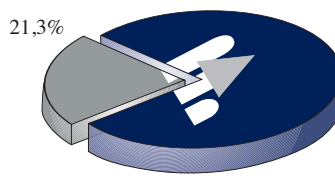


CATERPLUS

Revenue

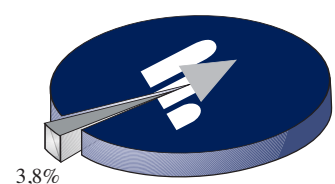


Operating income

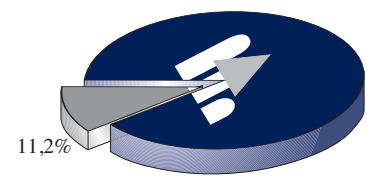


COMBINED FOODS

Revenue



Operating income

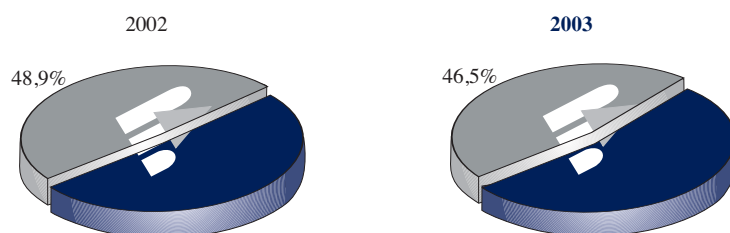




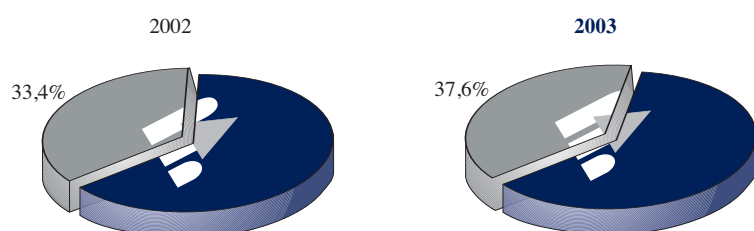
	2003	2002
SEGMENTAL ANALYSIS (R'000)		
Revenue	22 557 416	21 121 321
Operating income	843 449	672 927
Depreciation	255 818	230 300
Capital expenditure	331 333	286 262
Funds employed	1 178 103	1 158 592
Employee benefits and remuneration	2 273 670	2 034 594
RATIOS AND STATISTICS		
Return on average funds employed (%)	72,2	60,6
Operating income margin (%)	3,7	3,2
Number of employees	9 822	8 965

THE FOODSERVICE PRODUCTS DIVISION'S CONTRIBUTION TO THE GROUP

Revenue



Operating income





Fred Barnes
Chief Executive
 3663 First for Foodservice



Bernard Berson
Managing Director
 Bidvest Australasia

THE BIDVEST GROUP LIMITED

REVIEW OF OPERATIONS (CONTINUED)

Bidvest plc

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

United Kingdom

3663 First for Foodservice

Although there are no firm statistics as yet, anecdotal evidence points to another year of minimal growth in the United Kingdom marketplace, with London being particularly problematic. This is evidenced by the extremely difficult trading conditions experienced by many of the major hotel chains, due to a reduction in tourist and business travel. The increased turnover achieved indicates a gain of one percentage point in 3663 First for Foodservice's market share.

Supplier and customer consolidation continues, with the movement to larger players still a feature of the market. There has been relatively little acquisition activity amongst 3663 First for Foodservice's competitors, but both 3663 First for Foodservice and its largest competitor have entered into the fresh products area, which was previously dominated by regional suppliers.

The United Kingdom's general and wage inflation remained static at about 3%. However, there has been minimal product price inflation, consistent with the previous two years.

Multi-Temperature

The Multi-Temperature operation continued its impressive performance, taking advantage of its position as the only nationwide, broadline foodservice wholesaler. Competitors are attempting to replicate 3663 First for Foodservice's full service, multi-temperature offering, but with limited success. Management is, however, not complacent and understands the commitment required to maintain the current market leading position.

Frozen and Chilled

The reinvigoration of the Frozen and Chilled division continued. Further revenue growth, particularly in the national sector, and purchasing benefits resulted in a substantial improvement in the bottom line performance.

*Bidvest plc's strategic
 patience, by not
 forcing the pace of
 acquisitions, has paid
 off in that the current
 difficult trading
 conditions have created
 numerous opportunities*



The Central Distribution operation enjoyed good volume growth, largely from the contracts won in the final quarter of the last financial year which, combined with the generation of third party income from the use of the spare infrastructure capacity, resulted in an excellent result from the operation. Efforts continue to fill the spare capacity.

Ministry of Defence (MoD)

The MoD division, which was awarded the National Business Award for Supply Chain Strategy, had a challenging year. In addition to serving the armed forces in the United Kingdom, it continued its work in Afghanistan and opened a depot in Kuwait to serve the forces posted to that region. A further two year extension of the MoD contract, up to September 2006, has been granted.

Australasia

Australia

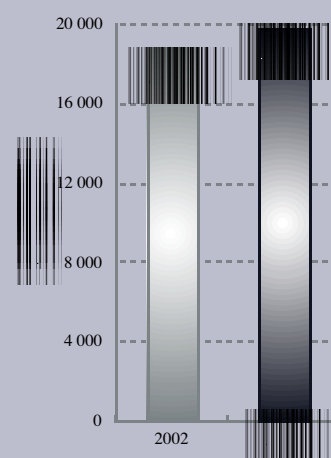
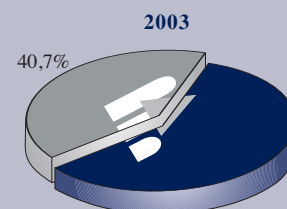
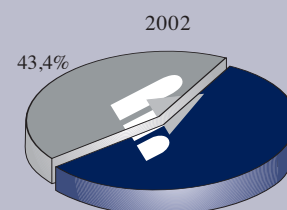
The Australian economy remained relatively robust and is estimated to be one of the fastest growing economies in the developed world. There were, however, several significant challenges including the strength of the Australian dollar, the worst drought in one hundred years, the Iraqi war, the Bali bombings and the SARS outbreak.

Bidvest First for Foodservice has continued to perform satisfactorily and management believes that its market share of the core foodservice has increased slightly to over 20%. Apart from one large competitor, the industry is still highly fragmented with single-site, owner-operated businesses. There are three buying groups in Australia to which, with the exception of Bidvest First for Foodservice, almost all foodservice operators belong. These buying groups enable the smaller distributors to aggregate and leverage their buying power and ensure a competitive marketplace.

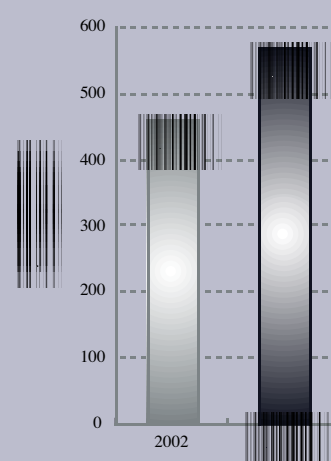
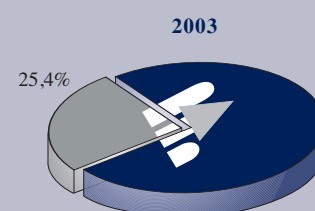
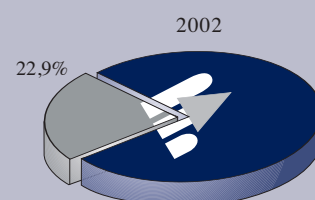
The online ordering and web-enabled customer interaction site, FindFoodFast, continued to gain momentum. Management believes that continued investment in technological change will provide market differentiation for Bidvest First for Foodservice and assist it in selling service rather than simply being the lowest price provider.

Bidvest plc's contribution to the Group

REVENUE



OPERATING INCOME





REVIEW OF OPERATIONS

(CONTINUED)

New Zealand

The New Zealand economy proved relatively resilient despite pressure from a slowing global market. The foodservice market grew at approximately 4% until the last quarter when the market dropped as a result of declining tourist numbers following the SARS outbreak in Asia. Without any hard statistical data it is estimated that market growth was approximately 2%. Tourist spend accounts for 39% of the New Zealand foodservice market. The SARS outbreak, which resulted in a dramatic fall in overseas tourist numbers, understandably had a severe impact on the industry.

There is an increasing demand from customers for a national supply service. Crean First for Foodservice with its geographical coverage, sophisticated information technology infrastructure and high service reputation successfully grew its national business and is well positioned to meet this ongoing demand.

Productivity is steadily improving and operational expenses are tightly controlled.

ACQUISITIONS AND DISPOSALS

3663 First for Foodservice completed the acquisition of Swithenbank, a fresh and chilled product distributor, with effect from February 28 2003. The acquisition forms an important part of the strategy to extend 3663 First for Foodservice's range of products and services to the foodservice marketplace. Swithenbank is currently loss-making and is not expected to improve its financial performance in the coming year. Management is focused on maintaining stringent cost

controls and increasing revenues. 3663 First for Foodservice continues to look for further acquisitions in the United Kingdom.

Bidvest First for Foodservice continued its geographical expansion and a number of acquisitions were made including a small distributor in Perth, providing a springboard into the West Australian market, and Macmont Hospitality Supplies, which supplies a broad range of foodservice products to the catering industry in South Australia and Victoria.

In order to focus on the division's core competency of foodservice distribution, it was decided to sell the primarily retail focused Darwin business back to the vendors of John Lewis.

In March 2003, Crean First for Foodservice purchased Table Talk, located in Whangarei on the North Island, to enhance its national distribution network.

FINANCIAL REVIEW

Revenue increased by 7,2% to £1,4 billion (2002: £1,3 billion).

Operating income at £39.9 million (2002: £31,7 million) increased by 25,8% reflecting strong organic growth from all the divisions.

Headline earnings increased by 20,8% to £27,8 million (2002: £23,0 million) and attributable income increased by 28,0% to £26,6 million (2002: £20,8 million).

Cash generated by operations decreased by 14,2% to £50,1 million (2002: £58,5 million). Net cash inflow for the year was £11,0 million (2002: £8,3 million).

Driven by the strong earnings performance, shareholders' interest increased to £127,1 million (2002: £105,2 million) and the net asset value per share increased by 20.3% to 64,42 pence per share (2002: 53,56 pence per share).

Total dividends per share of 4,45 pence per share (2002: 3,60 pence per share), which represents a 23.6% increase, have been declared for the year.

STRATEGIC REVIEW

Bidvest plc intends to continue to profitably increase its share of the foodservice market in the regions in which it operates, through organic and acquisitive growth.



3663 First for Foodservice intends to continue its move into the provision of complementary services, such as client purchasing and menu development, which have the potential to generate new income streams within the existing and potential customer base.

Bidvest First for Foodservice's strategic goal remains to entrench its position as Australia's leading, broadline foodservice products distributor by providing high service levels, thereby becoming the foodservice supplier of choice to the leisure, hospitality and related markets.

Crean First for Foodservice's strategy is to lead the market in service and become a comprehensive, broadline distributor offering foodservice customers a full basket of products throughout New Zealand.

PROSPECTS

Bidvest plc's strategic patience, by not forcing the pace of acquisitions, has paid off in that the current difficult trading conditions have created numerous opportunities.

Bidvest plc's divisions intend to continue to win the foodservice business that yields the required levels of return by emphasising the quality and range of services provided as well as excellent value for money. Focus will be on maximising sales to existing and new customers and enhancing margins, wherever possible.

3663 First for Foodservice's depot modernisation programme will continue, hopefully at a quicker pace, in order to ensure customers continue to enjoy an efficient service and permit 3663 First for Foodservice to achieve its growth objectives.

Management is confident of a continued improvement in performance as Bidvest First for Foodservice consolidates and enhances its national presence and position in the industry, and continues to focus on margin and efficiency improvement.

Crean First for Foodservice will continue to profitably increase market share. The division's market leading, national distribution service offering stands it in good stead to win new contracts in the coming year. Organic growth will be complemented by strategic acquisitions.

Management will build on the achievements to date and continue to improve performance and enhance shareholder value. Bidvest plc is confident of another satisfactory performance in the coming year.





Colin Kretzmann
Chairman

REVIEW OF OPERATIONS

(CONTINUED)

*Caterplus' strategy
is to enhance its
position by growing
market share and
selling customers
an expanded basket
of products*

Caterplus

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

Caterplus recorded pleasing results with operating income meeting management expectations and the managing of assets being very well controlled.

In the first half of the financial year the declining exchange rate gave rise to significant food inflation. At the same time the country experienced a vast improvement in the numbers of domestic and foreign tourists, which boosted the resort, hotel and restaurant sectors of the hospitality market.

In the second half of the period the strengthening rand gave rise to a sharp decline in food prices as well as a slow down in the number of foreign tourists visiting South Africa.

Many national customers continue to consolidate their procurement discipline with the result that in order to maintain market share, margins to these customers are continually under pressure.

Catering Supplies

The Catering Supplies division is the leading, national foodservice distributor of dry groceries and consumables in South Africa, with eighteen business units strategically located around the country. These business units are managed on a totally decentralised basis by highly skilled and entrepreneurial management teams and operate under a number of different trade names.

The division experienced strong trading conditions in the first half of the year, primarily driven by increased inbound tourism and high inflation. The decline in food prices of many of the key food items during the second half of the year had the effect of slowing the profit growth. The division has again recorded a vastly improved performance for the year together with an increase in return on funds employed.

Heavy emphasis was placed on service quality and the eighteen operations have also improved on their economies of scale, selling a



bigger basket of goods. Stock and debtors were strictly controlled and expenses were well managed.

Frozen Foods

The Frozen Foods division is the leading foodservice distributor of frozen and chilled food products in southern Africa, with twelve strategically situated business units. The Frozen Foods division operates under the two national trade names of Seaworld and Blue Marine, as well as East Cape Foods in the Eastern Cape, Caterplus in Botswana and Blue Marine in Namibia.

The division achieved organic market growth in an industry that remained highly competitive with numerous niche competitors entering the market, driving margins down. In addition the war in Iraq and the SARS outbreak had a negative effect on tourism during the second half of the year, a situation that was exacerbated by the strengthening of the rand and the resultant deflationary forces in the industry.

The division continues its efforts to sell a bigger 'basket' of products to clients and a number of new snack lines as well as the division's own "For the Table" brand butter was launched. The cold store capacity in Blue Marine Namibia was extended and various other operational improvements are ongoing.

Speciality

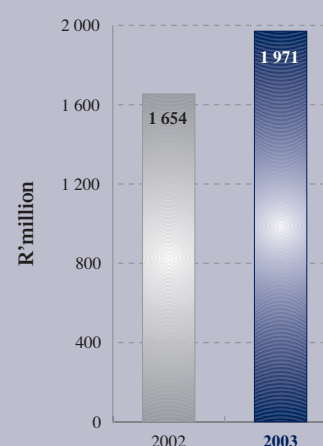
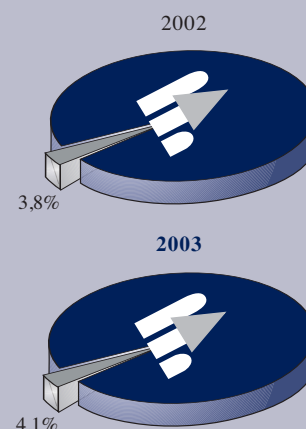
Patleys markets, distributes and sells international and local branded speciality food products to the retail, wholesale and industrial markets in South Africa. Its customer base is made up of the major chains, cash-and-carry's and speciality wholesalers.

The retail industry has been very flat. There has, however, been a number of new store openings as well as store revamps across all three major chain groups, which has helped the division's performance.

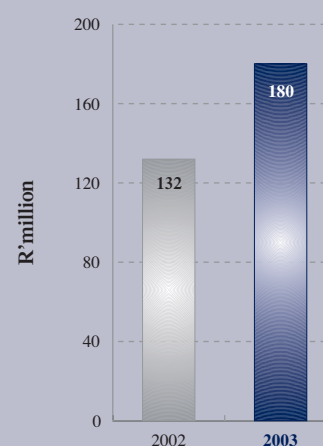
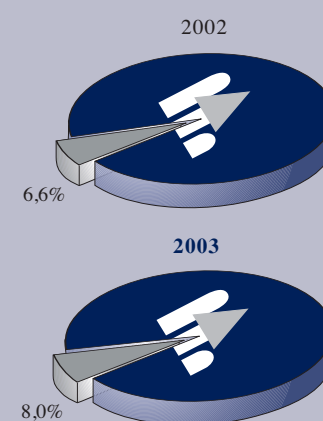
The rand's rapid appreciation in value resulted in margin pressure as it is Patleys' policy to take forward cover on all imports. Control of stock levels under these circumstances received special attention. However, the stabilising of the rand at current levels will be beneficial in the medium to long term.

Caterplus' contribution to the Group

REVENUE



OPERATING INCOME





REVIEW OF OPERATIONS

(CONTINUED)

Investments were made in above-the-line advertising for the Goldcrest brand, which will culminate with the launch of a TV campaign later in the year. A number of new products were launched under Goldcrest in line with the objective to maintain Goldcrest's position as the number one brand in the special occasion segment.

Both the Durban and Port Elizabeth operations moved into new premises making them far more efficient and giving them room for growth. Cost-saving initiatives are an ongoing exercise to maintain Patleys' position as a low cost distributor without compromising customer service.

Catering Equipment

Vulcan-Caars, which celebrated its fiftieth anniversary, consolidated its position as market leader in the kitchen and catering equipment sector of the hospitality industry. Vulcan-Caars initiated successful focused sales and marketing programmes in its core market sectors, hotels, restaurants, industrial and commercial canteens, fast-food franchises, government and parastatal institutions.

Vulcan-Caars produced exceptional growth in operating profit and its results were well above budget and expectations. The improved performance resulted in excellent cash flows and a higher return on funds employed. Sales budgets were exceeded and the division generated organic sales growth, increasing market share in a difficult and cyclical market. Good margin management, together

with growth in gross profit revenues, saw marginal income converted to operating income. There was a further reduction in manufacturing and distribution expenses as Vulcan-Caars benefited from the structural improvements implemented in previous periods.

The division generated healthy growth in exports, notwithstanding the impact of the strong rand.

Vulcan-Caars has an efficient research and development department, which refined and improved the quality of its locally manufactured product range and developed new products. The division manufactures and/or distributes products under licence on behalf of world leading international principals with whom it has a strong relationship.

FINANCIAL REVIEW

Caterplus' revenue increased by 19,2% to R2,0 billion (2002: R1,7 billion) and operating income increased by 35,7% to R179,8 million (2002: R132,5 million). The division's return on average funds employed was 123,8% (2002: 83,4%).

STRATEGIC REVIEW

Caterplus' strategy is to enhance its position by growing market share and selling customers an expanded basket of products.

In order to protect its market position, the division will continue its training initiatives to maintain high service levels, which competitors find difficult to replicate.

Opportunities to invest in foodservice products, which Caterplus does not currently provide, will be investigated and pursued.

POST-BALANCE SHEET EVENTS

Patleys has over the last few years distributed a wide range of house brand products to the major retailers in South Africa. This activity is not core to Patleys' activities and this distribution arrangement will cease in September 2003.



PROSPECTS

South Africa is perceived internationally as an attractive tourist destination and the South African tourism authorities are proactively attracting foreigners to the country. There are presently moves afoot by government authorities to further promote the country as an all year tourist destination and such efforts can only bode well for the division.

Caterplus will upgrade and improve its present computer systems to a uniform computer system in the coming year. This upgrade should afford even greater market information and penetration of the market.

Vulcan-Caars has initiated a new dynamic, focused sales and marketing plan and has accordingly budgeted sales and profit growth for the 2004 year. The division is well structured and poised to maximise its opportunities.





Colin Kretzmann
Chairman

REVIEW OF OPERATIONS (CONTINUED)

Combined Foods

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

NCP Yeast

Two suppliers and a few small importers service the yeast requirement in South Africa. NCP Yeast supplies the baking industry (plant bakeries, independents and in-store bakeries), the brewing industry (sorghum and beer powder manufacturers) and the home baking and consumer brewing industry through cash-and-carry outlets, chain stores and the informal sector such as spazas, bucket shops and small retailers. NCP Yeast also services some speciality industries, albeit in small volumes.

Trading conditions in the baking products division remained extremely tough. However, NCP maintained its market share despite the closure of a number of small bakeries. The consumer products division experienced sluggish conditions in a market that continues to decline by approximately 12% per annum. NCP rationalised the Active Dried Yeast product range, but management is confident that NCP's other products will absorb this capacity. The brewing side of NCP's business showed slight growth, mainly as a result of the discontinuation by certain customers of imported products. Exports into Africa have not yielded adequate margins and NCP has curtailed these operations and only services a few selected customers where the returns are satisfactory.

Dramatic exchange rate fluctuations resulted in high price increases for raw materials, which had an inflationary effect on consumer prices.

Problems such as HIV/AIDS and unemployment continue to pose a threat to the industry.

NCP reported improved results and returns for the year.

Combined Foods' strategy is to enhance its position and improve its market share through new product development

Chipkins Bakery Supplies

Chipkins Bakery Supplies maintained its market share in a market that experienced flat volumes. The baking industry saw further rationalisation with plant bakery closures, which has reduced the division's baking ingredient volumes. This has in turn led to extreme margin pressure as competition for market share in this declining market has led to aggressive trading by the division's competitors who instituted excessive discounting. The situation was further exacerbated by the volatility of the rand/euro exchange rate relating to the higher cost of imported goods.

All branches implemented wide spread cost savings, particularly in Johannesburg where a major restructuring and significant cost reductions took place.

The division remains very profitable and continues to generate acceptable returns.

Crown National

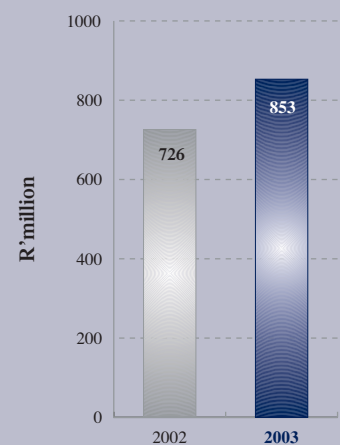
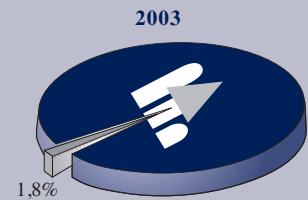
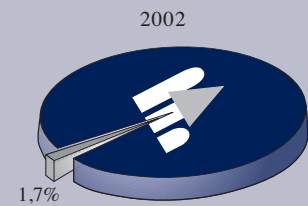
A severe shortage of red meat toward the end of 2002 resulted in significantly higher prices, which in turn saw a decline in the demand for fresh red meat products and an increased demand for processed, value added and poultry products. Crown has taken advantage of this change in consumption patterns, by focusing on its ability to meet the requirements of these targeted food processes.

Through innovative product development and quick reaction time to changing market needs, Crown National was able to provide the industry with unique solutions, which resulted in more affordable consumer options. During the year this innovative approach of introducing new products to a more widely defined market has reaped its benefits.

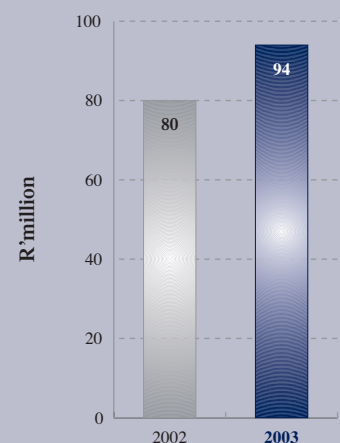
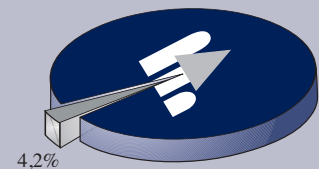
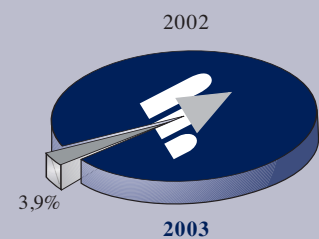
The demand for ingredients in the non-meat market segment remained buoyant.

Combined Foods' contribution to the Group

REVENUE



OPERATING INCOME





REVIEW OF OPERATIONS

(CONTINUED)

*Innovation and
service excellence
will continue to
impact beneficially
on future results*

Crown National's planned establishment of "Spice World" outlets in various strategic centres progressed according to schedule.

Crown National attributes its continued success largely to its core of dedicated, loyal, experienced and committed staff. This commitment has led to a significant improvement in profitability for the year.

FINANCIAL REVIEW

Combined Foods' revenue increased by 17,4% to R852,7 million (2002: R726,1 million) and operating income increased by 18,4% to R94,2 million (2002: R79,6 million). The division's return on average funds employed was 67,0% (2002: 60,7%).

STRATEGIC REVIEW

Combined Foods' strategy is to enhance its position and improve its market share through new product development. All divisions will focus on being innovative in their approach to introducing new products to the marketplace.

The bakery, food processing and consumer goods markets provide the division with many opportunities to expand its product offering.

PROSPECTS

Crown National's manufacturing facilities will be consolidated in a new state-of-the-art factory in Cape Town in September 2003. The new factory contains the latest in equipment, manufacturing technology and HACCP compliant food safety procedures. It also incorporates world-class product design and training facilities that, together with the benefits of economy of scale, will undoubtedly give Crown an even more pronounced technical advantage.



Crown's management is confident that the attention paid to innovation and service excellence will continue to impact beneficially on future results.

The bakery division is investigating the opportunity of including new product lines into a more widely defined market. This investigation, which is currently being conducted, is supported by developments in international markets and will present new and exciting opportunities, should the project materialise favourably. It is also anticipated that there will be margin improvements in the existing core business units.





The Commercial Products
Division

THE BIDVEST GROUP LIMITED

REVIEW OF OPERATIONS

The Commercial Products Division

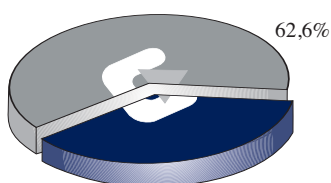
The Commercial Products Division comprises Bidoffice, Bidpac and Voltex, which are focused on the manufacture and distribution of commercial products and are leaders in their fields of expertise.

Bidvest's business model encompasses influence over distribution channels and the route for products to the market. Each of Bidoffice, Bidpac and Voltex is a major distributor in its market.

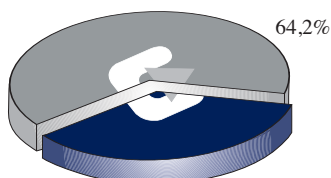
CONTRIBUTION TO THE COMMERCIAL PRODUCTS DIVISION – 2003

BIDOFFICE

Revenue



Operating income

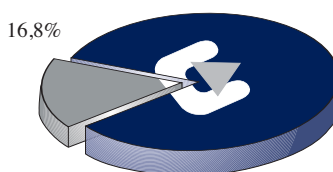


BIDPAC

Revenue



Operating income

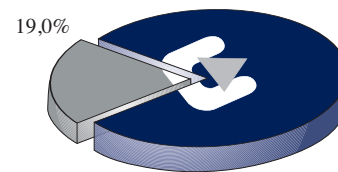


VOLTEX

Revenue

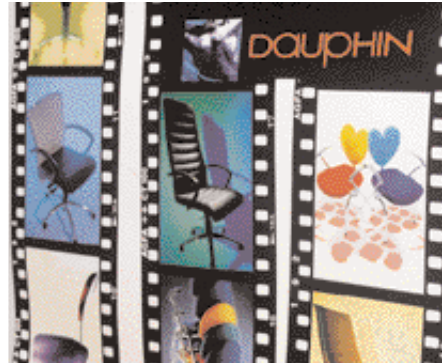
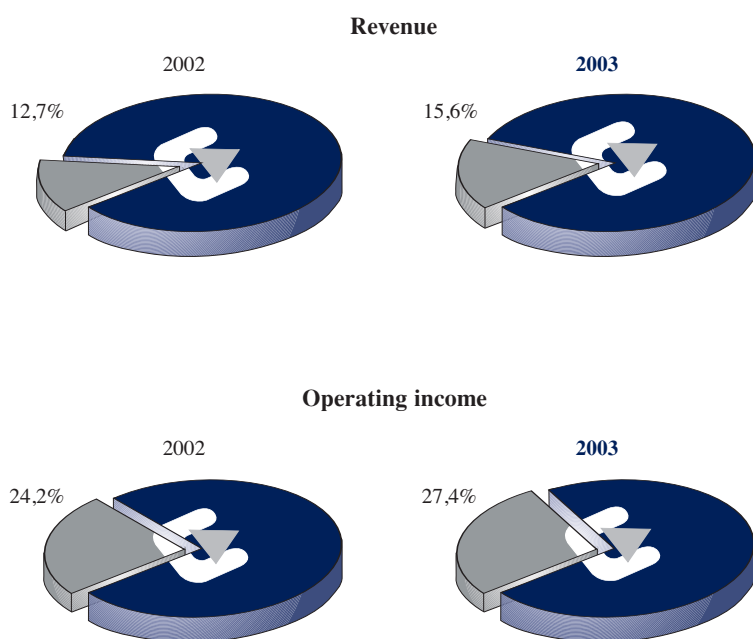


Operating income



	2003	2002
SEGMENTAL ANALYSIS (R'000)		
Revenue	7 584 909	5 500 712
Operating income	613 342	487 675
Depreciation	129 562	109 964
Capital expenditure	222 273	171 343
Funds employed	1 772 828	1 568 809
Employee benefits and remuneration	1 202 386	800 405
RATIOS AND STATISTICS		
Return on average funds employed (%)	36,7	37,9
Operating income margin (%)	8,1	8,9
Number of employees	11 205	10 261

THE COMMERCIAL PRODUCTS DIVISION'S CONTRIBUTION TO THE GROUP





Len Chimes
Chairman

REVIEW OF OPERATIONS (CONTINUED)

*New complementary
products and
businesses form part
of the future strategy
to leverage off
the established
customer base*

Bidoffice

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

Stationery

The Stationery division once again performed above expectation, delivering solid returns and generating significant cash, despite pressure on the revenue line as a result of the strengthening rand.

In particular, Waltons' performance was most pleasing in that their asset management as well as operating income significantly outperformed budget.

As anticipated, Kolok could not sustain the growth of the previous years, but still delivered more than acceptable results in a particularly difficult trading environment.

Contract Office Products

The Contract group offers an effective one-stop office supply solution to large corporates, government and industry. Its fully diversified inventory, together with efficient management, ensures commitment to high levels of service, competitive pricing and fast turnaround times.

A number of large tender accounts continue to be won and maintained, proving Contract's effectiveness in its niche market. Successful penetration into the smaller corporate market has also been achieved and further expansion into this market is planned for the short term. Contract delivered pleasing results through improved margin management.

Kolok

Kolok operates in the printer consumables and data storage distribution industry, distributing leading brands such as Hewlett Packard, Epson, Canon, Lexmark, Sony, Verbatim, Dysan, Avery and Pelikan. The product range includes toner and ink cartridges, CD's, storage tapes, speciality paper and printer and thermal ribbons. Kolok offers customers access to the widest range of related products under one roof in southern Africa and



services customers on a national basis with branches located in Johannesburg, Cape Town, Durban and Namibia.

The strengthening rand and price decreases from suppliers impacted negatively on revenues, but through efficiency improvements and a change in the product mix towards higher margin yielding products, Kolok delivered the anticipated returns.

Kolok plans to expand its operations into Angola, a potentially lucrative market.

Kolok Africa

Kolok Africa is a niched manufacturing business, converting ribbons and coated sheets for the printing industry. Its main activity is the conversion of thermal ribbons from jumbo rolls for use in the bar code printing industry, which accounts for 65% of its revenue.

Kolok Africa is the only local operation currently preparing carbon-coated films, supplying both the local and international market.

Statmark

Statmark is an exclusive distributor of top-quality branded stationery and office products throughout southern Africa. All product is distributed and marketed through re-sellers such as Waltons, Contract and other stationers.

As an importer of product from globally significant principals, the strengthening rand created volatile market conditions for Statmark. Furthermore, a host of cheap imports flooded the market.

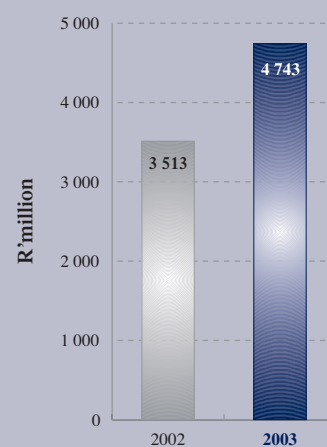
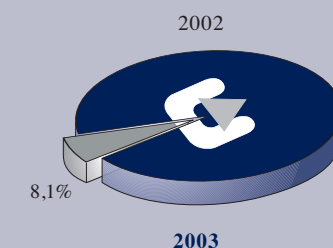
The consolidation of the product basket and the strength of Statmark's brands, such as Stabilo and Helix, backed by targeted marketing campaigns, helped to maintain and in some instances improve market share.

Waltons Stationery Company (incorporating SA Diaries, Hortors and Atomic)

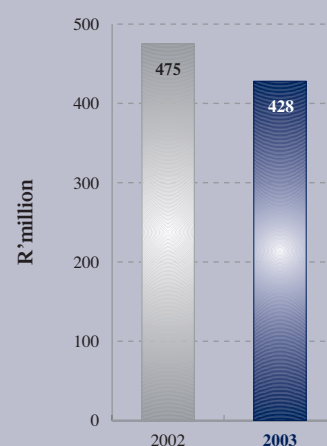
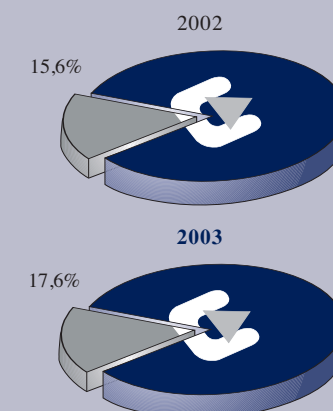
Waltons Stationery operates in the commercial stationery and office product market and also supplies related products such as computer consumables, office furniture and a comprehensive range of school

Bidoffice's contribution to the Group

REVENUE



OPERATING INCOME





REVIEW OF OPERATIONS

(CONTINUED)

supplies. A large number of “direct” stores also offer the customer an opportunity to shop in a retail environment on a national basis.

The commercial office products supply and distribution industry deals on a broad spectrum across all sectors of the economic market. The South African office supplies industry remains highly fragmented, with Waltons being the only truly national player with a distribution network established in all provinces and in Namibia.

The office product market is sensitive to exchange rate fluctuations, especially in the field of computer consumables and a wide range of sundry stationery items. This resulted in price decreases towards the end of the financial year due to the strengthening of the rand. Although this deflationary effect had an impact on profitability it was countered by gaining market share as a result of dedicated and successful marketing campaigns. Waltons concentrated on building on its existing infrastructure by creating a uniform identity, standardising colour schemes and shop layouts in its Waltons Direct Stores.

Operating activities were expanded through the opening of strategically situated branches in South Africa and Namibia. Waltons also concentrated on extending the full range of products to the existing customer base after having identified the current buying patterns.

The division focused on marketing select own, house-branded products under the name ‘PRIMELINE’ to create brand awareness.

A concerted effort was made to standardise product ranges and to promote computer consumables, office furniture and cut paper. The ‘Back to School’ campaign was once again highly successful.

E-commerce remains a core focus of Waltons, with solutions being offered on WOW (a catalogue-based, offline electronic ordering system using e-mail), mymarket.com and Waltons’ own in-house electronic shopping facility (www.waltons.co.za).

Waltons delivered strong results reflecting real growth in all regions.

Printing and Related

The Printing and Related division delivered an outstanding performance as evidenced by all key indicators. The Paragon Business Communications business was fully and successfully integrated into the Lithotech operation. Reasonable trading conditions combined with improved efficiencies yielded excellent returns and substantial cash generation. In addition, operating assets were effectively managed.

The acquisition of Lithotech France required a significant investment in time and energy. Early signs are that this business should contribute positively.

Lithotech

Lithotech is a leading business forms printer. However, its focus is shifting to providing a business communication solution, which would encompass other forms of printing, electronics and logistical support for its extensive customer base.

Customer needs continue to evolve towards integrated solutions, incorporating the management of traditional paper products with an increased interest in electronic communication alternatives. Lithotech achieved growth in the newer offerings of laser and mailing services, label production and electronic bill presentment. The mature, traditional business forms market remains static.

The Paragon acquisition was settled with the rationalisation and consolidation of facilities. The benefits of reduced infrastructures began



to flow through, which balanced some of the costs of relocation and integration. The reduction in the number of physical sites has resulted in substantial cost savings at production and distribution operations.

The acquisition of a controlling interest in E-Mail Connection and 100% of Expressed Solutions expanded the electronic product offering. E-Mail Connection provides an efficient and secure mass billing Internet and e-mail service. Expressed Solutions has developed an application, which facilitates the scanning of traditional documents, allowing them to be archived and viewed later over a computer network.

Lithotech continues to grow its presence in Africa through its participation in large election and census projects and assisted with the Nigerian and Mozambican voter registration projects.

Lithotech's returns surpassed expectation which, together with effective asset management, resulted in substantial cash generation.

Lithotech France

By the end of the financial year, and less than twelve months since the acquisition, Lithotech France (formerly Danel) was significantly restructured with operational emphasis on regaining lost business. The employees are being redeployed with renewed motivation in the new structure.

The forms printing industry is mature throughout the world, but opportunities exist for rationalisation and the creation of low cost leading producers.

Lithotech South Africa is positioned to give input and advice on new product initiatives and diversification. Furthermore, numerous opportunities exist to exchange product and technologies between France and South Africa.

The bulk of the restructuring is complete and the focus is to regain business lost during the receivership period.

Office Automation

Satisfactory trading conditions and improved asset management did not yield the anticipated returns due to an increased incidence of bad debt and





REVIEW OF OPERATIONS (CONTINUED)

a further investment in information technology. Cash generation was, however, much improved.

With the acquisition of Océ Printing Systems, the division is favourably positioned for growth in the new financial year.

Minolta South Africa

Both the digital black and white and colour markets grew substantially as the market accepted digital and colour copiers as powerful business tools, evidenced by the 177% growth in digital colour copier sales.

Océ Printing Systems was acquired and integrated with Océ South Africa, which will in the future be reported separately.

The division continued to expand with the Johannesburg operations moving into new premises and a new branch planned for Nelspruit.

Several large contracts are currently out on tender and management is confident that the division's outsourcing solutions will continue to be met with positive response. Outsourcing has become a significant contributor, growing by 40%.

Office Furniture

The Office Furniture division greatly enhanced its contribution to Bidoffice. Where necessary the division rationalised in an attempt to further reduce costs and improve efficiencies. New and exciting products are being manufactured and distributed and a number of large accounts were secured.

Cecil Nurse (incorporating Budget Desks and Chairs)

Cecil Nurse boasts the largest warehouse of its kind in the southern hemisphere with free delivery and installation to all major centres within South Africa. The business provides assistance with space planning and colour co-ordination to ensure maximum user comfort and productivity.

Cecil Nurse concentrated its efforts on ex-stock supplied goods, thereby increasing revenues and achieving a 20% improvement in market share. The new catalogue, with exciting office products focusing on workplace solutions, also contributed to the performance. Clients are offered a larger choice of office furniture solutions, which has also resulted in an expansion in the customer base.

A number of new products were launched in conjunction with showroom launches in Johannesburg, Cape Town, Port Elizabeth and East London. A few of the less profitable branches are being repositioned, whilst expansion into Africa, as far north as Nigeria and Cameroon, remains a key prospect.

A major corporate identity project was undertaken. All branches are now trading as Cecil Nurse, all chairs and soft seating carry Cecil Nurse tags and all vehicles and buildings have new signage.

Dauphin Office Seating SA

Dauphin Office Seating SA manufactures ergonomic office seating under license to Dauphin GmbH in Germany, maintaining their strict international quality standards. Dauphin SA has been in operation for the last ten years and is recognised as a quality seating manufacturer and exclusive retailer.

Dauphin works directly with the specifier, architect and interior design market, as well as the corporate market. Dauphin is proud of the high quality of its product, its delivery and exceptional after sales service.

Dauphin SA was awarded a number of significant projects and recorded a pleasing performance. Having its own dedicated stand-alone production facility, the business has been able to control pricing to the market, which has been well received.

The Cape Town branch, established last year, is improving, but additional growth is still planned for this area. The production facility in Industria has not increased its capacity, nonetheless, with new planning techniques, capacity has improved.

Nuclear

Nuclear operates predominantly in the corporate office furniture market distributing laminated and veneered desking, storage furniture and office screens through Cecil Nurse and various office furniture brokers. Whilst a number of standard product ranges are distributed on a national basis, special requirements for office furniture are part of almost every large contract as designers and specifiers continuously look for new innovations and differentiation.

The industry is becoming increasingly design orientated with the result that most projects require specific designs rather than a standard range of furniture. Generally, product life cycles are shortening, which places pressure on the manufacturers. Nuclear, with its outstanding design facility, has a clear competitive advantage.

Nuclear experienced a considerable improvement during the first three quarters of the financial year with a substantial increase in revenue compared to budget. However, the final quarter saw a dramatic decline in available contracts in the corporate desking market.

The division secured a number of significant contracts, although margins remain under tremendous pressure due to overcapacity in the industry.

Nuclear continues to rationalise its factory and has begun implementing a new layout, which will increase capacity for executive furniture.

Pago Designs

Pago supplied seating for the Johannesburg, Cape Town and Port Elizabeth airports and has seen increased interest from other airports.

Products are made from only the best raw materials, which translates to high input costs. However, new frame making equipment has been





REVIEW OF OPERATIONS

(CONTINUED)

commissioned and will result in cost reduction and increased efficiencies.

Pago has started to use local designers to design new products, which have so far attracted much attention.

With effect from July 1 2003, Seating assumed management control of Pago. The brand and product range remain unchanged.

Seating

Seating is currently the largest manufacturer of office chairs in Africa with a production capacity of over 1 500 units per day.

Seating managed to increase its turnover through intergroup support and organic growth within the local market. Due to the uncertainty in Africa, exports remained static.

Automation has contributed significantly towards reducing labour costs. The Johannesburg factory was rationalised and the majority of production is now being done at the Queenstown factory.

Despite high retrenchment costs and an increase in revenue, expenses have remained static. The implementation of an incentivised “cost-cutting” programme, in various areas of overhead expenses, has produced great results.

Seating is well positioned for growth in the new financial year.

Offurn Clearance House

With the acquisition of an additional 10% of Offurn, Bidvest now consolidates its 60% shareholding. Offurn is a Gauteng-based retailer of predominantly new office furniture to the middle to lower segment of the market, servicing commercial customers.

Buoyant trade returned pleasing results.

Stenochair

Stenochair, 50% held by Bidvest, manufactures and distributes office seating in the United Kingdom. The year was characterised by tough trading conditions in the United Kingdom and Europe.

FINANCIAL REVIEW

Bidoffice’s revenue increased by 35,0% to R4,7 billion (2002: R3,5 billion) and operating income increased by 25,5% to R393,8 million (2002: R313,7 million). The division’s return on average funds employed was 40,3% (2002: 39,2%).

STRATEGIC REVIEW

Bidoffice continues to lead in its industry sectors. New complementary products and businesses form part of the future strategy to leverage off the established customer base.

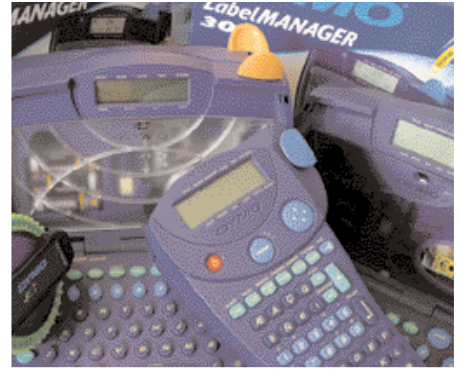
Bidoffice is actively promoting employment equity and skills development throughout the division as real empowerment plays an ever increasing role in tender processes. Bidvest’s BEE initiative will also be maximised.

With the acceptance of Bidvest as an empowered group, substantial additional business should be secured at the corporate, government and quasi-government level. Bidoffice will be actively and aggressively pursuing these opportunities.



PROSPECTS

Bidoffice is looking for opportunities to expand its current business model and is also considering various expansion projects into Africa. This includes the addition of new products and services to the range as well as complementary businesses.





Alan Salomon
Chairman

THE BIDVEST GROUP LIMITED

REVIEW OF OPERATIONS (CONTINUED)

Bidpac

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

Bidpac produced pleasing results in a difficult and volatile market increasing operating income by 22,5%. Improved profitability and excellent asset management resulted in strong, positive cash flows and a substantial improvement on the return on funds employed.

Bidpac's businesses, which encompass manufacturing and distribution, traded in a volatile environment. The six-month period July to December 2002 was characterised by strong manufacturing growth supported by selling price inflation. However, after an exceptional eighteen-month growth period, the scenario changed significantly in the second half with a distinct slow-down in manufacturing volume output as the market started a programme of de-stocking, which led to increased manufacturing capacity and greater competitor activity.

High interest rates and the strong rand put pressure on domestic sales and the slow-down in export sales was stronger than expected. The decline in domestic sales and reduced demand from South African export-driven customers impacted on the economies of scale and overhead recoveries in production. The strong currency contributed to a rapid reversal of high selling price increases. Trading was made difficult as, along with falling unit selling prices, Bidpac had to contend with cost push expense inflation, which the division kept below the current inflation rate.

The benefits and success of the import replacement programme initiated in the early part of calendar 2002 was affected by the strengthening of the rand, which resulted in cheaper imported products. Local raw material suppliers, who were reluctant to reduce their so-called import parity prices to local manufacturers, exacerbated the situation.

*Bidpac's strategies
include innovative new
product development
within its core product
range and the supply
of synergistic products
to the markets that it
currently serves*



Bidpac is an important supplier of imported capital equipment systems, supported by locally produced consumables manufactured under licence to overseas principals. The strong rand has helped the growth of capital equipment sales as manufacturers saw a lower cost opportunity to recapitalise their plant in anticipation of the next recovery cycle in the manufacturing sector.

Bidpac's operations are low cost producers and distributors of a diverse range of products. The division has shown its resilience in tough economic environments and proved its ability to adapt quickly to change, maximising its position in upturning markets and minimising its downside.

Bidpac benchmarks its product quality against its overseas principals. Numerous productivity and efficiency initiatives were developed and the division now produces better quality products than ever before, which is significant for the future of Bidpac's export initiative.

Further improvements in customer service were implemented and Bidpac was acknowledged by its industry with a number of awards for service excellence.

Bidpac's businesses are well managed and governed and they continue to meet or exceed the key measuring criteria set by its executives.

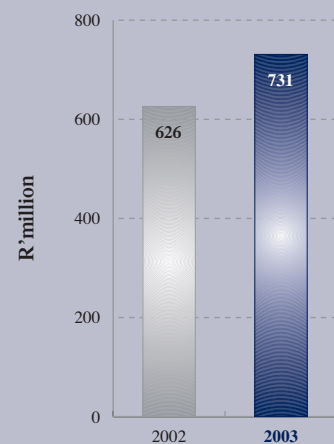
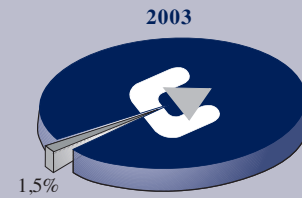
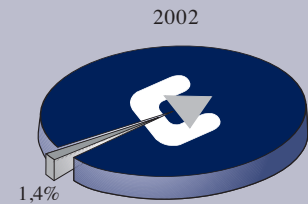
Packaging Closure

The Packaging Closure division, which includes synergistic fastener products, comprises Afcom GE Hudson, Buffalo Executape and Ramset.

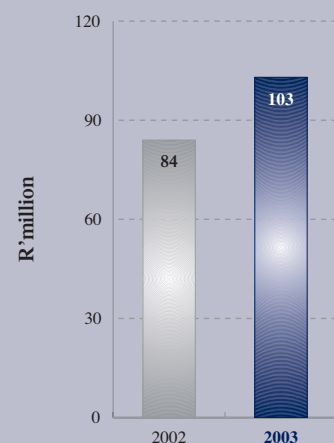
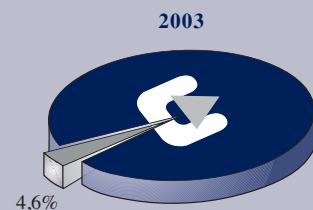
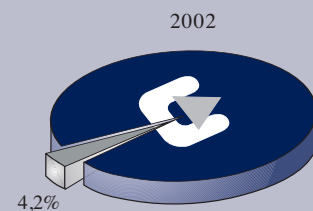
Revenue and operating income increased through focused sales programmes and stringent control of gross profit margins. Despite aggressive competition these businesses maintained market share by consolidating their position within existing customers and growing the customer base through new accounts. The division has redefined its marketing department to create future sales growth in core markets.

Bidpac's contribution to the Group

REVENUE



OPERATING INCOME





REVIEW OF OPERATIONS

(CONTINUED)

*Bidpac continues
to develop
new markets*

One of the division's key market sectors are export-led customers who reduced their purchase requirements as a result of their declining competitiveness in the generally slower global markets. Management believes that exports will recover and grow in the short term.

Manufacturing volumes came under pressure in the second half of the year and yet, through stringent expense management and production planning, the division was able to generate positive overhead recoveries in their factories.

Afcom-GE Hudson (incorporating Ramset)

Afcom-GE Hudson produced good results through effective margin management and tight expense controls. The upgrade of the existing plant and the purchase of new equipment created opportunities for locally produced, import substitution alternatives and this initiative yielded positive results. Afcom-GE Hudson's main product divisions: strapping; tape; nailing and stapling; stretch film and general packaging closures all performed well. The division maintained its strong market position and enhanced its well-known brands: Signode; Paslode; Senco; Rapid and Sellotape.

Afcom-GE Hudson differentiates itself through its total, integrated systems approach in its selling strategies. This entails the design, development, installation and servicing of state-of-the-art equipment technology to meet each customer's unique "end of the production line" packaging and fastening needs, supported by quality, locally produced and imported consumables.

Afcom-GE Hudson further developed its relationship with its overseas principals who are leaders in their respective fields in the global market. These long-standing associations and their technological support give Afcom-GE Hudson a technological and strategic edge over its competitors who are primarily generic providers of consumable product.

New product development is key to future growth within Afcom-GE Hudson and exciting new initiatives are currently in the pipeline for the year ahead.



Expense management was good and well below the current inflation rate. Asset management was excellent, which resulted in strong, positive cash flows and a significant improvement on the return on funds employed.

Buffalo Executape

Buffalo Executape is a leading manufacturer and converter of self-adhesive tapes, primarily in the fields of packaging, speciality and retail products. Buffalo Executape is the lowest cost player in its industry, which has allowed it to be more competitive and profitable. The business had another exceptional year, with operating income, cash flows and return on funds employed substantially higher than last year's high base.

The division prides itself on distributing leading brands such as Sellotape, Tesa, Nashua, Sontape and Scapa to the market. For the fifth year in a row, the division generated significant organic volume growth and measurably increased its market share.

This was made possible through aggressive sales programmes and the ability to manufacture standard and custom-made products, meeting customers' service expectations in a short time frame. Buffalo Executape, a Johannesburg-based operation, enjoyed volume growth through its involvement in the nationwide distribution network of Afcom-GE Hudson.

Buffalo Executape has launched many new products and is planning exciting product innovations.

Stationery Products

Silveray Stationery Company

The Stationery Products division, comprising Silveray Stationery Company, produced excellent results off a high base last year. High sales growth, coupled with good expense management allowed Silveray to convert marginal income into operating income through





REVIEW OF OPERATIONS

(CONTINUED)

economies of scale in both manufacturing and distribution. Silveray operates in a growing stationery sector made up of the general retail market and specialist stationery trade customers. Management anticipates this growth trend to continue.

Silveray manufactures and distributes a wide range of paper-based stationery products and its market share grew measurably. Silveray's market share for its core range of paper converted products under the Croxley brand grew as demand increased for key products, such as examination pads, files, envelopes and scholastic stationery. Silveray also distributes branded stationery sundry products like pencils, pens, punches, staplers, rubber bands and adhesive tapes, which also improved through aggressive sales and marketing initiatives.

Silveray's profile brands Croxley, Sellotape, Rapid, Penguin and Pelican gained market share as the market continued to shift to leading branded merchandise.

The Croxley brand was established in South Africa in 1893 by the John Dickinson Company, which later became the Silveray Stationery Company. Croxley has been part of South African history for 110 years and Silveray is currently initiating a dynamic and aggressive advertising campaign, promoting the Croxley brand and celebrating its heritage.

Silveray generated sustained profit growth for the past six years and is well positioned to

maximise its position and market share in a growing market in the 2004 financial year.

Silveray's innovation in the developing of new manufactured and/or outsourced products has increased demand for its wide range from its large customer base.

Improved manufacturing efficiencies, reduced scrap and well controlled expense management contributed to Silveray's improved competitiveness and excellent profit results.

Silveray's export initiative was influenced by the strong rand and yet exports continued to grow, mainly on the African continent.

The division's excellent cash flows will be utilised prudently to modernise Silveray's manufacturing plant to allow for future growth.

FINANCIAL REVIEW

Bidpac's revenues increased by 16,8% to R730,6 million (2002: R625,5 million) and operating income by 22,5% to R103,1 million (2002: R84,1 million). The division's return on average funds employed was 35,8% (2002: 30,3%).

STRATEGIC REVIEW

Over the years Bidpac's strategies, which include innovative new product development within its core product range and the supply of synergistic products to the markets that it currently serves, have proved correct and the division plans to follow a similar winning formula in the new year. Bidpac has the added advantage of applying the strategies and direction of its overseas principals.

Bidpac has a definitive low cost culture and currently has capacity, both in manufacturing and distribution, to generate growth in sales and profit with a minimal expansionary cost. The division has a well-balanced infrastructure and plans to drive its sales programmes, converting



marginal gross profit income into operating income. In this regard, specific markets are being targeted, supported by focused advertising and promotional campaigns.

PROSPECTS

Bidpac has a proven track record of producing good results in difficult environments. At present there is an element of uncertainty in some of the sectors in which the division operates. However, Bidpac has budgeted for organic growth for the 2004 financial year.

Bidpac continues to develop new product ranges to supplement its current, well established products in order to create further critical mass and economies of scale, both in manufacturing and distribution.

Bidpac, which is a substantial cash generator, continues to develop new markets, which will contribute to sustained corporate growth.





Myron Berzack
Chairman

THE BIDVEST GROUP LIMITED

REVIEW OF OPERATIONS (CONTINUED)

*Voltex recognises
that customer service
and satisfaction
are of paramount
importance*

Voltex

MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

Voltex is primarily focused on the distribution of a broad spectrum of electrical products used in the industrial, reticulation, domestic and general electrical markets through its national distribution network, consisting of 79 branches.

Sanlic International is the division's security product distributor with five branches situated in the major cities of South Africa.

Berzack Brothers, a distributor of industrial and domestic sewing and embroidery machines as well as a range of leading domestic appliances, operates from eight outlets in South Africa, four in the United Kingdom and one in Morocco.

Voltex experienced buoyant trading conditions to the end of December 2002 as a result of the renewed business confidence and the weaker rand, which encouraged foreign investment and capital expenditure.

Government's commitment to housing projects gained momentum and further contributed to the division's performance.

The second half of the financial year was a period of consolidation as the rand strengthened against most major currencies. Cheaper imports became prevalent and facilitated the re-emergence of smaller wholesalers whose price-cutting put margins under pressure.

Voltex has the ability to trade effectively as evidenced during the volatile second half of the year. A strategic, but subtle, change in direction was identified in the industrial market and this objective was pursued with vigour. All projects undertaken in South Africa and neighbouring territories have been identified and targeted based on the division's ability to provide exclusive product and exceptional service to all sectors of South Africa's economy. Voltex's traditional contractor base remains loyal in that product is available countrywide on a 24-hour basis.

The Voltex Electrical Distribution division

The division trades as Bellco Electrical, Club-bok Electrical, Crew Electrical, Electrification & Distribution Technologies, Electric Centre, Electrostar, Globe Electrical, H & T Electrical, Keens Electrical, Leonard & Co, Litecor Electrical and Voltex.



The customer base includes government and semi-government bodies, municipalities, mines, general industrial sectors, original equipment manufacturers, other resellers of electrical equipment and electrical contractors.

In addition to the supply of product, the division has become more solution orientated as an added service to our customers.

Voltex opened new outlets in Hazyview and Wetton and intends to open a branch in Lydenburg. Crew Electrical opened a branch in Salt River and the joint venture known as Voltex Steelpoort was terminated in April 2003.

Specialists

Voltex has a number of specialist branches, which supply both in-house branches and outside customers.

Atlas Cables and Association Cables

The cable market is the most competitive segment in the electrical wholesale industry. Rising copper and steel prices boosted the division's revenue in the first half of the year. The subsequent price stabilisation did not have a major impact as many manufacturers were reluctant to reduce prices. The strengthening rand has, however, enabled the importation of cheaper product.

Through careful stock control and sound buying practices, Atlas Cables and Association Cables ensured that the full spectrum of PVC cable was available at competitive prices.

It is the intention of management to further increase the division's share of the more specialised cable market, more specifically in the cross-link polyethylene and paper cable ranges.

Waco Industries

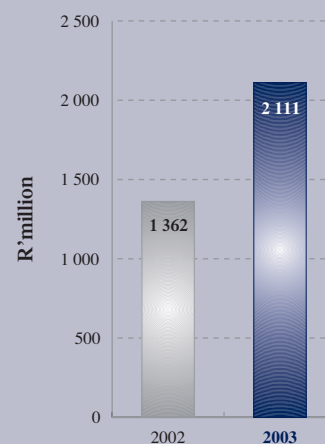
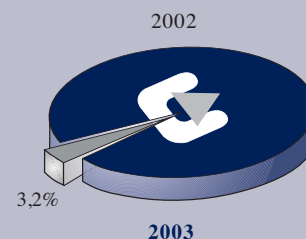
The Waco wholesaling arm has continued to introduce new and innovative products to the entire electrical industry. The focus remains on sourcing and distributing highly technical product for which the division offers technical assistance and training. Operations in Johannesburg, Cape Town, Durban and Port Elizabeth ensure a widespread exposure to the Waco basket of product.

Cabstrut

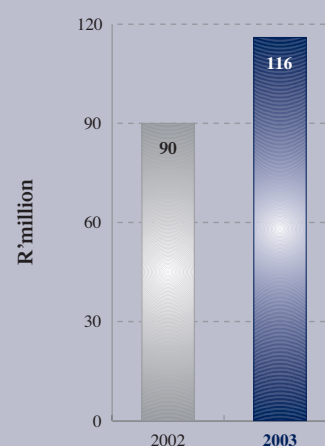
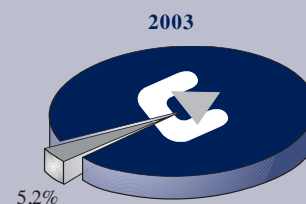
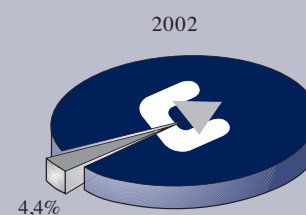
Cabstrut is Voltex's distributor of cable and reticulation management systems. The division has not lived up to its budget expectations as many

Voltex's contribution to the Group

REVENUE



OPERATING INCOME





REVIEW OF OPERATIONS

(CONTINUED)

projects originally planned for financial year 2003 were either delayed or postponed. In addition, the effect of an erratic steel price has caused margins to come under pressure. Proactive steps have been taken to ensure that Cabstrut is appropriately positioned to achieve an acceptable return on funds employed.

Sanlic

The repositioning of Sanlic in its core market has yielded pleasing results. A full reengineering of the Sanlic stockholding and service levels was undertaken in 2002 and has enabled Sanlic to trade more effectively with an acceptable return on assets employed. Sanlic is set to continue contributing positively to Voltex's earnings.

Voltex Lighting

Voltex Lighting has re-established the Lascon brand of luminaires in the project market. Through its technical and design capabilities the division has become renowned in the area of energy saving management, thus offering a comprehensive and cost effective solution to all lighting applications. In line with increased demand, it is envisaged that a restructuring of the business will take place to consolidate Voltex's total lighting operations.

Voltex Transmission and Distribution (T&D)

The reticulation market in which T&D operates has always been a highly specialised, low margin market. Government's continuing endeavours in accelerating the electrification of South Africa stimulates an increase in the demand for overhead powerline hardware and cable-related product.

Voltex has accordingly increased the capacity of this division by appointing specialists in this field in all the major areas. In addition, the business of Electrification and Distribution Technologies, a specialist distributor of T&D product in the Eastern Cape was acquired in January 2003. The growth of the electrification drive is especially strong in neighbouring countries resulting in T&D being awarded a number of major contracts in Swaziland.

The Berzack division

The Berzack division continued to enhance its position as the leading distributor of industrial machinery and accessories to the clothing, luggage, upholstery and embroidery industries despite the move of many manufacturing facilities to Swaziland. The household machine and domestic appliance range continues to provide growth to the business.

The Sato Labelling manufacturing division was transferred to Hi-Maur, a division of Lithotech, with effect from March 1 2003.

Eastman Staples UK

The recession in the United Kingdom and North African clothing industries enters its third consecutive year. Management has accordingly downsized the machinery division resulting in the sale of fixed property and a reduction in staff. Negotiations are currently in progress, which if successful, should return this division to profitability.

ACQUISITIONS

Two relatively minor acquisitions were concluded, namely the purchase of the businesses of Crew Electrical in the Western Cape and Electrification and Distribution Technologies in the Eastern Cape.

Voltex is also negotiating the purchase of the business of R&T Chalmers, an industrial orientated company on the East Rand.

FINANCIAL REVIEW

Voltex's revenues increased by 55,0% to R2,1 billion (2002: R1,4 billion) and operating income by 29,6% to R116,4 million (2002: R89,8 million). The division's return on average funds employed was 28,7% (2002: 28,6%). Solid performances were delivered by most business units, with



the exception of the strut division and Eastman Staples in the United Kingdom.

Voltex strives for effective expense control and asset management with emphasis on increasing both market share and return on funds employed. The division is cash positive and all key ratios are in accordance with stated objectives.

STRATEGIC REVIEW

Voltex's strategy is to grow both organically and by acquisition. In achieving its financial objectives, Voltex recognises that customer service and satisfaction are of paramount importance and is sufficiently flexible to meet the ever-changing needs of its customer base.

POST-BALANCE SHEET EVENTS

Voltex has, subject to the Competition Commission's approval and certain conditions precedent, acquired the business of R&T Chalmers, a long established specialised electrical wholesaler in the East Rand, for a purchase consideration of up to R12 million.

PROSPECTS

Voltex is establishing its e-trading platform with mymarket.com, which is expected to contribute to growth.

Voltex remains suitably positioned to ensure that an annual growth pattern is carried forward into the new financial year. However, the recent volatility in interest and exchange rates makes business more difficult to manage. The ability and skills available within the division have ensured that all aspects of the strategic planning process are successful.

Management recognises the need to eradicate complacency and to motivate staff to ensure that Voltex remains the supplier of choice.

The recent inroads made with blue-chip South African manufacturing entities are extremely encouraging and Voltex looks forward to profitable business partnerships.





REVIEW OF OPERATIONS

(CONTINUED)

IT Services



MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

mymarket.com operates as an early adopter, high-tech business, providing the electronic and operational infrastructure required to facilitate electronic trade between businesses and their nominated suppliers.

The electronic marketplace segment, which is maturing from an “over hyped” industry to a serious service provider to selected industries, has undergone significant consolidation, but has shown strong and steady growth internationally. South Africa has followed the international trend with many of the larger South African corporates implementing e-procurement solutions.

mymarket.com has established itself as a truly independent marketplace operator, offering both buying and supplying solutions to Bidvest and the market at large. mymarket.com is building a reputation as a market leader in terms of the number of buyers and suppliers using the solution and as a provider of leading edge, innovative technology solutions. A wide range of customised solutions have been internally developed for clients to meet their exacting requirements.

The mymarket.com team has placed intense focus on the successful completion of the early adopter client programmes. This

involved the establishment of the mymarket.com platform as a full “source to pay solution”, which now comprises separate, fully integrated modules that meet the needs of a wide range of different clients.

The mymarket.com team has brought numerous new buyers and suppliers to the marketplace and there has been significant growth in the number of transactions processed through the system. As at the end of June 2003, mymarket.com had 32 buying organisations, 660 suppliers listed on the platform and 5 637 users.

STRATEGIC REVIEW

mymarket.com will focus on three main areas of business:

- The provision of hosted e-procurement/marketplace ASP solutions directly to existing and future clients. These solutions are currently being extended to fully integrate into trading partners’ legacy accounting systems to enhance and extend the existing information technology investments made by clients.
- The supply of a web-based supply chain integration platform utilising the Microsoft.NET technology, which links clients’ existing systems to the marketplace.
- The creation of a fully outsourced procurement solution to be used by a number of third-party operators who will leverage mymarket.com as a technology service provider. A buying organisation will outsource the full procurement function of their business to a professional operator. This operator will be responsible for the sourcing of suppliers, the management of items available for purchases and the payment and reconciliation of supplier accounts.

PROSPECTS

mymarket.com is well positioned from a technical and operational point of view to enjoy significant growth. The current client base will provide sufficient transaction volumes to ensure the profitability of mymarket.com.

mymarket.com is selectively engaging in new clients based on set criteria to ensure reciprocal value.



MARKET OVERVIEW AND OPERATIONAL HIGHLIGHTS

The information technology industry, which is regarded as having over-capacity, experienced a continuation of depressed economic activity with very little sign of recovery. The only segment that continued a healthy IT spend is the government sector, with substantial IT contracts being awarded during the period under review.

I-Fusion has been restructured from fifteen separate companies into one single operational unit; and from multiple product lines into a single, focused networks-centric business.

I-Fusion provides an outsourced wide-area network as the main component of a total outsourced infrastructure solution. Other components include the provisioning of Internet and e-mail, server hosting, LAN management, desktop support and call centre services. The increased demand for outsourced network services is mainly driven by increased utilisation and dependency on the Internet and e-mail as well as the increased implementation of ERP systems that require a higher dependency on reliable, secure data networks. In addition to the improved service delivery to its customers, the restructuring process identified a number of cost-saving opportunities, resulting in cost-savings of approximately R10 million per annum. Existing facilities were optimised, which resulted in I-Fusion being able to rent out excess space in its Durban, Cape Town and Johannesburg offices.

A number of operational improvement initiatives were undertaken, the major two being the completion of the network management information system (NMIS) and the re-engineering of the call centre system and associated business processes.

Results were in line with expectations and showed considerable improvement over the previous year.

PROSPECTS

I-Fusion plans to pursue a strategy of highly focused client acquisition in mainly the freight, travel and financial services sectors of the market, concentrating on providing customers with outsourced network and related services.