

**The Bidvest Group Limited**

**Annual Report 2004**

This annual report is available as a pdf download off our website [www.bidvest.com](http://www.bidvest.com)  
Copies of our Sustainability Report 2004 "The Bigger Picture", "Our businesses and products" brochure and other corporate documentation can be obtained by contacting us, or can be downloaded from our website.

 This symbol indicates that further detailed information is available



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

We employ 82 000 people worldwide,  
but our roots will always be South African.

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

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

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

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

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

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

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See full mural on inside back cover

## Financial Highlights

### Revenue

R51,3bn + 8,9%

### Trading income

R2,6bn + 13,9%

### Headline earnings

R1,6bn + 14,8%

### Headline earnings per share

546,7c + 17,7%

### Distributions per share

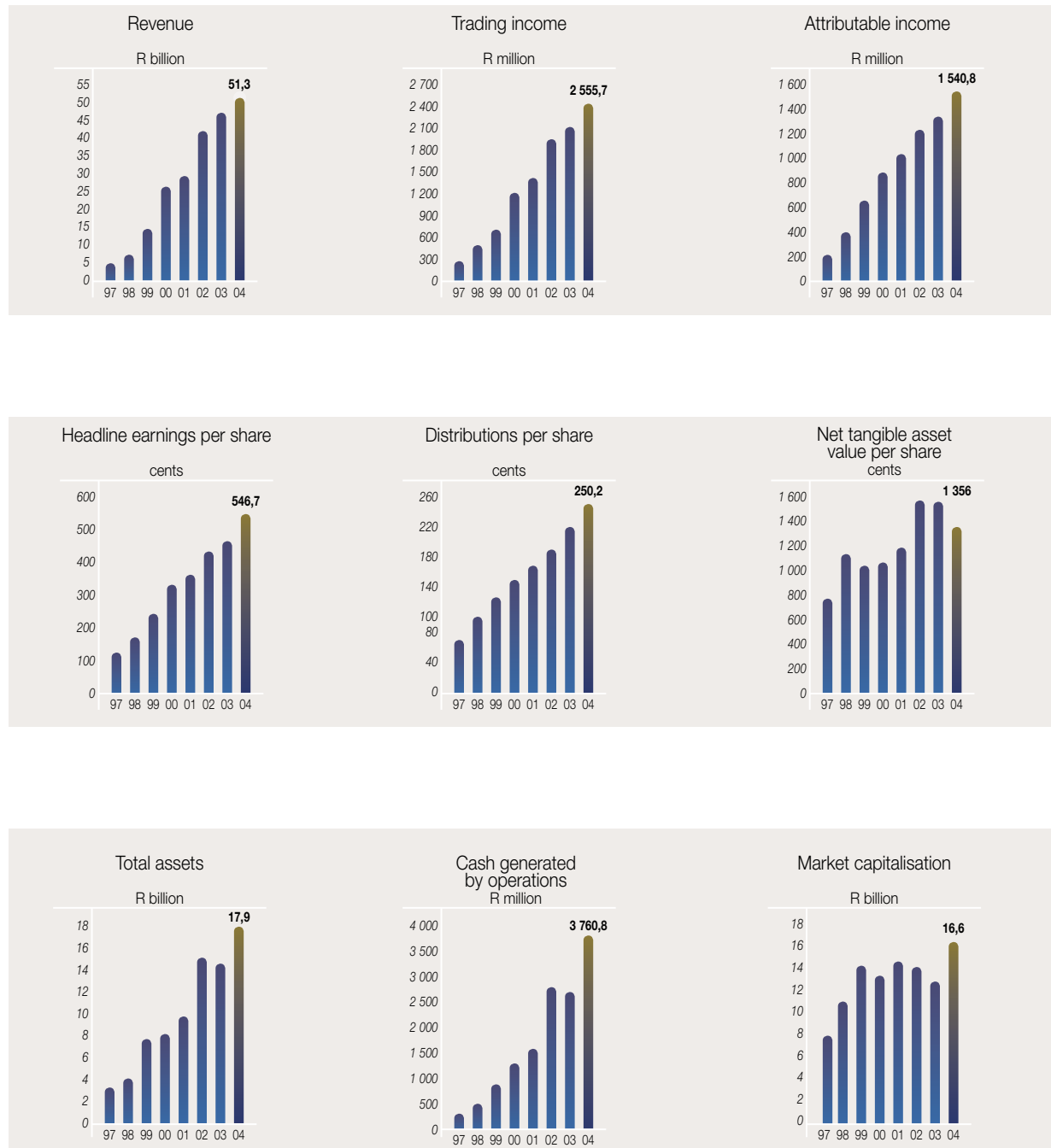
250,2c + 13,7%

16 consecutive  
years of growth

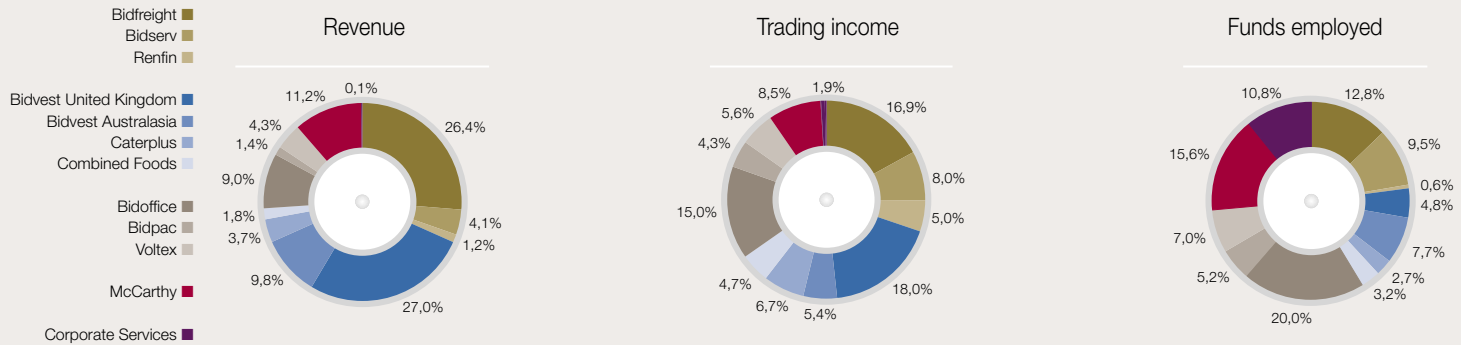
### Consolidated results

	2004	2003 restated	2002 restated
(R'000)			
Revenue	51 262 212	47 073 375	41 950 388
Gross income	10 681 933	9 463 854	8 050 080
Trading income	2 555 652	2 244 121	2 012 611
Income after taxation	1 590 892	1 404 796	1 342 863
Headline earnings per share (cents)	546,7	464,5	432,8
Distributions per share (cents)	250,2	220,0	190,0

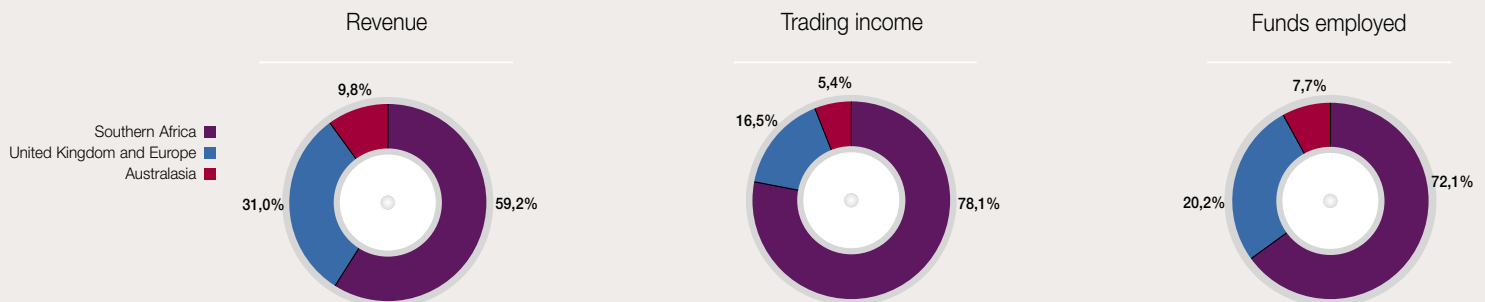
## Highlights



## Divisional contribution

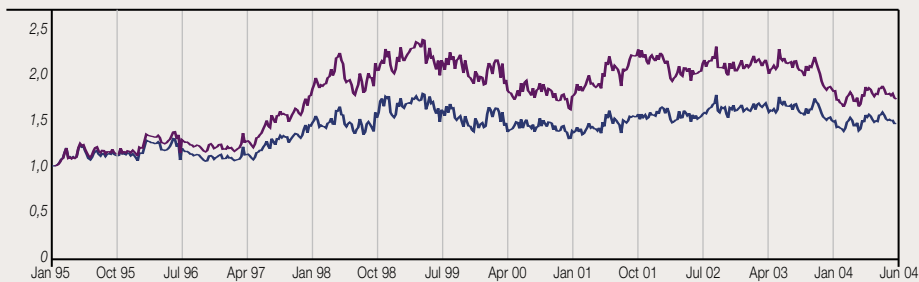


## Regional contribution



The graph represents Bidvest's share price performance relative to indices which have been adjusted to give a more meaningful comparison to that of business is offshore and in completely different markets.

Bidvest relative share price performance – January 1995 to June 2004



Bidvest relative to adjusted Financial and Industrial Index ■  
 Bidvest relative to adjusted Industrial Index ■

## Highlights (continued)



Bidvest has an “A” BEE rating from Empowerdex.

Bidvest is a constituent of both the Dow Jones Sustainability Index and the JSE Socially Responsible Investment Index.

### Effective empowerment holdings

The Dinatla BEE consortium effectively owns 14,9%, other empowerment institutions and the Public Investment Commissioners 20,9% with a further 15,0% being controlled by BEE asset managers. The Dinatla transaction was at the holding company level, including both local and offshore operations of Bidvest. If the Dinatla BEE consortium had bought into the South African operations only, at the same transaction value, the total percentage BEE direct and indirect ownership would be in excess of 50%. As a listed company it is not possible to identify the gender of shareholders other than the direct women's ownership of 8,7% via Dinatla.

**R8,0 billion** BEE procurement  
(49,3% of discretionary South African spend)

**R73,3 million**  
(R58,3 million in South Africa) skills development spend

**(2003: R36,2 million in South Africa)**

**R13,0 million**  
(R11,7 million in South Africa) Corporate Social Investment spend

**(2003: R11,4 million in South Africa)**

**43,3%**

of employees in South Africa are women  
(national average 35,7%)

**(2003: 44,7%)**

**29,7%**

blacks in top management in South Africa.  
This is a significant improvement and is well in excess of the national average (18,0%)

**(2003: 16,4%)**

**82,7%**

of Bidvest employees in South Africa are black,  
significantly above the national average (75,3%)

**(2003: 81,1%)**

**R1 659**

Training spend per employee in South Africa. The training focused particularly on middle management

**(2003: R557)**

Board composition	%
Female	13,4
Black	23,4
Foreign	13,3
Independent and non-executive	36,7

## The year at a glance

- Market capitalisation as at 30 June 2004 – R16,6 billion.
- Headline earnings per share increased by 15,1% prior to the change in basis of accounting for secondary tax on companies and goodwill.
- The impact of the strength of the rand on the results of the Group is material.
- On a constant currency translation of foreign businesses, headline earnings per share would have been 567,5 cents per share, an increase of 22,2%.
- The full annual effects of the acquisitions of McCarthy and the minorities of Bidvest plc and Bidcorp plc on the current results, would reflect headline earnings per share of 565,9 cents.
- An annual compound growth rate in headline earnings per share of 26,6% has been achieved over the last 13 years.

**Creating value and building strength from diversity**

2003

July 2003



- The financial headline of July 18 2003 spells out Bidvest's future.

Dinatla



- 15% stake in Bidvest secured by Dinatla, at the end of 2003.

McCarthy

- The R980 million McCarthy purchase funded from cash and banking facilities.



Bidvest plc

- Successful buyout of minority shareholders in Bidvest plc.



Cyril Ramaphosa

2004























- Cyril Ramaphosa takes the reins as Chairman.

Bidcorp plc



- Successful buyout of minority shareholders in Bidcorp plc.

## Our Group in Brief

	Description of business	Businesses	Contribution to Group trading income
 <b>The Services Division</b>	 <b>Bidfreight</b>	Bidfreight is the leading freight management group in sub-Saharan Africa, with international representation and operations in the United Kingdom and continental Europe	• Bidfreight Terminals, International Forwarding, Marine Services, Manica Africa, Dartline, Ontime Automotive <b>16,9%</b>
	 <b>Bidserv</b>	Bidserv operates in the outsourcing market by supplying cleaning, laundry, hygiene, security and staff facilitation services	• Prestige Group, Specialised Property Solutions, TMS Group, Boston Launderers, First Garment Rental, Montana Laundries, Steiner Hygiene, Puréau, Commercial Sundries, G Fox & Company, Top Turf Group, Executella, My Express Company, Airport Handling Services, Express Air Services, Magnum Shield, Vericon Outsourcing, Provicom Electronics, International Payment Systems <b>8,0%</b>
	 <b>Rennies Financial Services</b>	Rennies Financial Services is southern Africa's leading travel-related financial services group	• Travel Services, Rennies Bank <b>5,0%</b>
 <b>The Foodservice Products Division</b>	 <b>Bidvest United Kingdom</b>	3663 First for Foodservice is one of the United Kingdom's leading foodservice companies	• 3663 First for Foodservice <b>18,0%</b>
	 <b>Bidvest Australasia</b>	Bidvest Australasia includes Bidvest First for Foodservice in Australia and Crean First for Foodservice in New Zealand	• Bidvest First for Foodservice, Crean First for Foodservice <b>5,4%</b>
	 <b>Caterplus</b>	Caterplus is a leading, broadline foodservice distributor of a comprehensive range of products to the catering, hospitality and leisure industry	• Catering Supplies, Frozen Foods, Speciality, Catering Equipment <b>6,7%</b>
	 <b>Combined Foods</b>	Combined Foods manufactures and distributes a comprehensive range of products to the bakery, meat and food processing industries	• NCP Yeast, Chipkins Bakery Supplies, Crown National <b>4,7%</b>
 <b>The Commercial Products Division</b>	 <b>Bidoffice</b>	Bidoffice is engaged in the supply, distribution and manufacture of commercial office products	• Stationery, printing and related, office automation, office furniture <b>15,0%</b>
	 <b>Bidpac</b>	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	• Packaging Closures, Paper Conversion <b>4,3%</b>
	 <b>Voltex</b>	Voltex is the pre-eminent distributor and wholesaler in South Africa of electric cable, electrical accessories and all related electrical products	• The Voltex Electrical Distribution Division, The Berzack Division <b>5,6%</b>
 <b>The Automotive Products Division</b>	 <b>McCarthy Limited</b>	McCarthy is South Africa's second largest motor retailer boasting a proud history dating back to 1936, and an even more exciting future. Its network comprises 90 wholly owned dealerships representing the top franchises in all the major centres	• McCarthy motor franchises: Alfa Romeo, Audi, BMW, Chrysler, Fiat, Hino, Isuzu, Iveco, Land Rover, Lexus, Mercedes-Benz, Mitsubishi, Nissan, Opel, Peugeot, Renault Trucks, Toyota, Volkswagen • Budget Rent a Car, McCarthy Call-a-Car, Burchmore's Car Auctions, Yamaha Distributors, McCarthy Fleet Services, McCarthy Financial Services, McCarthy On-Line, McCarthy Pre-owned <b>8,5%</b>
 <b>Corporate Services</b>	 <b>Corporate Services</b>	Strategic direction, financial management and corporate finance services	<b>1,9%</b>
	 <b>mymarket.com</b>	Bidvest's business-to-business e-procurement marketplace is an electronic exchange using the world's best technology	
	 <b>Bidvest Network Solutions</b>	Bidvest Network Solutions develops network solutions both as an internal service provider to Bidvest and to external clients	
	 <b>Bid Property Holdings</b>	Bidprop manages the Group property portfolio, provides property management and property development services	
 <b>The Bidvest Group Limited</b>			<b>100,0%</b>



Operational highlights	Number of employees	Revenue R'000	Trading income R'000	Funds employed R'000	Employee benefits and remuneration R'000
<b>Exchange rate influences trading patterns</b> • Terminals lift Bidfreight to a strong increase in margin • Sabor Panalpina adversely affected by its exchange rate sensitivity	7 934	13 851 635	430 641	700 765	1 222 921
<b>Soft services produce 6% real growth</b> • Expansion at the expense of competitors • Expense control and annuity income preserve margin	43 795	2 165 517	205 600	519 509	1 079 062
<b>Travel edges forward whilst banking retreats</b> • Intensified competition and structural changes in the travel industry • Sharp fall in banking income due to direct and indirect exchange rate impacts	2 258	658 216	127 444	30 311	284 836
<b>Sterling foodservice performance</b> • Market share gains and efficiencies increase 3663 profits by 25% to £40m • Capital expenditure continues at a high level	5 647	14 161 750	459 948	263 024	1 508 936
<b>Expanding the foodservice offering</b> • Double digit growth in revenue and income as geographic spread is enhanced • Quick Service Restaurant and Hospitality Supplies divisions launched	1 904	5 176 737	137 954	417 939	446 689
<b>Defeating deflation</b> • Adaption to a deflationary environment creates strong base for the future • Multi-temperature concept; quietly leading the market in a new direction	1 934	1 967 570	170 343	146 516	151 692
<b>Spiced results</b> • Strong profit and margin growth assisted investment new spice factory • Competitive challenges met across all operations	971	960 684	121 336	174 306	119 603
<b>Pricing and margin pressures</b> • Currency effect on imported product and pressure on paper prices • Océ acquisition benefits automation; Konica Minolta leads its market segment	8 403	4 766 335	383 910	1 098 393	962 506
<b>Protecting profitability</b> • Margins enhanced despite challenging conditions for customers • Selected product extensions – Esselte production partnership	1 813	748 224	110 878	281 489	162 308
<b>Stronger voltage comes through</b> • Commercial work yielding substantial successes • Overall margin improves in spite of copper price gyrations	2 120	2 263 097	142 156	384 118	226 098
<b>Motoring buoyancy</b> • Increased customer affordability powers Yamaha profits • Volume growth and financing are counters to vehicle margin pressure	4 945	5 904 843	217 606	856 112	283 440
<b>Adding value from the centre</b> • State-of-the-art networking capabilities within Bidvest Network Solutions complements the electronic commerce capability of mymarketcom	207	58 207	47 836	590 045	64 307
<b>Bidvest businesses produced real growth</b> • South African deflationary environment • Translation of offshore results at a 16% stronger rand sterling exchange rate • McCarthy has excelled in its first six months of Bidvest ownership	81 931	52 682 815	2 555 652	5 462 527	6 512 398

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## Executive Directors



**Brian Joffe** (57) ■

**Chief Executive**

CA(SA)

Appointed: March 1 1989  
Non-executive director of EnviroServ Holdings Limited and a director of numerous Bidvest companies.  
*Since founding Bid Corporation in 1988, Brian served as Executive Chairman until his appointment as Chief Executive in 2004. He has over thirty years of local and international commercial experience. He was one of the Sunday Times' top five businessmen in 1992 and is a past recipient of the Jewish Business Achiever of the Year award. Brian was voted South Africa's Top Manager of the Year in 2002 in the Corporate Research Foundation's publication "South Africa's Leading Managers" and was selected as South Africa's candidate for the coveted "Ernst & Young Entrepreneur of the Year" award 2003.*



**Frederick John Barnes** (53) *British*

**Chief Executive of 3663 First for Foodservice**

Appointed: October 27 2003  
*Fred has extensive international foodservice and distribution experience.*



**Bernard Larry Berson** (39) *Australian*

**Managing Director of Bidvest Australasia**

CA

Appointed: October 27 2003  
*Bernard has seventeen years of international financial, administrative and management experience in numerous industries.*



**Myron Cyril Berzack** (55)

**Chairman of Voltex**

Appointed: April 29 2002  
Non-executive director of Allied Electronics Corporation Limited, Amalgamated Appliance Holdings Limited and Bidpac (Pty) Limited.  
*Myron has thirty-four years' experience in the electrical industry, specialising in the marketing, distribution, financial control and reporting functions.*



**Lilian Garner Boyle** (57) *British*

**Chief Executive of Rennie's Financial Services**  
*MA Econ (Glasgow), MBA*

Appointed: January 23 2001  
Director of numerous subsidiaries of Bidvest  
Non-executive director of the South African Bank Note Company (Pty) Limited and SA Mint (Pty) Limited  
*Lilian has thirty-five years of diverse business experience including seven years in the freight management industry and seventeen years in the travel industry. She was a finalist of the Business Woman of the Year 1992.*



**Leonard Ivan Chimes** (70)

**Chairman of Bidoffice**

Appointed: June 30 1997  
Director of numerous Bidvest subsidiaries.  
*Len has over forty years' experience in the office products industry, including office furniture, and has been with Bidvest since the acquisition of Waltons in 1997.*



**Muriel Betty Nicolle Dube** (32)

**Group Commercial Director**

*BA (Hons), Executive Programme (Harvard)*

Appointed: October 27 2003  
Director of numerous Bidvest subsidiaries, EnviroServ Holdings Limited and ZAICO (Pty) Limited.  
*Muriel has senior strategic management and operational experience in the public sector and with multinationals in the private sector. Recently, Muriel was appointed as a representative on the United Nations Expert Group on Technology Transfer and has acted as Chief Negotiator on behalf of the South African Government in major international negotiations in respect of the Kyoto Protocol. Muriel has published several articles on sustainable development.*



**Rodger William Graham** (58)

**Chief Executive of Bidcorp plc**

*BCom, MBA*

Appointed: February 19 2001  
Director of numerous Bidvest subsidiaries.

*Rodger has more than twenty years' experience in the textile industry and twelve years in the freight industry. He was the Managing Director of Island View Storage when it was acquired by Bidvest in 2000.*



**Alan Michael Griffith** (54)

**Managing Director of Minolta SA**

Appointed: August 14 1998  
Director of numerous Bidvest subsidiaries.

*Alan has over thirty years' experience in office automation with Minolta. He was appointed to the Board of Bidvest following the acquisition of Waltons.*



**Lionel Isaac Jacobs** (61)

**Commercial and Transformation Director in Bidserv**

*BCom, MBA*

Appointed: October 27 2003  
Director of numerous Bidvest subsidiaries, Bassap Investments (Pty) Limited and Dinatla Investment Holdings (Pty) Limited.

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



**Colin Hugh Kretzmann** (57)

**Chairman of Caterplus and Combined Foods**

*CA(SA)*

Appointed: August 10 1992  
Director of numerous Bidvest subsidiaries.

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



**Peter Nyman** (59)

**Financial Director**

*CA(SA), ACMA, HDip Tax Law*

Appointed: February 1 1991  
Director of numerous Bidvest subsidiaries including RENNIES Bank Limited. Chairman of the trustees of the Quantum Medical Aid Society, Bidcorp Group Pension Fund and Bidcorp Group Provident Fund.

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



**Sybrand Gerhardus Pretorius** (56)

**Chief Executive of McCarthy Limited**

*MCom Business Economics*

Appointed: February 19 2004  
Director of numerous McCarthy subsidiaries and Bidfreight.

*Brand has thirty years' experience in the motor industry (manufacturing and retail) and is a member of various advisory boards. He is a board member of the Marketing Federation of Southern Africa, the National Business Initiative and the President of the South African Retail Motor Industry Association.*



**Lindsay Peter Ralphs** (49)

**Chairman of Bidserv**

*CA(SA)*

Appointed: May 10 1992  
Director of numerous Bidvest subsidiaries.

*Lindsay joined Bidvest as Operations Director in 1992. In 1994 he was appointed Managing Director of Steiner and following the acquisition of Prestige to form Bidserv, appointed Chairman of Bidserv.*

## Executive Directors



**David Keith  
Rosevear** (49)

**Chairman of Bidfreight**

CA(SA)

Appointed: March 1 1992  
Director of numerous Bidvest subsidiaries; Non-executive director of Compu-Clearing Outsourcing Limited and Reclamation Group (Pty) Limited.  
*Dave is a chartered accountant with many years of diverse experience.*



**Alan Charles  
Salomon** (55)

**Chairman of Bidpac**

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

Appointed: September 10 1990  
Director of numerous Bidvest subsidiaries and Transpaco Limited.  
*Alan has twenty-five years' experience in the fields of manufacturing and distribution, specialising in productivity and efficiency improvements and customer service excellence programmes.*



**Charles Eli Singer** (58)

**Managing Director of  
Crown National**

CA(SA)

Appointed: June 30 1995  
*Charles has twenty-nine years' experience in the manufacture and distribution of consumer goods, the last eighteen of which have been spent involved with products relating to the meat and food industries.*



**Pieter Christiaan  
Steyn** (56)

**Chairman of Manica Africa**

PMD (Harvard)

Appointed: December 10 1998  
Director of numerous Bidvest subsidiaries.  
*Piet has over thirty years' experience in the freight, logistics, terminals and travel industries.*



**Philip Douglas  
Womersley** (54)

**Chairman of Safcor  
Panalpina (incorporating  
Renfreight)**

BA, BSc (cum laude)

Appointed: August 14 1998  
Director of numerous Bidvest and Bidfreight subsidiaries.  
*Philip has twenty-five years' experience in the freight industry – both operational and financial administrative.*



**Howard Lyle  
Greenstein** (41)

**Managing Director of  
Afcom-GE Hudson**

CA(SA)

*Alternate to AC Salomon*

Appointed: May 14 1999  
Director of numerous Bidvest subsidiaries.  
*Howard joined Bidpac ten years ago and is active in its operational management.*

## Independent Non-executive Directors



**Matamela Cyril Ramaphosa** (51)

Chairman

BProc

Appointed: July 6 2004  
Executive chairman of Shanduka Group (Pty) Limited. Non-executive chairman of Johnnic Holdings Limited and MTN Group Limited. Non-executive director of SAB Miller plc, MacSteel Holdings (Pty) Limited, Alexander Forbes and Medscheme Limited. Cyril is the past Chairman of the Black Economic Empowerment Commission and Vice Chairman of the Global Business Coalition on HIV/Aids. He has received honorary doctorates from the University of Natal, the University of Port Elizabeth, the University of Cape Town, and the University of the North, the University of Lesotho and the University of Massachusetts (USA).



**Douglas Denoon Balharrie Band** (60)

CA(SA)

Appointed: October 27 2003  
Non-executive director of The Standard Bank Group Limited, Electronic Media Network Limited, Supersport International Holdings Limited, MIH Holdings Limited, Tiger Brands Limited and MTN Group Limited. Doug has extensive experience in both commerce and industry and has served in an executive position in various blue-chip listed companies.



**Nazeer Cassim** (50)

LLB, LLM (Dallas),  
LLM (London)

Appointed: October 27 2003  
Nazeer is practising as senior counsel at the Johannesburg Bar and has presided as Acting Judge in the High Court and Labour Court of South Africa. He was awarded the Hilgard Muller Prize for best final year student – LLB (Unisa), a Fullbright Scholar in 1997 1998 – LLM at the Southern Methodist University, Dallas, USA and a British Council Scholar in 1984 – LLM at the University of London. In 2000 he was Chairman of the Society of Advocates, Johannesburg and has in excess of twelve articles published in law journals and book reviews.



**Stephen Koseff** (53) ■

BCom, CA(SA), Hdip BDP, MBA

Appointed: June 17 1997  
Chief Executive Officer of Investec Limited and Investec plc. Director of the JSE Securities Exchange South Africa. Stephen has nearly thirty years of financial experience and is the recipient of numerous business awards. He is a former member of the Financial Markets Advisory Board and current Chairman of the Independent Banks Association.



**Donald Masson** (73)

ACIS

Appointed: March 10 1992  
Director of numerous Bidvest subsidiaries, Cashbuild Limited, Alacrity Financial Services Limited, Valley Irrigation Limited, Faritec Holdings Limited and Prestasi Makelaars (Pty) Limited. Trustee of Investment Solutions, Cashbuild Pension Fund, Typographical Union Pension Fund and former Chairman of the South African Post Office Pension Fund. Donald is the former President of the Afrikaanse Handelsinstituut and a former member of the President's Economic Advisory Council. He has thirty-eight years of diverse business experience in senior executive positions at numerous listed, unlisted and parastatal organisations.



**Joseph Leon Pamensky** (74) ■

CA(SA), OMSG

Appointed: January 8 1990  
Director of numerous Bidvest subsidiaries, South African Eagle Insurance Company Limited, Stonehage Financial Services Holdings (Jersey) Limited and Worldwide African Investment Holdings (Pty) Limited. Chairman of Rennie's Bank Limited and Schindler Lifts (SA) (Pty) Limited. Joe is the longest serving non-executive director of The Bidvest Group of companies with over forty years' experience in the financial, insurance and banking industries and the recipient of a number of business and public awards. He serves as non-executive director on the boards of numerous public and private companies, both locally and internationally, and is a member of several audit and remuneration committees.



**Theodor Herzl Reitman** (78) British ■

MA (Cantab)

Appointed: June 17 1997  
Teddy has over forty years of international financial experience in various industrial and banking organisations.

## Non-executive Directors



**Mervyn Chipkin (78) ■**  
*Australian*

Appointed: May 9 1989  
Director of numerous Bidvest subsidiaries.  
*Mervyn was the Group's Deputy Chairman from the acquisition of Chipkins Catering Supplies in 1988 until 2002. He has sixty years' experience in the foodservice industry.*



**Alfred Anthony Da Costa (40)**

*BCom (Hons)*

Appointed: December 8 2003  
Chairman of Breathetex Corporation (Pty) Limited and Ukuvula Investments (Pty) Limited. Director of ABSA regional board and Algoa FM. Member of UNISA Council. *Alfred has twelve years' experience in top management.*



**Rachel Mathabo Kunene (64)**

*BA English Lit (UCLA)*

Appointed: December 8 2003  
CEO of Nandi Heritage (Pty) Limited.  
*Rachel was a founder member of the broad-based empowerment group Nandi Heritage (Pty) Limited.*



**Bernadette Moffat (46)**

*BA Political Science and Sociology (Hons) Wellesley College; MA USA; Juris Doctor Columbia University, New York.*

Appointed: December 8 2003  
CEO of WDB Investment Holdings (Pty) Limited. Member of Safari Safari Tours cc trading as Heritage Africa. *Bernadette practised as a corporate lawyer at a Wall Street law firm for five years and has had seven years' experience as a non-executive director, Chairperson and Deputy President of Section 21 not for profit organisations.*



**Brian Connellan (64)**

*CA (SA)*

*Alternate to M Chipkin*

Appointed: July 6 2004  
Director of ABSA Group Limited, Nampak Limited, Illovo Sugar Limited, Oceana Group Limited, Reunert Limited, Tiger Brands Limited and Sasol Limited.  
*Brian retired as executive chairman of Nampak in 2000, a position he held since 1990. He is a past councillor of SA Foundation, Corporate Forum and Institute of Directors and a contributor to King I and King II on corporate governance.*



**Lebogang Joseph Mokoena (45)**

*B.Sc (Med. Sci.), MBA*

*Alternate to L Jacobs*

Appointed: December 8 2003  
Director of Ten Alliance Holdings (Pty) Ltd, Sesiu Investment Holdings (Pty) Limited, Samkofa Investment Holdings (Pty) Limited, Culca Investments (Pty) Limited and Lumumba Capital Investments (Pty) Limited. *Lebogang has a number of years' experience as a director of private companies.*



**Tania Slabbert (37)**

*BA MBA*

*Alternate to B Moffat*

Appointed: December 8 2003  
Director of Paracon SA Limited, BP (British Petroleum, South Africa), Uthingo, Empowerdex, Rennies Travel, and Dinatla Investments.  
*Tania has been running WDB Investment Holdings (Pty) Limited since 1999.*



#### COMMITTEES

##### *Executive Committee*

*B Joffe, MC Berzack, LG Boyle, LI Chimes, MBN Dube, LI Jacobs, CH Kretzmann, P Nyman, LP Ralphs, DK Rosevear, AC Salomon, SG Pretorius*

##### *Audit Committee*

*JL Pamensky (Chairman), DDB Band, N Cassim, D Masson, B Moffat, P Nyman, AC Salomon*

##### *Remuneration Committee*

*JL Pamensky (Chairman), DDB Band, D Masson, P Nyman*

##### *Acquisition Committee*

*DDB Band, B Joffe, D Masson, JL Pamensky, DK Rosevear*

##### *Nomination Committee*

*B Joffe, D Masson, JL Pamensky, T Slabbert*

##### *Transformation Committee*

*MBN Dube (Chairman), LG Boyle, LI Jacobs, T Slabbert*

■ Originally directors of Bid Corporation Limited, the Company's former holding company and appointed to the Board on the unbundling of Bid Corporation Limited



## Chairman's Statement



# Decentralised management

**The successful Bidvest management model encourages owner-managers to seek returns in open competition with their peers. Each business runs as an independent, decentralised unit, focusing on its specific area of activity as a niched part of a bigger picture. Each business has access to substantial resources and strategic input.**





**Cyril Ramaphosa**

*Non-executive Chairman*

*Cyril is the past Chairman of the Black Economic Empowerment Commission and Vice Chairman of the Global Business Coalition on HIV/Aids. He has received honorary doctorates from the University of Natal, the University of Port Elizabeth, the University of Cape Town, and the University of the North, the University of Lesotho and the University of Massachusetts (USA).*



In line with international norms and the requirements of the JSE Securities Exchange South Africa (JSE), the roles of chairman and chief executive have been separated and readers will therefore find a separate chairman's and chief executive's report.

It is an honour to be part of this dynamic team and serve as Chairman of such a progressive group. Change at the top of the corporate structure will not change Bidvest's entrepreneurial DNA. We remain a decentralised, entrepreneurially led organisation. The owner-manager mindset still drives us forward. Entrepreneurs do not sit on wealth, they grow it. This is the Bidvest ethos and it won't change.

#### **Financial and corporate highlights**

Bidvest maintained its record for sustained growth, registering its sixteenth consecutive year as a creator of real shareholder value.

Revenue grew by 8,9% and trading income by 13,9%. Headline earnings increased by 14,8% and headline earnings per share by 17,7%.

Significantly the black component of our top management profile in South Africa increased to 29,7%, well above the national average of 18,0%. The Group's total training spend of R73,3 million (R58,3 million in South Africa) increased significantly and in South Africa targets our middle management. Our total Corporate Social Investment (CSI) spend was R13,0 million.

#### **Macro environment**

In an environment of political stability and prudent fiscal management, as found in democratic South Africa, it is possible to show such gains. At the close of our first democratic decade, a strong acknowledgment from business is due: Today's policy environment permits the

pursuit of business opportunities on a scale few thought possible a few years ago. The current combination of political stability and economic opportunity has no precedent in South Africa. We owe a considerable debt to those who have led our democratic transformation. A stable environment is essential for business. Entrepreneurs accept business risks. Political policy risks are a reality, but a complication business would prefer to avoid.

#### **Our entrepreneurial culture**

Bidvest's decentralised, entrepreneurial culture does well in contemporary South Africa. Today, the Group sustains 82 000 jobs while consistently generating value for stakeholders – thanks to managers and workers who think and behave like entrepreneurs. Our people come from many different cultures and socio-economic groups, yet they all embrace a common set of Bidvest values. This is one of the keys to our consistent success.

Analysts often seek a single area of focus in a globally diversified services, trading and distribution group such as ours. Our core focus is the single-minded creation of value for stakeholders and opportunities for employees.

#### **Empowerment – a business imperative**

Personal empowerment drives Bidvest. It is the key to our corporate DNA and explains our early embrace of black economic empowerment (BEE) in 1996. We see BEE as an extension of established Bidvest practice rather than a new departure. For us, empowerment is evolution not revolution.

Last year's BEE alliance with the broad-based empowerment consortium, Dinatla Investment Holdings, evolved from longstanding and successful partnerships. We knew who we were dealing with and we shared similar philosophies and priorities.

**Chairman's Statement** (continued)

- Roles of Bidvest **Chairman** and **Chief Executive** have been **separated**
- Acquisition of a **15%** stake in Bidvest by Dinatla, a broad-based black economic empowerment consortium
- **McCarthy** acquisition a major strategic opportunity
- Acquired **minority shareholders** in internationally listed Bidvest plc and Bidcorp plc
- **Rand strength** obscured significant success by offshore operations



**Today's policy environment permits the pursuit of business opportunities on a scale few thought possible a few years ago**

**Our core focus is the single-minded creation of value for stakeholders and opportunities for employees**

**Bidvest will remain focused on the quest for real growth without forcing the pace of expansion**

Dinatla's acquisition of a 15% equity stake in the Group was finalised at the end of 2003. This substantial BEE initiative was structured to create the right fit for Bidvest. The challenge was not how best to meet outside expectations, but how best to meet our own objectives.

Empowerment is a national and business imperative and the best long-term method of maintaining the social cohesion that is essential for business growth.

#### **More BEE means less risk**

As a service business, Bidvest depends on people. To manage "people risk" you have to hire and inspire people with the talent and energy to grow the business. Unsurprisingly, people development has always been a Bidvest priority.

Alignment of our Group with the markets and communities we serve is crucial if success is to be sustained. BEE components within our Corporate Social Investment Programme remind us that we have to be relevant if we want to stay profitable.

BEE underlines these longstanding Bidvest themes. It's an opportunity not an imposition.

#### **The McCarthy transaction**

The acquisition of the McCarthy Group, South Africa's second largest automotive retailer, proved to be a

major strategic opportunity. The purchase included the car rental business Budget Rent-A-Car and Yamaha Distributors, the exclusive South African distributors of Yamaha products.

The acquisition creates new opportunities for growth and synergies will be energetically pursued.

#### **Offshore developments**

Bidvest has acquired the minority shareholding in Bidvest plc and subsequent to year-end Bidcorp plc. Bidvest plc had a dual listing in Australia and Luxembourg while Bidcorp plc was listed in London.

These transactions are in line with our stated policy of full ownership in order to control cash flows and avoid any potential conflicts of interests arising from part-ownership. The strength of the rand and the relaxation of exchange controls have made offshore acquisitions much easier to implement.

#### **New board directors**

It gives me great pleasure to welcome several new directors to our board following the Dinatla and McCarthy transactions. These directors bring new insight and diverse experience to board deliberations. I look forward to working with the team.

#### **The global dimension**

Internationally, the results of Bidvest companies in the United Kingdom, continental Europe, Australia and New Zealand are good, especially when seen in the context of extremely competitive trading conditions.

Currency conversion obscured offshore operational success. Our international foodservice businesses achieved 25% growth in pounds sterling. Yet conversion to the stronger rand creates the illusion of mediocre growth. We continue to measure business performance in local currency terms.

#### **In summary**

The Group experienced a generally satisfactory year despite challenges posed by volatile currency movements and an increasingly competitive environment. I extend sincere appreciation to all members of the Bidvest team, our management and people, our suppliers, associates and customers.

Bidvest will remain focused on the quest for real growth without forcing the pace of expansion. The Big Picture will be coloured by greater cohesion and new synergies while opportunities flowing from BEE transformation will be actively pursued.

## Chief Executive's Report



# Incentivisation

**People create growth. Companies report it! The key is to develop relationships, attract and retain motivated people, with skills honed in a transparent and competitive environment.**



**Brian Joffe**  
Chief Executive

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



Bidvest's results are pleasing given the challenging trading environment experienced during the year. Deflation and the effects of an appreciating currency significantly impacted markets. However, there was evidence of improving conditions in the last quarter of the year. Growth under these conditions is further confirmation of the resilience of Bidvest's entrepreneurial business model and the depth of the Group's management.

McCarthy, which was acquired for R980 million with effect from January 2004, positively benefited the Group for the period of its inclusion. Steps were taken to bring our listed subsidiaries under full ownership in line with the Group philosophy. Bidvest made an offer, which immediately became unconditional, to acquire the minority interests in Bidvest plc with effect from April 2004. In June 2004, an offer was also made to the Bidcorp plc minorities which became effective on August 2 2004. Consequently, Bidcorp plc became a wholly owned subsidiary from that date. The full effects of these acquisitions will benefit the Group next year.

#### Financial highlights

Revenue grew 8,9% to R51,3 billion (2003: R47,1 billion) and the trading margin increased to 5,0% (2003: 4,8%). Trading income reached R2,6 billion (2003: R2,2 billion), an increase of 13,9%. Income attributable to shareholders increased by 15,2% to R1,5 billion (2003: R1,3 billion).

The Group achieved credible growth in headline earnings per share of 15,1% prior to the change in the basis of accounting for secondary tax on companies and goodwill. Following the restatement, headline earnings per share increased 17,7% to 546,7 cents per share (2003: 464,5 cents per share).

The impact of the strength of the rand on the results of the Group is material. On a constant currency translation of foreign businesses, headline earnings per share would have been 567,5 cents per share, an increase of 22,2%.

Assuming that the acquisition of McCarthy and the minorities of Bidvest plc and Bidcorp plc were effective for the full reporting period, the pro forma headline earnings per share would have been 565,9 cents.

An annual compound growth rate in headline earnings per share of 26,6% per year has been achieved over the last 13 years.

Total distributions to shareholders increased 13,7% to 250,2 cents per share (2003: 220,0 cents per share). In terms of the Dinatla scheme of arrangement, all Dinatla's normal dividends and distributions accrue to the scheme participants or their successors and not to Dinatla itself. As a result, the actual final distributions to shareholders have increased by 16,6% to 159,548 cents per share.

**Chief Executive's Report** (continued)

- Annual compound growth rate in headline earnings per share of **26,6%** per year has been achieved over the last 13 years
- The **gearing ratio** at year-end was about 10%
- **£103 million** raised to fund the buy-out of minority shareholders in Bidvest plc
- The Public Investment Commissioners and the Dinatla BEE consortium now the **largest shareholders** in Bidvest
- Bidvest has helped create a new BEE investment vehicle, **Dinatla New Ventures**, to pursue large investment opportunities
- **Bidvest Charter** drawn up to foster enterprise-wide empowerment




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**The acquisition of McCarthy was funded from cash and banking facilities**

**We avoid complexity and interrogate all obstacles to a simple solution**

**We have announced a ground breaking BEE initiative with Dinatla for a 15% equity share in Bidvest**

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Bidvest's dividend and distribution policy is to approximately twice cover earnings available for distribution.

The balance sheet remains strong and cash generation has been significant.

#### **Gearing**

Bidvest consciously increased its gearing during the year, though borrowings were well within the targeted range. It is Bidvest's intention to keep the debt-to-equity ratio below 40%. At year-end, the gearing ratio was about 10%.

£103 million was raised to fund the buy-out of minority shareholders in Bidvest plc. A facility for a further £25 million was arranged for the acquisition of Bidcorp plc shares not already owned. The acquisition of the minority interests will further allow the unrestricted allocation of funds within Bidvest and release cash resources to repay a large part of these borrowings.

#### **Ratings and accreditations**

Our credit rating of AA- (zaf) was reaffirmed by Fitch Ratings. Bidvest, a black influenced company and a good broad-based BEE contributor with unrestricted operational capacity, has an "A" empowerment rating from Empowerdex.

Bidvest is one of only four South African companies listed in the Dow Jones Sustainability World Index 2005 and was one of the founding constituents of the Socially Responsible Investment Index launched by the JSE. Bidvest is ranked 1 296th in Forbes 2000, a comprehensive list of the world's largest and most influential companies. In September 2004, Bidvest was included in the Forbes Global Roster of the world's most attractive big companies for investors. The 400 companies listed represent less than 1% of the world's publicly quoted companies.

#### **McCarthy acquisition**

The acquisition of McCarthy was funded from cash and banking facilities. It is testimony to our strong cash flows and prudent debt management that a transaction of this magnitude required no significant gearing. Unlocking optimum value from the transaction will be a point of focus in the year ahead. We welcome the McCarthy team and look forward to extracting synergies and exploring opportunities.

#### **Philosophy at work**

Bidvest is conscious of "noughts-panic" – the apprehension that sets in when faced by seven-, eight- or nine-figure numbers. Staff are encouraged to behave with the same financial commonsense that is brought to bear when controlling one's household budget where big numbers are not an issue.

We avoid complexity and interrogate all obstacles to a simple solution. This philosophy was applied in London when raising finance for the Bidvest plc and Bidcorp plc buy-outs, and by challenging longstanding practice we implemented simple funding structures.

#### **The Dinatla partnership**

An important development for the long term was the completion of a BEE transaction in December 2003



## Chief Executive's Report (continued)

resulting in the acquisition of a 15% equity stake in Bidvest by Dinatla. The Public Investment Commissioners and Dinatla are the largest shareholders in a company with a market capitalisation of R17 billion. This stake has enabled Dinatla to participate at the Group level in both the local and international activities of Bidvest.

Dinatla was our natural choice of BEE partner. The consortium's core shareholders were well known to us as we are longstanding business partners. We were eager to achieve broad-based representivity by including additional partners from all regions in South Africa. We are confident the wider consortium structure will enable us to channel benefits to all sections of the community in line with our commitment to sustainable empowerment.

Since the commencement of the partnership, Dinatla has four seats on the board, seven new historically disadvantaged individuals (HDIs) have been appointed as commercial directors in the divisions, The Bidvest Charter has been drawn up and open days between Dinatla and Bidvest companies have been held throughout the country to form linkages for BEE procurement opportunities.

### **New BEE impetus**

Shanduka Group, the black-owned and managed business led by Cyril Ramaphosa, our new Chairman, will by agreement obtain a 15% stake in Dinatla.

Bidvest has helped to create a new BEE investment vehicle – Dinatla New Ventures, which, with the participation of certain major financial institutions, will pursue large investment opportunities and be positioned as a potential empowerment partner capable of adding value to any business in which it

makes an investment. Dinatla New Ventures will focus on areas that involve no competition or conflicts with Bidvest's current activities.

### **BEE philosophy**

BEE is not just about percentage ownership or the number of transactions concluded. It is more about overall and meaningful transformation and value creation for BEE. In terms of the Broad-Based Black Economic Empowerment Act, all elements of the scorecard are important and Bidvest has made enormous progress internally and with its Dinatla partners in achieving true transformation.

### **Empowerment challenges**

The merits of BEE transactions are constantly debated and compared in the business community. This tendency creates a danger that empowerment will degenerate into a "BEE beauty contest". Supporters punt their own model, with the implication that others are inadequate. Point-scoring like this could lead to the perception that no structure goes far enough. Instead of creating hope, we could create cynicism and frustration.

Let's all give credit where it's due. BEE initiatives spring from a sincere desire for national transformation. The architecture might not always be perfect, owing to company-specific, legislative and fiscal parameters, but it's a tremendous advance on what went before and sets the scene for further progress. BEE is hugely important to South Africa. As South Africans we dare not fail. The process will take patience and goodwill.

Bidvest, for its part, believes the process can be assisted by greater legislative and fiscal clarity. In saying this, we acknowledge the challenge faced by Government, which has to give policy direction without






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**BEE is not just about percentage ownership or the number of transactions concluded, it is more about overall and meaningful transformation and value creation for BEE**

**South Africa remains an emerging market, but growing maturity is apparent**

**BEE is hugely important to South Africa**

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being prescriptive. Companies need freedom to manoeuvre when deciding issues vital to their future. Government, quite rightly, prefers to give business a BEE compass rather than a detailed BEE roadmap. However, any company preparing a BEE strategy confronts a welter of legislation, including the Constitution and the National Small Business, the Employment Equity, the Skills Development, the Competition, the Preferential Procurement Framework and the Broad-Based BEE Acts.

With such a multiplicity of Acts it is not surprising that some interpretations differ and some clauses contradict one another. At the same time, different industry charters and companies have adopted different BEE criteria. Inconsistencies in BEE scoring methods are also evident.

I believe Government should review all BEE legislation, remove the contradictions and create clearer definitions. The imminent release of the "Code of Good Practice" will help create a stable BEE framework, enabling us all to move forward.

Occasional lack of BEE clarity is no excuse for BEE inertia. Bidvest is determined to make progress and has made an exciting beginning. BEE is work in progress. We are eager to reach the finished product.

#### **BEE opportunities**

Within South Africa, many opportunities exist for growth through acquisition. Bidvest is by nature an acquisitive company. The quest for BEE partners or credible BEE companies creates opportunities for strategic expansion and has led to discussions with several businesses, as an increasing number of companies review their BEE options.

#### **The democratic dimension**

South African democracy's 10-year milestone was celebrated by many communities for many reasons. The business community has particular reason to celebrate. Today's strategic environment is infinitely superior to anything that went before.

In the 1980s, the effective consumer market in South Africa consisted of only 4 or 5 million people. Significant disposable income was concentrated almost totally within the white community. Today the market approaches 50 million.

From being the pariah of the world we now have friendly relations with virtually every country on earth. Our global trading networks have developed to the extent that commodity demand from Communist China now has significant influence on our economy. Apartness has been replaced by togetherness and we are immeasurably better for it.

#### **South Africa's market**

Our market is small by world standards, but offers growing opportunities for international and local brands. Competition therefore intensifies.

This was certainly the case last year as the rand gained strength against the US dollar and other major currencies. Imports were more affordable while the competitive advantage of some exports was eroded. Local manufacturers looked to build domestic market share even as overseas competitors sought to make inroads.

**Chief Executive's Report** (continued)

# Personal ownership

**Empowered managers take personal ownership of their business canvas and activities and have the authority and responsibility to deliver returns on the funds which they employ. By creating pride and commitment in individuals and teams, we inspire them to build a new future for themselves and a better tomorrow for the countries in which they operate.**

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**The diversified Bidvest business model makes “owner-managers” accountable for all aspects of performance**

**We are comfortable to cautiously increase our debt to a maximum debt-to-equity ratio of 40%**

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South Africa remains an emerging market, but growing maturity is apparent. Two years ago our currency was subject to wild volatility. Exaggerated market movement is typical of an emerging nation. Movement in a narrower range is associated with a more mature economy and a stable political climate.

Last year, for the first time in nearly a generation, the rand behaved like a grown-up currency. Long-term optimists – and I’m one – will see such maturity as an indication that South Africa’s fiscal discipline and social cohesion are having the desired effect on global perceptions.

#### **Salute to the authorities**

Another positive change involves offshore transactions. In his 2004 Budget Speech the Minister of Finance announced the removal of the two-year waiting period for the repayment of loans raised abroad against guarantees given by local companies to international businesses and foreign institutions.

This regulation had prevented local companies using their balance sheets to raise capital at competitive rates. Removal of these restrictions enables South African companies to enter a transaction on the same basis as their global peers. In our case, the level playing field proved helpful when buying out the minorities in Bidvest plc and Bidcorp plc as it lowered the Group’s cost of capital.

Another effect of this change could be to weaken the case for an offshore listing by a local company with ambitions in offshore markets. An offshore listing is no longer essential for international subsidiaries in order to achieve long-term growth.

This relaxation of exchange control regulations went largely unnoticed. It may be a technical issue, but the positives flowing from it could be substantial. Bidvest salutes the authorities for taking this step. It is far-sighted and will help world-class South African companies build critical mass in overseas markets.

#### **Minority protection**

In recent months, the issue of minority rights has caused considerable public comment. As an acquisitive company known to prefer full ownership, it is perhaps appropriate for Bidvest to state its position.

Bidvest has a duty to behave responsibly, reasonably and with due care with regard to its own minority shareholders. This it does. When Bidvest acquires another company it is obliged to treat shareholders equally, but not necessarily to show special consideration for minorities. The purchaser’s duty is to further the interests of its own shareholders by concluding the transaction on the best terms. Payment by the purchaser of an additional premium to minorities out of a sense of moral obligation defies business logic.

If there is a special duty of care for minorities within the company that is about to be acquired, then that duty falls on major shareholders who are negotiating the sale, especially if they believe the prospective purchaser will ultimately seek complete ownership.

## Chief Executive's Report (continued)

### Risks to the business

Bidvest has an entrepreneurial culture. Entrepreneurship implies risk. Bidvest is therefore obliged to rigorously identify and manage risk.

The most fundamental mechanism for managing risk is the diversified Bidvest business model that makes "owner-managers" accountable for all aspects of performance.

Furthermore, geographic diversification helps us manage portfolio risk. About 22% of Bidvest earnings are generated by international operations, a position balanced by our leading position in domestic markets.

At an operational level, people risk comes down to attracting, training and retaining the right people. Internationally, the Group is regarded as the employer of choice in its chosen industries.

Another tool for minimising people risk is skills development. A key initiative was the creation in 2003 of The Bidvest Academy for a new generation of executives. Our entire BEE investment in training and skills transfer can be viewed as long-term management of people risk.

In addition, our alignment with communities and markets is crucial. To put it simply, good corporate citizens are good risks.

### Business diversification

Business diversification not only balances risk, it also helps us build critical mass. Research published in the Harvard Business Review has indicated that a diversified structure is more suited to the challenges of a developing, as opposed to, a developed market.

This positive perspective was reinforced by research by Marakon Associates (Kaye and Yuwono, 2003) into superior conglomerate performance worldwide. This study rated Bidvest top among 88 diversified companies with market values of more than \$500 million. Researchers found Bidvest had delivered 36% annual compound growth in total shareholder returns in US dollars over 10 years.

Innovation also combats risk. Bidvest has demonstrated locally and internationally that new ways of looking at a business can create competitive advantage and lead to sustained growth.

### HIV/Aids

The incidence of HIV/Aids is not only a business risk; it is a national and personal tragedy. This has long been recognised by Bidvest and all operations rooted in Africa. Many of our companies have instituted Aids awareness programmes. Some have now launched counselling services and wellness programmes and have made anti-retroviral drugs available.

As Bidvest operates a decentralised business model, each management team is responsible for performance, returns and profits. However, Bidvest acknowledges that Aids awareness is no longer enough and a more proactive approach has to be adopted. We will ensure that the experience of those companies giving a lead in proactive programmes is shared across all operating companies.

### The national priority – employment

Some macro risks cannot be directly addressed. They have to be tackled by the nation, not the corporation. For South Africa, the big issue is the long-term risk posed by unemployment. Crime and social ills cannot be eradicated while jobs are scarce.




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**The Group will continue to seek out acquisitive opportunities whilst organic growth will be vigorously pursued**

**Export initiatives continue to be proactively pursued – the rand strength has slowed these initiatives**

**Bidvest's primary goal will be consolidation and the extraction of synergies and efficiencies created by low inflation and current economic conditions**

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Companies such as Bidvest can rescue jobs by helping transform underperforming businesses. But sustained job creation at scale depends on the policies and interventions of Government.

The first step is accurate record-keeping. In my view, Government should task Statistics SA with measuring, month by month, how many jobs are created or destroyed by South Africa Incorporated. Open disclosure of the "jobs score" would focus minds on the issue and spur on policy initiatives, creating a sense of national urgency.

#### **Prospects**

Bidvest's primary goal will be consolidation and the extraction of synergies and efficiencies created by low inflation and current economic conditions. Our businesses are well placed to add further impetus to the underlying momentum.

The full benefits of the inclusion of McCarthy and 100% of Bidvest plc will be realised in the year ahead. Underperforming offshore businesses are expected to make a positive contribution. Further investment in African markets to boost export initiatives will be investigated.

The Group will continue to seek out acquisitive opportunities whilst organic growth will be vigorously pursued. Management is budgeting for real growth in earnings off the pro forma base. Focus will be on enhancing stronger relationships across the businesses accompanied by significant personal development of the people of Bidvest.

#### **Appreciation**

I extend thanks to all members of the Board, our executive team, management and staff for their dedication, professionalism and hard work. At Bidvest, adverse trading conditions are seen as a worthy challenge rather than a good excuse. This unflagging determination to succeed is fully reflected in our results. I also express my appreciation to our shareholders, suppliers and customers for their continued support and ongoing relationships. Hopefully, all stakeholders are now in the picture . . .

## Review of Operations



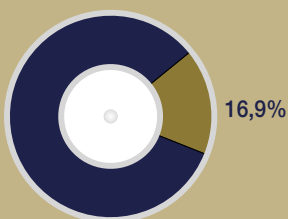
### The Services Division – Bidfreight

#### 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.**

- Bidfreight Terminals
- International Forwarding
- Marine Services
- Manica Africa
- Dartline
- Ontime Automotive

Contribution to Group trading income



**Ontime Automotive:**  
The vehicle transportation arm of Bidcorp in the United Kingdom



**Marine Services:**  
Represented in all major South African seaports and inland centres



**Bidfreight Terminals:**  
A leading provider of storage and handling facilities for containerised, bulk and break-bulk cargo



**Bidfreight Terminals:**  
The forest products terminals handle the bulk of South Africa's forest product exports

**Southern African trading margin increases to 3,4% from 2,9%**

**Terminals profits up 17% despite exchange rate effect on trading patterns**

**R222 million capital expenditure on new infrastructure**



**International Forwarding:**  
Safcor Panalpina is the country's largest freight forwarder





**Dave Rosevear**

*Chairman*

Dave is a chartered accountant with many years of diverse experience.

Bidfreight is the largest non-governmental entity engaged in freight management in sub-Saharan Africa. It has operations at all major South African seaports and a growing airfreight business. The division also has a strategic presence in the UK with cross-channel operations into Europe.

Within South Africa, the two key macro-economic factors of 2004, the strong rand and falling interest rates, were generally negative. Whilst import volumes increased, the rand value of these goods decreased. Some export volumes dropped, margins came under pressure and competition intensified. However, the broad spread of Bidfreight's activities and its strong relationships with a blue-chip client base enabled growth in most areas of its business.

The issues confronting freight management and port operations, both for South Africa and Bidfreight, are largely the challenges of growth. Trade volumes continue at a high level as South Africa reintegrates itself into the global economy.

An encouraging development is the growing sense of partnership with the National Ports Authority (NPA), Transnet and other state agencies. We have a common agenda – efficient harbours, transport infrastructure and freight management systems. Bidfreight supports government policy of creating clear lines of responsibility between an NPA tasked with providing world-class port systems on the one hand and SA Port Operations, the Transnet unit tasked with efficient cargo-handling and management, on the other hand.

Negotiations with the NPA to rationalise the leases held by Bidfreight Terminals culminated in a memorandum of understanding, which paves the way for future opportunities.

#### **Operational highlights**

Our policy of investing in facilities for our customers was highlighted by a R222 million investment in new infrastructure and facilities.

The overall strategy of building high value airfreight volumes was rewarded in March 2004 when a new monthly record for import volumes was achieved. The

monthly import level was 20% up on the same month in 2003.

South African Container Depots' cargo handling business has grown by 72% in the last two years.

The Rennies Bulk Terminal facility handled its greatest ever tonnage in a single month, being 106 000 tons in February 2004.

Island View Storage achieved record throughput in a single month in June 2004, with over 166 000 tons handled through its facilities.

Clearer focus on core competencies drove a significant realignment of the businesses previously housed within the Bidfreight Logistics unit. Rennies Technology Logistics was sold with effect from December 1 2003. Fedex and Express Air Services were transferred to Bidserv.

#### **Financial review**

Overall revenue excluding Namsof and Bidcorp was down 11,5% from R13,7 billion to R12,1 billion mainly as a result of the strong rand and rationalisation charges that occurred at Bidlog. Trading income increased by 5,5% from R395,4 million to R417,3 million.

For Bidfreight as a whole, capital expenditure was R222,1 million and depreciation R198,9 million. The return on average funds employed was 61,5%, marginally down on 2003.

#### **Business risks**

As a derived-demand business, Bidfreight would be impacted by the knock-on effect if trade volumes fall. It manages this risk through long-term partnerships with major customers in sectors that demand special expertise. Strategic partnerships exist with leaders in the iron and steel, forestry products, chemical and mining industries.

At Bidvest Terminals the joint-planning horizon can stretch 15 to 20 years and may involve eight- and nine-figure investments every year. The benefit is predictable, long-term throughput. This characteristic was highlighted in 2004 when a resurgent rand hit the margins of many exporters, but industry leaders maintained strong exports in key cargo categories.

Bidfreight carries credit risk as some subsidiaries make disbursements on behalf of clients and recover the outlay, plus interest charges and fees when all

## Review of Operations



### The Services Division – Bidfreight

#### **Safcor Panalpina:**

Exclusively represents the Panalpina World Transport group of companies in South Africa



transactions are complete. A solid core of repeat business helps manage this risk. Relationships with some customers go back more than 30 years. Stringent credit management programmes are also in place. Other business units have low credit risk as goods in storage or transit can act as security.

Risk is managed by diversification across a broad range of services, with facilities in place to handle bulk, break-bulk and containerised goods.

The freight management “pie” is growing and the private and public sectors have a common vision of freight operations that are modern, efficient and underpin the prosperity of South Africa. Co-operation is in the national interest.

#### **South African Bulk Terminals:**

Has two of three terminals in Durban handling minerals, grain, maize and other agricultural products



#### **HIV/Aids**

The risk of HIV/Aids varies according to the profile of the workforce in our various operations.

Bidfreight takes a proactive stance, focusing efforts on HIV/Aids awareness education and distributing anti-retroviral drugs.

#### **Empowerment**

Our heightened BEE profile has assisted both business retention and our new business drive. The appointment of historically disadvantaged individuals to senior positions has given new impetus to co-operation with government agencies.

Recruitment and internal development of the historically disadvantaged have high priority. Bidfreight is an active supporter of both the Maritime Charter and the Charter for the Forwarding and Clearing Industry. In addition, Bidfreight is actively engaged in the implementation of the enterprise-based Bidvest Charter.

#### **BIDFREIGHT TERMINALS**

Bidfreight Terminals, a leading provider of storage and handling facilities for containerised, bulk and break-bulk cargo, enjoyed good volume growth overall, though the experience across different cargo categories fluctuated significantly. Steel, paper and forestry products showed pleasing growth despite the pressures of the rand. However, exports of coal fell, while chemical volumes were flat. Volumes of containerised cargoes rose, spurred mainly by a strong demand for imports.

Rigorous cost controls were maintained and revenue growth pursued in a difficult operating environment. A highly motivated team achieved creditable results in a challenging year.

The strategy of partnership with industries with special needs was underpinned by ongoing investments, which included the purchase of 25 000 m<sup>2</sup> prime warehouse space for the Super Terminal for the



#### **Dartline:**

The cross-channel ferry services of Bidcorp Shipping, operate out of Dartford in the United Kingdom





paper industry. A R17 million investment was made in 15 000 m<sup>3</sup> of vegetable oil tankage at Maydon Wharf, Durban. Two container cranes at BMA were refurbished at a total cost of R25 million. Six new grain silos with total capacity of 15 000 m<sup>2</sup> were built in support of South African Bulk Terminals.

Investment continued in environmental monitoring systems to guard against the risk of air, ground or water pollution.

#### **Bluff Mechanical Appliance (BMA)**

BMA has long specialised in the bulk handling of coal exports and coke imports. BMA faced a difficult year as a result of high transport costs and pressures on margins. Despite these factors, BMA will continue to strive to increase volumes and is targeting bulk commodity products.

Negotiations have begun with the NPA to explore the possibility of using BMA's prime Durban site to handle other cargo.

#### **Island View Storage (IVS)**

IVS provides liquid bulk storage and handling services to the chemical and edible oil industries. Some petroleum products are handled, but no fuel and additives.

IVS faced a challenging year. Dwell times declined as IVS worked in partnership with clients to ensure throughput efficiency. Volumes showed no growth. The net result was a decline in average tank occupancy and storage revenue. Rigorous action was taken to improve efficiency and a satisfactory increase in operating profit was recorded.

Completion of new tankage at Maydon Wharf will create additional capacity and provide a base for revenue growth.

#### **Rennies Cargo Terminals (RCT)**

RCT is focused on wharfside handling of high value break-bulk cargoes for which it creates customer- or industry-specific materials handling and storage solutions. Despite the strong rand, export volumes of pulp, steel and sugar showed good growth.

A strong earnings contribution was made by South African Stevedores, which was integrated into RCT. Administrative and operational efficiencies contributed to significant cost savings.

#### **South African Container Depots (SACD)**

SACD is a market leader in container and cargo handling, operating at all major seaports and at the inland port of City Deep.

Import volumes rose strongly at SACD while margins were rigorously managed. The integration of Bidfreight Intermodal into SACD created operational efficiencies while strengthening SACD's added value offering.

The combination of stronger volumes and greater internal efficiency ensured good results.

#### **South African Bulk Terminals (SABT)**

SABT has two terminals in Durban handling minerals, grains, maize and other agricultural products.

Grain-handling and storage showed growth. However, food imports by international development agencies declined.

#### **Rennies Distribution Services (RDS)**

RDS is a newly created grouping of businesses formally housed in RCT and Bidfreight Logistics which operate away from the port zones.

RDS offers warehouse-to-customer landside distribution with the capacity to customise solutions for specific industries or clients.

Organic growth from existing clients in forestry products and chemical industries plus significant non-food volumes for an upmarket retail chain contributed to strong overall performance.

Efficiencies flowing from the restructure supported solid earnings growth.

#### **Naval**

Naval Mozambique offers a full range of freight handling and management services, with the exception of tankage. Naval provides stevedoring services and handles a wide range of bulk business, including ferro-chrome, coal, alumina, bagged sugar and citrus exports. There is strong potential for long-term growth due to the Mozambique Corridor development.

Naval recorded pleasing results, with strong volume growth.

## Review of Operations



### The Services Division – Bidfreight

**RDS created incorporating some of the businesses of RCT and Bidfreight Logistics**

**SACD revenue grew by 52% in the last two years**

**IVS achieved record throughput in June 2004 with over 166 000 tons handled**

**South African Bulk Terminals:**  
Grain-handling and storage in Durban port



#### **INTERNATIONAL FORWARDING** **Safcor Panalpina**

Safcor Panalpina is the country's largest international freight forwarder and within South Africa exclusively represents the Panalpina World Transport group of companies. Panalpina World Transport has more than 400 offices worldwide and has a 31-year relationship with Safcor Panalpina.

Safcor Panalpina's revenues are based largely on the rand value of imports and exports. The stronger rand adversely affected income, as did lower interest rates, depressing earnings on payments made on behalf of clients.

Safcor Panalpina offers value added, door-to-door freight solutions by air, sea and land, providing supply chain solutions to the pharmaceutical, automotive and retail, chemical, IT and telecom sectors, and serves a mainly blue-chip client base.

The business' quest for higher volumes was assisted by some growth in world trade and a rise in local business confidence. Volumes by mass rose materially, a creditable achievement as the operation's continuing productivity drive saw a small drop in employee numbers (a function of non-replacement, rather than retrenchment). However, net revenues fell on the back of a weaker rand.

A key differentiator for Safcor Panalpina is the three-a-week freight service facility out of Europe offered to airfreight customers. No competitor has a comparable service offering. This service has been strongly marketed and substantial volume growth is apparent.

Continued investments were made in IT systems and skills development. The training spend rose year on year and is set to increase substantially in the year ahead.



**Island View Storage:**  
Provides liquid bulk storage and handling services to the chemical and edible oil industries



### Sebenza Forwarding and Shipping Consultancy

This joint venture is the largest majority black-owned forwarding company in South Africa. In common with the industry as a whole, Sebenza faced a challenging year. Operating profit fell as a result of lower activity levels by certain key clients and the negative effect of a stronger rand on imported values and disbursements. Management took energetic steps to win new business and succeeded in attracting a number of new clients, notably among parastatals.

The operational environment is expected to remain challenging. Management is committed to energetic action to withstand competitive pressures and broaden the client base.

### MARINE SERVICES

Marine Services provides ships agency and associated services and is represented in all major South African seaports and inland centres.

### Rennies Ships Agency

Despite difficult trading conditions, Rennies Ships Agency retained its leadership position owing to the acquisition of new business and the increased activity of key principals. Activities related to liner traffic were affected by rand strength and the tendency of principals to reschedule their vessels to bypass South African ports during periods of container terminal congestion.

Non-liner activities were affected by freight market volatility, soaring freight rates and a strengthening of owner influence over agency appointments. A significant trade swing to China and the East was evident.

System upgrades received priority, focusing on security, controls and risk management. Networking within the Group and resulting synergies continue to add value for customers.

Despite persistent rand strength, prospects are encouraging. An increase in volume is anticipated, with favourable effects on operating margins.

### Bidfreight Intermodal

Bidfreight International showed continued growth and was repositioned within Terminals.

### Freightbulk

Freightbulk continues to provide bulk logistics services to niche sectors across a range of disciplines. These operations are International Standards Organisation (ISO) accredited. Satisfactory growth was achieved. Growth can be expected in the year ahead.

### Marine Insurance Division

The division comprises Rennie Murray & Co. and P&I Associates. Rennie Murray performs marine and cargo surveying services for local and overseas insurance markets. P&I Associates are the southern African correspondents for all the protection and indemnity clubs internationally which underwrite shipowners' third-party liabilities.

Both operations had a disappointing year financially as dollar-denominated income was affected by a strengthening rand. Port activity levels, particularly Richard's Bay and Cape Town, were also at a low level. Service standards remain high as does the division's international reputation.

A Rennie Murray office was opened in Port Elizabeth to take advantage of business opportunities in Port Elizabeth and Coega.

### MANICA AFRICA (Manica)

Manica offers a total freight management solution to exporters and importers across the southern African region. Forwarding and clearing services are complemented by a network of container terminals, warehousing and sophisticated tracing and tracking systems.

Manica's infrastructure is a key resource as South Africa strengthens its ties with Southern African Development Community (SADC) countries. However, stagnant or declining economies in some neighbouring states had a depressing effect on volumes of both imports and exports. The strong rand increased the cost of transport for our neighbours.

Manica Group Namibia offers a full freight management solution, consisting of stevedoring, warehousing, container terminals, clearing and forwarding, customs broking, shipping agencies and husbandry both in the liner and non-liner categories. Volumes are dependent on transit cargo into neighbouring markets, primarily Zambia and Gauteng.

## Review of Operations



### The Services Division – Bidfreight

#### **Bluff Mechanical Appliance:**

Specialises in the bulk handling of coal exports and coke imports for the domestic and export markets



#### **Manica Africa:**

Offers total freight management solutions to exporters and importers across southern Africa



**Exchange rate impact on Safcor Panalpina profits of approximately R30 million. Margin improved in part due to volume increases especially in high-value airfreight imports**

**Three-a-week airfreight service out of Europe offered to Safcor Panalpina customers**

**New SABB silos take capacity from 51 500 tons to 68 000 tons**

Bidfreight maintains its footprint in Africa through its investments in Manica Botswana, Manica Malawi, Manica Zambia and Manica Zimbabwe. Difficulties were experienced. However, Bidfreight is in a strong position to take advantage of the growth potential that exists in these countries.

#### **BIDCORP PLC**

Bidcorp revenue decreased by 25,2% to R1,5 billion (2003: R2,0 billion) resulting in a trading loss of R21,8 million (2003: R0,8 million trading income).

Bidvest's offer to minority shareholders in Bidcorp was accepted by an overwhelming majority and procedures instituted to delist Bidcorp from the London Stock Exchange were completed in August, setting the scene for expansion following 30 months of consolidation and reorganisation.

Bidcorp comprises three divisions, Automotive Services, Shipping Services and Property and Outsourced Services. Bidcorp owns the Thames-Euro Port, six short-sea ferries and fleets of rescue and recovery vehicles and vehicle transporters.

Loss-making operations and non-core assets have been sold or closed. A substantial business base remains. Bidcorp's revival strategy calls for critical mass to be built in areas where it has the potential for sector leadership.

All of its vehicle transportation and allied activities have now been grouped under a single brand name, Ontime. Twelve disparate



rescue and recovery operations were consolidated into a single business and, through franchising arrangements, has become the biggest independent operator in its sector with nationwide representation and 300 vehicles on the road. In addition to the vehicles of the transportation fleet, over 600 vehicles carry the Ontime brand name.

Bidcorp's automotive volume distribution business has secured a blue-chip client base among leading motor manufacturers.

Bidcorp Shipping's cross-channel ferry services, operated under the Dartline brand, won the Lloyd's List Short-Sea Ferry Operator of the Year Award – the industry's most sought after accolade as it is adjudicated by customers. Bidcorp is the third largest customer of the Port of London Authority and accounts for approximately 40% of roll-on-roll-off ferry traffic along the Thames.

Bidcorp has downsized and expects to reverse its losses and move toward profit in the year ahead. Bidcorp has a strong net asset value underpin and provides a solid international platform for expansion. Opportunities will be investigated in several areas of the business.

#### **NAMIBIAN FISHING OPERATIONS (Namsov)**

Namsov, a partnership with Namibian citizens and empowerment organisations, is primarily involved in mid-water trawling. Bidfreight has an effective 31% shareholding. As more than 95% of sales are denominated in US dollars, the stronger rand negatively impacted results.

The vessels brought in a record catch, driving up trading profit by 12%. Namsov is party to catch agreements for the 2004 calendar year, which will ensure sufficient quotas for catching and processing.

Capital investments into the fishing fleet are planned to further enhance efficiency.

#### **PROSPECTS**

There are indications that exporters who were hard hit by the strong rand now have their costs under tighter control, suggesting that export growth should materialise. These conditions will provide a base for improved earnings, though the highly competitive environment will continue.

New business remains a priority. Opportunities will be exploited among suppliers to parastatals and Government. New investment opportunities will also be explored.

Public-private partnership opportunities will be explored in many areas as we join Government in the quest for higher levels of port efficiency. Our BEE partnership with Dinatla adds substantial value to this process.

## Review of Operations



The Services Division – Bidserv

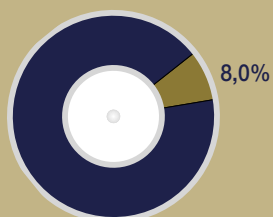


**Bidserv**

Bidserv operates in the outsourcing market by supplying cleaning, laundry hygiene, security, interior and exterior landscaping, aviation services as well as janitorial products and industrial work-wear.

- Cleaning Services
- Laundry Services
- Hygiene Services
- Green Services
- Aviation Services
- Security Services

Contribution to Group trading income



### Aviation Services:

Is a new division consisting of FedEx, Airport Handling Services and Express Air Services



### Laundry Services:

The new laundry facility in Johannesburg will have a capacity of 60 tons per day



### Cleaning Services:

Prestige Group delivers expert cleaning services to hospitals and healthcare facilities and the food hygiene, retail, industrial, educational and commercial sectors



### Hygiene Services:

Commercial Sundries is one of the largest distributors of cleaning and janitorial products

Trading margin broadly  
stable at 9,5%

Steiner and laundry  
expand at the expense of  
competitors

Laundry capital expenditure of  
R120 million over five years a  
competitive advantage

### Security Services:

Magnum Shield creates integrated tailor-made security solutions for each client



### Green Services:

This new division comprises Top Turf and Execuflora





**Lindsay Ralphs**

*Chairman*

Lindsay joined Bidvest as Operations Director in 1992. In 1994 he was appointed Managing Director of Steiner and following the acquisition of Prestige to form Bidserv, appointed Chairman of Bidserv.

### Operational environment

As soft service providers within the facilities management industry, Bidserv companies work for property owners, property groups and a broad range of corporate clients. Without exception, client companies are engaged in rigorous cost-containment programmes. Competition, always strong, has intensified. Among larger groups one reflection of this competition is the move away from single-property contract renewals to multi-property packages that go out to tender as a single portfolio. Up to 100 buildings may be "packaged". Higher volumes are obviously available but at much lower margins.

Bidserv has the stature and capacity to handle big portfolio business, but participation in the tender process is de facto acceptance of margin-squeeze.

Macro-economic factors compounded the situation as falling interest rates and lower inflation encouraged extreme resistance to every price increase by every client, not only the major groups. For Bidserv this development meant our ability to recoup higher input costs was constrained.

Bidserv responded by the single-minded pursuit of real volume growth through aggressive pricing. As a result, a series of tenders was won. Strong cash flows were maintained and turnover increased significantly – a commendable achievement in such a competitive environment. Growth through strategic acquisition was also achieved.

A contributing factor was Bidserv's improved BEE profile arising out of the Dinatla transaction. Many well-led companies in our sector are eager to secure a bigger share of the future by selling all or part of their business to a BEE partner that can help them grow. Bidserv fits the bill.

Another positive development is the increasing willingness of parastatals and official departments at national and provincial level to consider partnerships with soft service providers. Bidserv already has a track record of successful collaboration with public bodies and is well positioned to develop this aspect of the business.

### Operational highlights

Though Bidserv is committed to operational efficiency and lean structures the division still emerged as a net creator of jobs. This status is noteworthy as most jobs at most Bidserv operations fall into the low-skill category where the greatest need exists for new employment opportunities.

In a major strategic initiative, Bidserv further broadened its range of services by creating a Greens Division, with the initial acquisition of Top Turf and Execufloora.

A strategic realignment saw Express Air Services (EAS) and Federal Express (Fedex) move from under the Bidfreight "umbrella" to Bidserv. Fedex finds a neat fit as most Bidserv customers operate courier and parcel services. Fedex adds value and strengthens the bond with these customers. EAS provides cargo-handling services to airlines. It augments the Bidserv presence in the airport and aviation sector, a strategic point of focus.

A series of bolt-on acquisitions took place in the security business. The net effect was to broaden the footprint in the Cape. Though the scale of these transactions was small, they have strategic implications. The security division is now a strong, credible player in every region.

The security industry trend is for clients to seek cost efficiencies by complementing the physical presence of guards with remote control, alarm and surveillance systems.

The division stayed ahead of the techno trend by acquiring C.E.S. (a remote monitoring security company) and International Payment Systems (a high-tech solution for cash validation and sorting), including the De La Rue and Ingenico agencies.

In a significant post-balance sheet event, Bidserv sought Competitions Board approval for the acquisition of G. Fox, a major supplier of janitorial supplies to industry. The G. Fox range includes workwear, rags, industrial safety equipment, chemicals, soaps and paper. The acquisition would make Bidserv South Africa's largest provider of janitorial services.

Laundry operations had a breakthrough year, significantly growing market share and earnings. Over five years, R120 million has been invested in new infrastructure, creating a world-class laundry business.

## Review of Operations



The Services Division – **Bidserv**

### Hygiene Services:

Steiner Hygiene is the leading provider of hygiene services in South Africa



### Laundry Services:

Boston Launderers is the largest commercial laundry operation in the country



### Cleaning Services:

The TMS Group provides expert cleaning services to the industrial sector

Over five years, **R120 million** has been invested in laundry operations

**Acquisitions** of Top Turf, Execuflora, G. Fox and IPS

Competitors failed to react with corresponding investment. Bidserv sets the quality standard for the industry and continues to grow its base of business in the healthcare and hospitality sectors.

### Financial review

Bidserv's revenue increased by 24,8% to R2,2 billion (2003: R1,7 billion) and trading income rose 23,3% to R205,6 million (2003: R166,7 million).

### Business risks

Bidserv employs in excess of 40 000 people. Many are low-skilled workers in low-income groups, an area in which labour law legislators have a keen interest. Bidserv is therefore faced with statutory risk as new legislation can affect the cost of labour, hours worked and labour flexibility.

The challenge was showcased two years ago when the Conditions of Employment Act reduced the number of hours a security guard was allowed to work. Two-shift arrangements had to be replaced by three-shift systems. At the same time, security companies were prevented from reducing pay in line with the reduction in the working week. Clients resisted efforts to pass on increased costs, impacting profitability.

The security sector subsequently witnessed a series of insolvencies while industry consolidation accelerated. A major player like Bidserv managed the lower margins, grew by acquisition and won business previously held by industry casualties. It was strengthened by adversity.

Statutory risk remains a challenge, but recent history indicates that Bidserv has the scale, resources and management skill to survive and thrive.

There is a relatively low cost of industry entry in most areas of Bidserv's business. The risk of competition from new entrants is ever-present. However, the trend is for customers to demand pricing efficiencies for volume or to seek the convenience of a single relationship across a





range of disciplines. Poorly capitalised entrants can't meet these demands. Bidserv can.

Bidserv runs a stable, balanced business. Its earnings are not skewed by fashion nor endangered by over-dependence on a single customer or industry. It serves enterprises large and small across the entire economy. It provides basic, must-have services that are not affected by sudden changes in spending patterns. Reliable, largely predictable contract-based annuity income drives the business.

Increasing use is made of technology and business systems, but technology risk is low. The accent is on system reliability, not "bleeding-edge" innovation.

People risk is substantial, however, as Bidserv services are driven by energetic and motivated human capital. Here, the impact of HIV/Aids cannot be ignored.

For several years, Bidserv has invested in HIV/Aids awareness and education. This investment continues to grow. Bidserv is strongly committed to people development as it competes on quality and efficiency, not just price.

#### **Empowerment**

BEE does not represent a risk, but an opportunity. Bidserv's BEE profile contributed to several tender successes as most corporate clients are applying preferential procurement programmes. Simultaneously, the Group's BEE credentials proved beneficial in discussions with official departments and parastatals.

#### **New appointment**

We welcome Lionel Jacobs, our new Business Development and Transformation Director. As a member of the Dinatla team he contributes a fresh, broader perspective. He also sits on the main board of Bidvest. Bidserv could hardly have a more high-powered individual to drive internal transformation and the commitment to broad-based empowerment.

#### **Bidserv Integrated Service Solutions (ISS)**

The international trend in soft services is for integrated, wide-ranging solutions from a single provider. ISS was created to deliver this all-in-one capability nationwide.

The scope of the total ISS solution has widened even further following the creation of the Greens Division.

The all-in-one concept is still novel locally. The ISS team is concentrating on market education while addressing the perception that the A-Z solution, for all its efficiency, can lead to over-reliance on a single supplier. Steady progress has been made in this regard.

#### **Prestige Group**

Prestige business units provide specialist focus on well defined sectors, delivering expert cleaning services to hospitals and healthcare facilities and the food hygiene, retail, industrial, educational and commercial sectors.

Prestige achieved satisfactory results while establishing the basis for further growth.

#### **Steiner Hygiene**

Steiner provides washroom products and consumables to the commercial, industrial, food and health sectors. Competition remains intense. However, a highly motivated team secured significant new business growth. The Puréau Fresh Water Company – a division of Steiner Hygiene – put in a strong performance. This supplier of purified drinking water, water coolers and dispensers was launched as a greenfields project and has made a positive contribution to Group results for the first time.

#### **Security**

Bidserv's Security Division now has three distinct operational arms: Magnum Shield Security Services (a leader in the guarding industry), Provicom Electronics (a provider of customised electronic security systems) and newly acquired International Payment Systems.

#### **Magnum Shield Security Services**

Margins remain under pressure across the industry following the period of consolidation in the wake of new labour legislation. However, turnover has grown as a result of new business gains and several acquisitions in the Cape. The business was further strengthened by the acquisition of C.E.S.

#### **Provicom Electronics**

Provicom performed strongly and was successful with several large tenders. Its full package of electronic security solutions enjoys growing market acceptance. Healthy profit growth was secured.

## Review of Operations



The Services Division – **Bidserv**

### Green Services:

Top Turf has a strong resort and hotel element



**BidAviation** created to leverage off FedEx, Express Air Services and Airport Handling Services to extract synergies

**Magnum Shield** remains profitable in a security industry which is in disarray

### Hygiene Services:

Puréau provides bottled or re-mineralised cooler water



### International Payment Systems (IPS)

The new business unit performed well, fully in line with expectations at the time of its acquisition.

### Laundry Services

The division adopts a multi-brand strategy. It serves the hospitality industry through off-site installations operated by Boston Launderers. Workwear rental to industry is the speciality of First Garment Rental. The healthcare industry is served via the on-premises operations of Montana Laundries. Expansion of services to the healthcare sector continues to gain momentum. In two years, these operations have grown 60%.

### Clockwork Clothing and Commercial Sundries

Significant efficiency gains were achieved by the consolidation of Clockwork Clothing, Admiral Sportswear and Commercial Sundries. Clockwork makes and distributes workwear to industrial companies in South Africa and abroad. Admiral Sportswear distributes sports clothing and footwear sourced from Malawi and Asia. Commercial Sundries supplies janitorial and cleaning products to the public and private sectors. It also runs a chemical manufacturing plant as a joint venture. The Commercial Sundries operation will be significantly strengthened by the acquisition of G. Fox should Competitions Board approval be forthcoming for this transaction.

The rationalised operations at Clockwork grew market share and made an improved contribution to Group results.

### TMS Group

TMS provides specialised industrial cleaning services, primarily to petro-chemical installations, and supplies contract labour to a wide range of sectors. Its results were impacted by a reduction in the spend of the petro-chemical industry. Improved prospects are projected.

### Hygiene Services:

Steiner continues to be the market leader in washroom-related products





### Greens Division

The division comprises Top Turf (the country's second largest exterior landscaping company) and Execuflora (an indoor plants business based in Gauteng and KwaZulu-Natal).

Top Turf has a strong resort and hotel element to its landscaping business, operating across southern Africa and the Indian Ocean islands. New hotels are under construction in several locations, creating opportunities for Top Turf.

Both businesses are underpinned by strong annuity income streams.

The units in the newly formed division achieved satisfactory results in line with expectations at the time of acquisition.

### BidAviation

This new division was launched in January. It consists of three synergistic units: Airport Handling Services (providing cleaning services to airlines), EAS (an airport cargo handler) and Fedex (the global courier brand). Cleaning and cargo-handling operations performed well. Fedex focused on efficiency improvements and core competencies (its international operations) and by year-end the benefits of the rationalisation were strongly evident.

### Prospects

Bidserv is positioned for continued growth and stronger profits. Several strategic opportunities will be strongly pursued.

One of the most exciting developments springs from the realisation within the public sector that important efficiencies can be achieved by public-private partnerships (PPP) in the realm of soft service delivery. Quality improvements can also be achieved by outsourcing cleaning, maintenance and laundry services to specialists. A "road map" to PPP project approval and implementation has been drawn up by National Treasury. Several official departments and regional authorities are eager to introduce projects based on the PPP model.

Bidserv is currently working on several such projects. One regional project alone could involve health facility

soft services for hospitals with 24 000 beds. Moving from project approval to implementation on the ground may take some time, but the potential for growth for a company such as Bidserv could hardly be more exciting.

Expansion by the new Greens Division is also anticipated. The operations of Execuflora are currently limited to two provinces, but are well positioned for growth into a national operation. The Top Turf acquisition provides a new platform for further growth into the hospitality and leisure sectors.

Contributors in the security industry are also positioned for growth. Here, the gaming and banking sectors have been identified as potential growth points.

Marketing opportunities beckon for the technology developed by International Payment Systems. Its swipe-card technology has numerous commercial banking applications; some with the potential to take banking services to the unbanked. In addition to technology sales, there are prospects for a growing annuity income stream from the maintenance of ATMs and card readers.

Further acquisition opportunities will be pursued where they add value and contribute to the overall expansion strategy.

## Review of Operations



### The Services Division – Rennies Financial Services

#### **Rennies Financial Services**

Rennies Financial Services 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.

- Travel Services
- Rennies Bank



#### **Rennies Bank:**

A niche bank specialising in foreign money transfers



#### **Rennies Foreign Exchange:**

Is recognised as the foremost provider of specialised foreign exchange services



#### **Concorde Travel:**

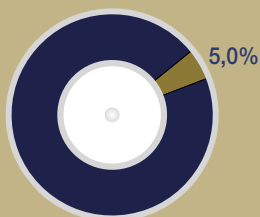
All the Cape branches were consolidated into a single travel centre



#### **Master Currency:**

Master Currency operates through 18 strategically located Bureaux de Change throughout South Africa

Contribution to Group trading income



Trading margin slips to 19,4% from 24,3%

6% rise in travel trading income

Fee-based accounts are 50% of the total, up from 35%



#### **Travel Services:**

Rennin companies add value by actively managing corporate travel budgets



**Lilian Boyle**

*Chief Executive*

Lilian has thirty-five years of diverse business experience including seven years in the freight management industry and seventeen years in the travel industry.

### Operational environment

The operations of Renfin were characterised by intense competition and the impact of the strong rand. The industry witnessed continued consolidation, with one major travel consortium seeking new owners. This development may lead to the formation of a new consortium and it is expected that further consolidation in the industry will take place ahead of changes to the remuneration model in 2005.

The stronger rand affected South Africa's price competitiveness as an inbound tourist destination. The effects of an appreciating currency were compounded by competition from East Asian destinations that discounted heavily to rebuild tourist markets hit by acts of terrorism and SARS.

The strong rand affected both tourist volumes and forex encashments. Though currency dealing volumes rose, the rand value of transactions fell, severely depressing earnings.

Outbound travel was undermined by corporate cost-cutting on business travel. Business travel accounts for approximately 75% of the Renfin travel business in value. In many corporations, travel and entertainment constitute the third highest cost item and a focus area for cost containment. The result is fewer journeys, shorter stays, less first class travel and more down-trading.

These factors are negative for the entire industry, but some companies are hurt more than others. Strong, service-led companies can improve their competitive position as weaker operators lack the resources to withstand these pressures. Renfin's market positioning also helped. Renfin companies add value by actively managing corporate travel budgets. Their expertise is more in demand than ever, helping Renfin to achieve a measure of success in extremely difficult trading conditions.

### Operational highlights

Despite the constant quest for efficiency improvements, the division managed to maintain its head-count. Rationalisation affected some jobs but, wherever possible, staff were retrained and re-assigned to new posts.

The competitive landscape presented a growth opportunity as some high quality operators re-examined their strategic options in a market where margin pressure is constant.

Renfin made selected acquisitions to strengthen its regional presence and broaden the client base. We acquired 100% ownership of Jet Travel (based in Port Elizabeth), Prestige Travel (Johannesburg and Cape Town), Uniworld Travel (Johannesburg, Cape Town and Durban) and Incentag New Directions (Johannesburg). We took a controlling stake in Travelwise of Gaborone. All are well run, like-minded businesses with a strong focus on corporate or business travel.

In addition, several quality corporate accounts were won, further strengthening our blue-chip client list. Renfin now accounts for almost 30% of the total turnover of the South African travel industry.

A key strategic success was achieved when fee-based accounts approached 50% of total for the first time, up from 35% a year earlier.

The Renfin strategy is to build the fee base while reducing dependence on commission. Clients increasingly accept both the business case and the ethical argument. Commission is a perverse incentive to create high-cost solutions that generate income from product suppliers. Yet low cost and good value are expected by clients (for whom the travel service provider is working). Furthermore, flat commission rates ignore the expertise, systems investment and time needed to create an optimum solution.

Corporate clients who expect significant cost reductions in travel expenses increasingly see the logic of fees in return for efficiencies and real savings.

Renfin has given an industry lead in the conversion to professional fees that avoid an inherent clash of interests. In the long term we believe this is the best way to deliver on client expectations and restore industry profitability.

Renfin is winning the argument for professional remuneration across its client base while many major suppliers now acknowledge that the case for fees and transparency is irrefutable in a market driven by corporate travel expense management.

Renfin had hoped that the intense industry deliberations in 2004 would have resulted in South African Airways (SAA) scrapping commissions and



## Review of Operations



# The Services Division – Rennies Financial Services

### World Travel BTI:

Provides travel and management services to corporate and leisure clients



**Corporate 75% of travel business**  
and corporate leisure 25%

**Ebony Travel joint venture launched**  
by Prestige Travel

**Five new business travel**  
**companies acquired (previously**  
**Sure Travel members)**

### Travel Services:

Our range of high-quality travel products and services operate locally, regionally and internationally



embracing a fee-based system. However, SAA delayed its decision by a year. In the first half of 2005 our national carrier is expected to end a system that ignores the client's best interests and hobbles the development of true professionalism in the travel business.

### Banking operations

Banking operations benefited from the weak rand in the first half of 2003 and were particularly hard hit when the unit strengthened. In rand terms, transaction values fell though levels of activity were increased.

Rennies Bank derived considerable advantage from synergies with Bidfreight in the development of trade-related foreign exchange services.

It established a banking sector lead by prompt implementation of the stringent client identification and record-keeping requirements of the Financial Intelligence Centre Act (FICA). Commercial banking competitors derived some tactical advantage by slower implementation. This window of opportunity will soon close as commercial banks become FICA compliant.

Rennies Foreign Exchange created a competitive advantage through further development of the Cash Passport product. This preloaded, pin-protected debit card can now carry cash sums denominated in US dollars, sterling, euro and Australian dollar – the broadest range on the market.

The A2 short-term credit rating of Rennies Bank was confirmed by CA-Ratings together with the long-term BBB rating. There was no change to the bank's policy of retaining sufficient liquidity to repay all depositors on demand. The capital adequacy ratio still exceeds 100%.



### Travel Services:

Rennfin provides services to an extensive blue-chip client base



### Financial review

Renfin's revenue increased by 2,5% to R658,2 million against R642,1 million in 2003. Trading income decreased 18,3% to R127,4 million.

### Business risks

Vulnerability to acts of terrorism remains a concern for the travel-related industry. No resolution of global security issues is in sight. Another security concern relates to crime. Travel companies and travel-related banking services are targets for organised crime. The risk is addressed by ongoing investment in security systems and support systems for staff members, together with continuous improvement in controls.

Technology risk is acknowledged. The public and the corporate sector may embrace on-line, Internet-based booking systems to an extent that may affect Renfin, but real-life experience suggests this is unlikely. Growing choice, price range and product complexity make expert intervention more vital than ever. Corporate clients demand more support, information and personal service, not less. Industry research shows that the average business traveller changes a booking 3½ times before finally boarding the plane. Demand for "Just In Time" flexibility cannot be met by direct systems via the Internet. Renfin does not only provide a booking service, but is also a solution provider and proactive travel expense manager. This position negates the direct-booking risk to some extent while the extensive range of Renfin's on-line tools forms an increasingly important, and cost effective, part of the service mix.

Renfin makes extensive use of its own web-based tools and constantly invests in new technology (now its second biggest cost). The business has long invested in its own IT systems to prevent dependence on the software of any industry supplier.

Renfin companies primarily serve the corporate sector. The division guards against the risk of client attrition by ensuring that its companies have a broad spread of clients across various industries. Account gains among small and medium-size enterprises are a point of focus to prevent over-exposure to a few major corporate clients.

Travel is a dynamic industry. Business patterns change constantly. This risk is managed by closeness to the business. For example, the demand for travellers' cheques continues to decline. The division responded by obtaining a full banking licence and offering a complete range of travel-related banking and trade finance services, instantly removing the historic dependence on the issuance and encashment of travellers' cheques.

### Empowerment

Bidvest's strong empowerment credentials following the Dinatla transaction have entrenched relationships with corporate clients, most of whom are rolling out preferential procurement programmes.

The staffing profiles of our companies are fully representative of the population at large. All companies are in the process of obtaining individual empowerment ratings from independent empowerment auditors and developing plans to achieve their transformation objectives in all aspects of the BEE scorecard.

### Travel Services

The travel companies did well to increase their contribution in the face of a disappointing year in terms of market growth while the foreign exchange bureaux were hard hit by the strength of the currency and the drop in tourism. Non-South African operations were less affected by the negative economic factors and managed to sustain top-line growth and increase market share.

In these service businesses, people remain the key to service excellence and management and staff again demonstrated their commitment to raising the standards in an extremely competitive and difficult environment. Investment in the development and well-being of staff increased in the year as part of the strategy of retaining and growing the best people in the industry.

### Rennies Travel

General market conditions, coupled with excellent cost savings achieved on behalf of clients, led to lower sales and revenue than the previous year. However, profitability increased as a result of the continuous process of rationalising marginal activities, implementation of several strategic initiatives and rigorous cost control.

Business retention remained a strong focus while many new quality accounts were acquired. Strong



## Review of Operations



# The Services Division – Rennies Financial Services

**112 franchisees within Harvey  
World Travel Southern Africa**

**59% fall in banking income due to  
direct and indirect exchange  
rate impacts**

**Capital adequacy ratio of Rennies  
Bank above 100%**

**Travel Connections:**  
The state-of-the-art  
Sandton branch



communication of the philosophy of providing clients with a full range of products “under one roof” contributed to another successful year for the Incentives and Conferences division and the Airport Services division (Premier Club Lounges and Conference Centre), which added the international arrivals lounge at Johannesburg International Airport to its portfolio. The inbound division was negatively affected by the drop in foreign visitors.

### Rennies Travel Namibia

Another good year of growth was achieved in Namibian travel operations, augmented by the opening of a new branch at Oshakati and the acquisition of Swakopmund and Windhoek outlets which previously traded as Travel Box. As in South Africa, the conversion of clients to fee-based remuneration continues. Service fee income doubled during the year.

Tuka Travel, the empowerment joint venture, was closed in January as it proved to be unviable. However, negotiations have reached an advanced stage for the sale to an empowerment partner of a 25,1% equity stake in Rennies Travel Namibia.

### Namibia Bureau de Change

This was a satisfactory year for the company in spite of the strengthening of the rand (the Namibian dollar is linked to the rand). Margins were well managed and expenses well contained despite the opening of a fourth branch in September 2003.

The company remains heavily dependent on inbound visitors and, like the rest of the region, saw a negative impact from declining tourist numbers.



**Master Currency:**  
Staff of the Clocktower (V&A  
Waterfront, Cape Town) branch



#### **Rennies Travel and Foreign Exchange Zimbabwe**

Ever-increasing inflation and mandated salary increases are creating an unsustainable business environment. Currency shortages and manipulation of the exchange rate by some airlines exacerbated the difficulties facing the travel operations. The Zimbabwean Reserve Bank intervened in June 2004 to regularise the exchange rate used for airline ticket purchases. The Mutare branch was closed in March owing to the decline in business in that area. An intense focus on cost reduction accompanied by the introduction of new transaction fees contributed to better than expected results.

Government legislation forced the closure of the successful foreign exchange bureaux in December 2002.

#### **Rennies Travel and Foreign Exchange Malawi**

The Malawi economy was adversely affected by the poor performance of the tobacco industry, a decline in international donor funds and the closure of some companies. The restructuring of operations in Malawi was successfully completed, resulting in a positive year in a low-growth market. A new foreign exchange bureau was opened in Lilongwe and the year ahead will see a renewed sales drive in both travel and forex.

#### **Concorde Travel**

Tough trading conditions were experienced, largely as a result of the widespread trend toward travel cost containment among corporate clients. In an extremely competitive market, Concorde did well to increase earnings through expense control, increased fee earnings and tight management of working capital.

Highlights included the successful consolidation of the Cape branches into a single travel service centre, the conversion to platform-independent reservation systems and the countrywide implementation of the new operating system, all of which will result in improved client delivery and internal efficiencies.

#### **Connex Travel**

Once again, Connex had a successful year, growing its presence in the corporate travel management sector

while entrenching its position as the major supplier to Government and parastatal clients. The acquisition of new accounts necessitated an increase in staff as several new in-house branches were opened.

Increased earnings can largely be attributed to the control of costs, increased fees and focused working capital management.

#### **World Travel**

Whilst sales growth was below expectations, revenues were maintained owing to a high level of client retention in a challenging trading environment. Good cost control and increased fees helped to minimise the reduction in profitability.

Progress was recorded in the development of employment equity and skills development plans, and the company obtained a satisfactory empowerment rating. Consolidation of some of the marginal activities has begun with the aim of improving efficiency and earnings.

#### **Harvey World Travel Southern Africa**

The franchise company had a successful year. The number of franchisees in southern Africa grew to 112 and brand awareness was entrenched in the minds of the travelling public. Additional services to franchisees are being rolled out which will contribute to improved value for clients and enhanced earnings for the franchisees.

#### **Travel Connections**

Results were exceptional considering the dual challenge of down-trading by clients and the discounting of direct sales by suppliers. Excellent personal service and competitive pricing resulted in a high level of client retention while many new accounts were gained. The business and its staff were the recipients of several industry awards.

#### **Prestige Travel**

The business faced a challenging year as clients reduced their travel budgets. In response, a restructuring of the business was undertaken and preparations made for full transition to a fee-based environment, creating a strong foundation for growth. A joint venture, Ebony Travel, has been formed to foster enterprise development and skills transfer.

#### **Uniworld Travel**

Direct distribution channels presented a major challenge necessitating process streamlining and rationalisation. These initiatives will bear fruit in

## Review of Operations



### The Services Division – Rennies Financial Services

the year ahead. The development of additional revenue streams remains a high priority and a significant increase in fee earnings was recorded.

Incentag New Directions, the incentive and conference division of Uniworld, had a satisfactory year, gaining several new accounts.

#### Travelwise (Botswana)

The travel business benefited from the slow recovery of the global travel market following damaging world events. The visit of the President of the USA and several important regional conferences generated good revenue during the year. Travelwise is already seeing positive results from its membership of the Renfin group.

Botswana, although a small market, continues to be one of the more buoyant and stable economies in Africa, while Gaborone's positioning as the SADC region's centre for world development agencies will have a positive influence on travel volumes in the future.

#### Master Currency

Results were largely governed by the continued appreciation of the rand. In common with all foreign exchange operations, Master Currency suffered from the strength of the currency when converting foreign transactions to rand. The decline in inbound tourist numbers also affected sales. Unfortunately, outbound travel was not stimulated sufficiently to compensate for the decline in foreign tourist activity and although transaction numbers increased, South African residents were able to lower the spend per transaction.

Excellent cost control and margin management lessened the full impact on profitability of the rand's strength and the company did well under challenging circumstances.

#### Rennies Bank

Rennies Bank is unique in South Africa in that its primary focus is foreign exchange and related activities. The bank also accepts deposits and grants personal loans, revolving credit, trade finance, asset-based finance, corporate loans and bridging finance. The bank runs a MasterCard branded corporate credit card programme. Through its Rennies Foreign Exchange retail division, the bank is the leading seller of travellers' cheques and foreign bank notes in South Africa.

Despite the tremendous strengthening of the rand, making overseas travel for South Africans cheaper than for many years, there was little growth in outbound travel. However, inbound travel did react to the strength of the rand and volumes of encashed travellers' cheques

#### Rennies Bank:

Also accepts deposits and grants personal loans, revolving credit, trade finance, asset-based finance, corporate loans and bridging finance



#### Rennies Bank:

New benefits will be derived from the continuing investment in training



and purchases of bank notes declined. In addition to the reduced volumes, the rand's strength resulted in declining margins and commissions, which seriously impacted the bank's revenue

### Prospects

Fierce competition will continue in 2005; so will industry consolidation. Opportunities for acquisitions may present themselves. The division is positioned to respond in cases which meet our growth criteria.

Competitive pressures from Asian destinations are unsustainable in the long term. As these discounts are removed, South Africa will again emerge as an exciting, value-for-money destination, with a positive impact on inbound business.

Though international political developments remain a concern, the global economy shows signs of growth. This will be positive for outbound travel.

The banking business will begin to derive new benefits from substantial investment over the last two years in IT systems, infrastructure and training. The product range is growing. Trade finance represents an exciting opportunity. The groundwork has been laid for an increase in both revenues and profit in the year to come.

## Review of Operations



# The Foodservice Products Division – Bidvest United Kingdom

## 3663 Bidvest United Kingdom

**3663 First for Foodservice** is the United Kingdom's leading foodservice company.

- Trading (Multi-Temperature and Frozen)
- Logistics (Central Distribution and Ministry of Defence)



**3663 First for Foodservice:**  
Is the sole supplier to the Ministry of Defence

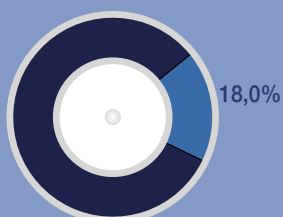


**Product ranges:**  
Have been extended into Fresh and Chill



**Non-food items:**  
For caterers are growing

Contribution to Group trading income



**3663 First for Foodservice:**  
Values and develops its people

**3663 margin up to 3,4% from 3,0% with profits up 25% to £40 million**

**Consolidation of Swithenbank into 3663's business was point of focus**

**New Kuwait depot, opened in February 2003, highly efficient**



**Snacks:**  
Consumer taste for snacking products is increasing



**Fred Barnes**

*Chief Executive*

Fred has extensive international foodservice and distribution experience.

### Operational environment

3663 First for Foodservice is one of Britain's two major national headline foodservice distributors with two trading divisions (operating a multi-temperature and a frozen and chilled service) and a logistics division. 3663 operates in a fragmented market. Though few industry players have credible national operations, the operating environment is characterised by intense competition at local, regional and metropolitan level.

UK inflation remains low (1,5% per annum CPI in May 2004), with GDP growth of about 3,4%. Product inflation has been minimal for a number of years, although the first signs of upward pressure are now becoming evident. The year ended with a rise in interest rates (to 4,75%) and further rate increases are expected in the year ahead.

The overall market for foodservice products has shown low or no growth. The industry expectation is that, as in the US, lifestyle factors will drive significant growth in food consumption away from home or "food on the run". This has not happened in recent years but confidence remains high that macro-economic conditions will facilitate this development in future.

### Operational highlights

Despite the constraints of a flat market, 3663 First for Foodservice achieved high levels of growth while investing in future success. The strategy driving growth involves aggressive product extensions whilst maintaining 3663's traditional base in grocery and frozen food distribution.

As the Frozen division extended into other temperature controlled areas (specifically fresh and chill), the consolidation of Swithenbank into 3663's business was a point of focus. This Bradford-based short-life product distributor was bought in 2003 and its national capability has a key role in the growth strategy. Late in the period, the assets of nationally represented Barton Meat Company were also acquired, creating another area for growth.

A major initiative within the multi-temperature business saw the creation of a joint venture with Matthew Clark, a leading purveyor of beers, wines and spirits. This joint venture provides cost-effective distribution for Matthew Clark and enables the multi-temperature business to offer a comprehensive range of beers, wines and spirits through its own catalogue.

Other key developments include the launch of snacking and non-food initiatives, growth areas that complement the traditional range of products.

The acquisition of Wilson Watson, the Scottish catering equipment business, strengthens 3663's existing catering equipment operations and creates a truly national presence in this sector.

3663 maintained its position as the sole supplier to the Ministry of Defence worldwide. Our new Kuwait depot, opened in February 2003, is proving a highly efficient hub for the supply of Her Majesty's forces in Iraq.

As 3663's growth has continued during the year, its workforce has also grown and it now employs in excess of 5 300 people, an increase of 6,6%.

3663 recognises the importance of its impact on the environment and has been awarded ISO 14001 accreditation (which recognises 3663's awareness, management procedures, policies and training in relation to the environment). 3663 is the first major distribution company to attain such an award in respect of all its depots.

### Financial review

The revenue of 3663 First for Foodservice increased by 10,4% to £1,2 billion (2003: £1,1 billion). Trading income rose by 25,0% to £40,0 million (2003: £32,0 million) as a result of sales growth, assisted by the focus on chill sales by the Frozen division and the additional investment in marketing. Results reflect the strong cost management of all contributors to the business and the realisation of efficiencies arising from earlier infrastructure investments. Strong cash flows were generated.

### Business risks

Many regions of Britain are fast approaching full effective employment. Skills shortages are already apparent in some areas and commercial vehicle drivers are in short supply. 3663 has responded with a strategic commitment to up-skilling and multi-skilling



## Review of Operations



The Foodservice Products Division – United Kingdom

**£28 million capex spent on depot renewal and alleviation of inefficiencies**

**Barton Meat (51%) and Wilson Watson (catering equipment) acquired**

**Alcoholic beverages joint venture launched with Matthew Clark UK**

**3663:**  
Demand for healthy menu options is increasing



while promoting a total service ethic through its successful First For Service quality management programme.

The investment in training is considerable. During the year, specific leadership courses were held for senior management, reflecting the additional requirements that are being placed on them as a result of the growth in the business. Separate management courses were also held for middle managers to assist with their progression and, including the First for Service training, a total of 12 140 days of training was recorded by staff at all levels during the year.

Labour shortages can be compounded by restrictions on hours worked. The latest European Union (EU) directive on working times creates a challenge in view of pressure on communication infrastructure. Parts of the British road network are overstretched at peak periods.

The logistics industry is concerned about the prospect of congestion creating longer journey times just as the EU institutes a shorter working week. 3663 is better able to cope than some of its competitors in view of its extensive depot network.

Recent increases in fuel prices will affect the entire industry. Higher input costs create opportunities to increase 3663's competitive edge as an efficient operator using advanced systems and well-trained personnel.

### Prospects

The market will remain highly competitive in 2005. There will be strong emphasis on margin management and further improvements in business efficiency. Growth opportunities will continue to be exploited in the highly fragmented fresh produce industry.

**Growth:**  
3663 now employs in excess of 5 300 people



**Strategy:**  
Branded suppliers are key to our customers' offering





The impact of rising interest rates on consumer behaviour is problematic. Some commentators predict rates could go as high as 5,5% next year, with a potentially significant impact on consumer spending. 3663 is well positioned to respond to shifts in the market in view of its extended range and market position.

The full benefit of the consolidation of the Swithenbank business into 3663 operations has yet to materialise, but should be more evident in the coming year. Opportunities arising from the acquisition of Barton Meat and Wilson Watson will be vigorously pursued.

Significant investment is anticipated in a comprehensive depot renewal programme and the process is already under way. The meat depots and the Scottish equipment depot were added to the network in 2004 and a new regional frozen and chilled food distribution centre was established in the south east of England. This brings the number of depots to 42.

One depot renewal project was completed and two were in progress as the period came to a close. In the coming 12 months, work on another three replacement depots will start. In addition, a new multi-temperature depot will be opened to the west of London.

Further investment will also be made in new IT systems as a springboard to further efficiency gains.

The business achieved exceptional growth in challenging trading conditions in 2004. The intention is to maintain momentum in 2005, expand the business and the infrastructure, and achieve further growth.

## Review of Operations



### The Foodservice Products Division – Australasia

#### Bidvest Australasia

**Bidvest Australasia includes Bidvest First for Foodservice in Australia and Crean First for Foodservice in New Zealand.**

- Australia
- New Zealand



#### **New Zealand:**

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



#### **Expanded range:**

Quality Home Brand products give great value to our customers



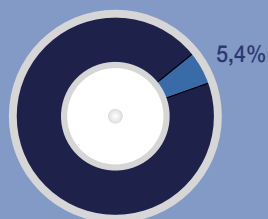
#### **Australia:**

We service the market nationally in both Australia and New Zealand

#### **Australasia:**

There are over 40 000 products in our range

Contribution to Group trading income



Trading income up 25,3%  
to A\$28,3 million; trading margin  
maintained at 2,7%

Fresh meat distribution reached  
A\$20 million in year one

New depots opened in  
Toowoomba (Queensland) and  
Darwin (Northern Territory)



#### **Vehicle fleet:**

Our Australasian distribution fleet consists of over 600 temperature-controlled vehicles



**Bernard Berson**

*Managing Director*

Bernard has seventeen years of international financial and administrative management experience.

## AUSTRALIA

### Operational environment

Australia enjoyed GDP growth of 3,75% and modest inflation of 2 to 3% per annum. The tourism and hospitality sectors rapidly recovered from the shock of the Bali bombings and SARS while the success of the Rugby World Cup contributed to positive consumer and business sentiment.

Strategic planning was complicated, however, by foreign exchange volatility, with the Australian dollar strengthening dramatically followed by some weakening.

The foodservice sector remains extremely fragmented. The industry is far from mature and authoritative industry statistics are not compiled, making it difficult to benchmark performance.

### Operational highlights

Bidvest First for Foodservice continued to grow and increased its market share. Organic sales growth of over 9% was achieved; a satisfactory result following the 8% rise in 2003. Operating profits increased.

On July 1 2003, we concluded the purchase of Macmont Hospitality Supplies, the Adelaide-based supplier of tableware and light equipment previously identified as a target for acquisition.

We then acquired the assets of a distribution business that holds the five-year contract to supply Yum! International, owner of the KFC and Pizza Hut franchises in Australia.

These strategic acquisitions enabled the creation of a new divisional structure comprising the Foodservice division, the Quick Service Restaurant (QSR) division and the Hospitality Supplies (HS) division.

Foodservice enjoyed significant success with its strategy of using existing channels to carry an expanded range of products to market. The most notable achievement was the division's entry into fresh meat distribution, reaching A\$20 million in sales from a zero-base in year one.

FindFoodFast, the online ordering system, continues to grow. Bidvest Australia now electronically transacts in excess of A\$180 million a year with its customers, enabling efficiencies and technological competitiveness.

New depots were established in Toowoomba, Queensland and Darwin, Northern Territory. The Darwin opening marks our re-entry into this port city as a true foodservice operator. We exited in 2003 by selling back to the vendors our retail-focused Darwin and Alice Springs businesses. Focus on core competence will promote the drive for efficiencies and synergies.

### Financial review

Bidvest First for Foodservice in Australia grew trading income by 19% in local currency.

Revenue for the year increased by 28% from A\$716 million last year to A\$915 million, which includes an A\$131 million contribution from the new QSR division. Although the QSR division traded at anticipated loss levels for the year, overall operating profit in the business was up 19%. Significant focus on asset management coupled with the disposal of the Alice Springs business resulted in an A\$22 million generation of cash flow in the year. The HS division contributed positively.

### Business risks

Foodservice risks in Australasia are similar to those in other countries, including normal commercial risks, attracting and developing the right people and the extent to which sales can be influenced by lifestyle trends.

Two special risks apply in Australia and New Zealand – heavy reliance on tourism and the fact that all petroleum products are imported. Strengthening of the local currency and the higher cost of aviation fuel can affect the desirability of Australia and New Zealand as long-haul tourist destinations, denting foodservice demand. Higher fuel prices affect operating costs and squeeze margins.

However, in such highly fragmented markets, smaller players with limited resources are more acutely affected than a truly national business. The backing of blue-chip customers and the potential for national efficiencies help Bidvest's Australasian operations manage these pressures while exploiting opportunities for growth through acquisition.

## Review of Operations



The Foodservice Products Division – **Australasia**

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**FindFoodFast logs A\$180 million**  
in **online ordering**

**Quick Service Restaurant**  
**and Hospitality Supplies divisions**  
**launched**

**Crean contracted to supply**  
**NZ\$5 million in food to the**  
**New Zealand Army**

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### Quality assurance:

Quality assurance and HACCP compliance are cornerstones of our business



### Hospitality Supplies:

We have invested in upgrading our facilities to enable growth



**New Zealand:**  
People and their relationships are our greatest assets

### Prospects

Benefits flowing from recent acquisitions by Bidvest First for Foodservice and the expansion of the national footprint are only now coming on stream. The new divisional structure creates three platforms for growth and will help management unlock value and synergies.

After the successful entry into the fresh meat category the foodservice division will further expand the product offering. Fresh foods (including salads, sandwiches and prepared meals) have been identified as a growth area.

The QSR division serves most of the East Coast stores of Yum! International. As a strategic partner of one of the leaders of the Australian fast food sector it enjoys strong industry credibility, providing a basis for further growth through contract acquisition.

The HS division will seek national growth by establishing dedicated hospitality supply units in strategic centres, as well as driving growth through our established network of foodservice distribution centres.

Bidvest First for Foodservice is well positioned to continue to increase market share and operating income. Investments in technology to drive efficiencies through the supply chain are also envisaged.



## NEW ZEALAND

### Operational environment

A stable macro-economic environment created a climate for expansion and effective margin management. GDP growth of 3,6% was recorded while inflation remained steady at 2,4%. Tourism rebounded strongly, with New Zealand successfully positioning itself as an exciting alternative destination. Foodservice was a major beneficiary of buoyant tourist inflows.

### Operational highlights

Strong growth was achieved in sales volumes, market share and revenues. Crean First for Foodservice entrenched its position as the country's only national foodservice company.

Geographic coverage was expanded through a series of strategic acquisitions.

A distributor in Auckland was acquired and has been integrated into our Auckland facility. Small distributors were also acquired in Hawke's Bay and Palmerston North. In addition, a new state-of-the-art depot was built in Rotorua.

The route business grew strongly following the winning of the Streets ice cream sales and distribution contract in the major metro areas of New Zealand.

Crean First for Foodservice won a prestigious contract in May when it became the food supplier to the New Zealand Army.

The FindFoodFast Internet ordering system was introduced to the New Zealand market early in 2004. By the end of the financial year, a small base of online customers had been established.

### Financial review

Sales volumes increased by 25%, with revenues of NZ\$168 million while trading income increased by 48% to NZ\$6 million. In addition, asset management continued to improve leading to a return on funds employed of 80%.

In line with the business strategy of strong growth 50% of the operating revenue was reinvested in infrastructural and operational assets to ensure the business maintains its high standard of service delivery.

### Prospects

Organisational efficiencies across the national infrastructure will add to the competitive advantage currently enjoyed by Crean First for Foodservice. This creates a solid foundation for further growth in market share and revenue. The benefits of recent acquisitions are yet to be fully unlocked, and will materialise as these operations are fully absorbed. A substantial increase in online food orders is expected, though admittedly from a low base.

## Review of Operations



### The Foodservice Products Division – Caterplus



#### Caterplus

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

- Catering Supplies
- Frozen Foods
- Speciality
- Catering Equipment



#### Catering Supplies:

A leading supplier of groceries and allied products to the catering, hospitality and foodservice industry



#### Catering Supplies:

Eighteen strategically located business units operate across South Africa



#### Frozen Foods:

Leading supplier of seafood, vegetable, poultry, red meat, dairy and pasta products

#### Catering Equipment:

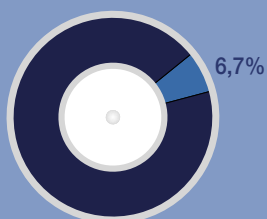
Vulcan-Caars increasingly operates as a strategic partner to its customers

Trading margin slips to  
8,7% from 9,1%

Adaptation to price deflation  
averaging 3% across the  
basket

Patleys acquired the right of  
use and distribution rights of  
the Weigh-Less brand  
of food products

Contribution to Group trading  
income



#### Speciality:

Food products are marketed to wholesale, retail and industrial sectors via Patleys





**Colin Kretzmann**

*Chairman*

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

### Operational environment

The catering industry faced a difficult year largely as a result of the strong rand's deflationary impact on the hospitality market. This not only had the effect of limiting the country's ability to attract visitors but also influenced each visitor's holiday spending power. The consequence of this is the negative impact on the hotel, restaurant and tourist sectors of the market.

In the domestic market no increase has yet been seen in out-of-home food consumption. International lifestyle trends suggest out-of-home food sales will grow over time, but locally there is little evidence of this to date.

Competition intensified across a contracting market and price deflation as a result of a strengthening rand had a detrimental effect on the performance of the division. Rigorous margin management was essential and energetic steps were taken to secure new business. Efficiency improvements were also achieved. Despite challenging trading conditions, the division suffered no overall job losses and still sustains a consistent staff complement.

Long-term prospects are positive. Management is of the opinion that South Africa's great attractions as a tourist destination will in future generate growing inflows of international visitors, underpinning the ongoing development of the foodservice sector.

### Operational highlights

During the year, Patleys discontinued distribution arrangements for a no-name range of retail products and embarked on an energetic new business drive to replace lost volumes while protecting margins. As a result, two new speciality opportunities were acquired and added to the Patleys brand portfolio; Cook 'n Bake (a non-stick spray) and the Weigh-Less range of approved foods for consumers on a weight reduction programme.

The first branch installation of a new customised computer system was completed during the latter part of the year. This is a significant initiative involving a major capital investment over two to three years, in which time the system will be installed at all of the division's business operations.

At the end of the year, Caterplus acquired Hotel Amenity Supplies, which supplies shampoos, soaps, foam bath and related items to the hotel industry. The acquisition creates synergies with the existing Caterplus range to a common customer base.

### Financial review

Caterplus' revenue remained flat at R2,0 billion whilst trading income fell 5,3% to R170,3 million (2003: R179,8 million). The return on funds employed remains one of the highest in the industry, a commendable performance in a challenging year. Strong cash flows were generated.

### Business risks

There is relatively low technology risk in the foodservice distribution industry. The risk of losing management expertise has always been well managed at Caterplus. There is a long-standing policy of people development and promotion from within, contributing to a stable management structure and a motivated workforce.

There is very low risk of a breakdown in service to customers. The Caterplus distribution operation serves the entire country. Many major centres are served by more than one operation. If facilities in one operation become inoperable, customers can be served from sister companies.

Normal commercial credit risk occurs, but is actively managed by decentralised credit control programmes and market intelligence. Credit risk at a company such as Patleys is low as it deals primarily with a blue-chip client base.

There is some business renewal risk as firm, long-running contracts are unusual in the sector. Renewals are performance-based. The operations of Caterplus are highly efficient, with strong focus on quality management. The industry's accent on day-to-day performance is an opportunity to grow market share.

As is the case in all agent-principal relationships, there is a risk that principals of Patleys could withdraw agency rights. Caterplus has managed this risk by consistently meeting or beating the expectations of principals and by building its own premium brand, GoldCrest. Our policy is not to become reliant on the business of any single principal.

The macro risks relate to crime and exchange rates. The hospitality industry is a large market. If tourism falls because of crime or a strong rand, volumes are affected. Local crime affects the propensity of South Africans to eat out.



## Review of Operations



The Foodservice Products Division – **Caterplus**

### Hotel Amenity Supplies acquired.

### Vulcan-Caars projects strong growth for catering equipment

### Lufil packaging supplier to the fast food industry acquired after year-end

### Multi-temperature depot opened in Durban, trading as 3663 First for Foodservice

**Catering Equipment:**  
Is the country's premier catering  
equipment maker and marketer



**3663 – First for Foodservice:**  
The new multi-temperature depot in  
Durban enables Caterplus to market  
products across three temperature  
levels



**Caterplus:**  
Is southern Africa's foremost  
distributor of dry groceries, frozen  
and chilled foods

### Empowerment

Caterplus serves corporate customers, many of whom have introduced BEE scorecards. Bidvest's improved BEE credentials represent an opportunity to grow market share.

The catering supply industry is not driven by tender processes. Government, municipal and quasi-government institutions form a relatively small market segment. Even so, opportunities exist for growth in these areas.

### Training

Staff development is constant. Training investment remained at around the previous year's level at R1,3 million. This level of spend, two years in a row, should be seen against an increase of 30% in training spend in 2003 when compared to 2002 and therefore high levels of training investment continue. The number of training days reached 1 498 for the year.

Most training is in support of the First for Service quality management programme. Every manager and employee is expected to attend.

The HIV/Aids policy introduced in 2003 emphasises prevention and education. The aim is to constantly reinforce Aids awareness through ongoing communication.



### Catering Supplies

This division maintained its position as the country's leading national foodservice distributor of dry groceries and consumables. Eighteen strategically located business units operate across South Africa. In a difficult year, the emphasis was on operational efficiency, service quality and additions to the existing "basket" of products.

Operational companies trade under various names, including Chipkins Catering Supplies, First Foods Distributors and Pyramid Catering Supplies, RFS Catering Suppliers, Catersales, M.M Quality Choice, Nelpack, CCW Catering Supplies, Lou's Wholesalers and D&R Lowe.

### Frozen Foods division

In South Africa, the Frozen Foods division operates under two national brand names, Seaworld and Blue Marine. The regional identity, East Cape Foods, is preferred in the Eastern Cape. The Blue Marine name is used in Namibia while the Caterplus identity has been adopted in Botswana. This division is southern Africa's foremost distributor of frozen and chilled foods, to the foodservice industry.

In a challenging period, the emphasis was on rigorous asset and margin management while energetically supporting an extended "basket" of product lines.

### Speciality

Speciality food products are marketed to wholesale, retail and industrial sectors via Patleys. The range covers both local and international brands. Because of the strengthening of the rand a difficult year was experienced. The business operated in a climate in which the rand continually strengthened while prices fell constantly. This necessitated extremely strict control of stockholding.

### Catering Equipment

After several years of exceptional growth Vulcan-Caars, the country's premier catering equipment maker and marketer, faced an extremely challenging operational environment. Volumes fell at its Industria factory. Even so, the company achieved some sales success and recorded above average returns on funds employed.

A contributing factor to these successes was proactive marketing. Vulcan-Caars increasingly operates as a strategic partner of its customers, advising them on appropriate catering equipment solutions after searching needs analysis.

Toward year-end an improvement in the trading climate became evident and the company secured substantial contracts with a one- and two-year timeframe, providing a solid base for further growth. Particularly satisfying was a significant breakthrough into the Botswana market.

For the first time, plans are being made to institute a night shift at the factory, which will be the springboard for new job creation. The accent will be on work opportunities for the historically disadvantaged.

### Prospects

Greater exchange rate stability is expected in the coming year. This stability will be beneficial to the sector, though much depends on the level at which the rand settles and the success of the national effort to attract bigger tourist inflows. South Africa currently attracts about 1,75 million overseas visitors a year and has the potential to grow this number significantly, given the attractions our country has to offer.

A new multi-temperature depot has been completed in Durban. This development brings a new dimension to marketing efforts as it enables Caterplus to simultaneously bring to market products across three temperature levels. The new facility will give fresh impetus to the Caterplus strategy of securing volume growth by taking a bigger basket of products to its major national customers. This exciting new initiative will trade under the name of 3663 – First for Food Service.

Vulcan-Caars projects strong growth for catering equipment. South Africa's status as host of the 2010 Soccer World Cup holds major significance for the business. Over the next five years, this prospect will underpin demand for new or upgraded catering facilities in the hospitality industry and at sporting facilities in several major centres.

The division anticipates improved profitability in the forthcoming year.

## Review of Operations



### The Foodservice Products Division – Combined Foods



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

#### *Bidbake*

- *NCP Yeast*
- *Chipkins Bakery Supplies*

#### *Crown National*



#### **Crown National:**

A new state-of-the-art factory was built in Montague Gardens, Cape Town



#### **Chipkins Bakery Supplies:**

Continuing research and development is essential



#### **Bidbake:**

Manufactures and distributes a wide range of pre-mixed convenience products and ingredients and bakery consumables



#### **Crown National:**

Is one of South Africa's largest manufacturers and suppliers of spices, seasonings, additives and condiments

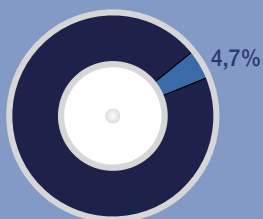
**Trading margin improves**  
from 11,0% to 12,6%

**New spice factory became operational**

**NCP Yeast and Chipkins Bakery Supplies merged into Bidbake**

**Bidbake acquired IBI/Trimark**

Contribution to Group trading income



#### **Crown National:**

Adheres to HACCP standards and product safety aspects



**Colin Kretzmann**

*Chairman*

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

### Operational environment

The division of Bidbake (NCP Yeast, Chipkins Bakery Supplies) and spices company Crown National, supplies the bakery, meat and food processing industries with a comprehensive range of products and ingredients. Market contraction is evident in some segments. For example, the national "appetite" for commercial bread appears to be static as the population increasingly follows the international trend toward more westernised eating patterns and habits.

Another key development is competition between small, in-store bakeries and the plant bakeries of major milling companies. Plant bakery quality has improved significantly in recent times, encouraging the consumer to move away from in-store bakeries – a market segment in which Chipkins Bakery Supplies is well represented. There may be adverse long-term consequences for Chipkins Bakery Supplies if in-store units continue to lose market share as we could feel the knock-on effect. However, the smaller bakery relies on "smart solutions" from Chipkins Bakery Supplies to maintain a qualitative edge. Chipkins has grown its volumes despite the pressure felt by this customer segment. Competition in the distribution of pre-mixes and ingredients continues to be aggressive. The opportunity for growth in confectionery products remains attractive.

Combined Foods achieved very good results with improvement in both volumes and operating profits. The accent was on efficiency improvements, improved market share and margin increase. The challenging environment also created opportunities for growth through acquisition.

### Operational highlights

The two ageing factories of Crown National in Blackheath, Cape Town and City Deep, Johannesburg, were replaced by a new, state-of-the-art plant in Montague Gardens, Cape Town.

Factory efficiency and productivity have improved and some new Cape Town jobs have been created since the new factory came on stream in October 2003. In addition to blending spices, flavours and additives for the food industry, the factory also customises specific products for major clients.

At the end of the reporting period, Conti Spice, a Johannesburg spice manufacturing business, was acquired. Crown National has strong focus on meat and poultry while Conti Spice products are used in a complementary set of food processes and customer bases.

During the year Crown National also acquired the exclusive distribution rights of the Tari International range. This German company uses advanced technology to create ingredients for the meat and poultry industry. Tari has a world leadership position in this field and will increase Crown National's competitive advantage in its market.

Crown National redefined its market and grew market share as a result of product extension and its innovative approach to the development of new solutions. This redefinition resulted in the successful marketing of new products to customers outside its established meat and poultry base.

In the second half of the year, the management teams of NCP Yeast and Chipkins Bakery Supplies were merged into a unified structure, Bidbake. By avoiding duplication and taking a broader product range to the customer base, significant distribution and marketing efficiencies will be achieved.

### Financial review

Bidbake achieved some volume improvement while operating profits also improved, creditable results in an intensely competitive market. Gains in volumes and profitability were even more marked at Crown National which had a highly satisfactory year.

Combined Foods' revenue increased by 12,7% to R960,7 million (2003: R852,7 million) and operating income rose by 28,8% to R121,3 million (2003: R94,2 million). The division's return on funds employed was again exceptionally high.

Strong cash flows were generated by all business units and the return on funds employed was well above the industry average.

### Business risks

Combined Foods serves an industry that produces and sells staple foods – bread, meat and poultry. Though food fads and consumer eating habits change over time, staples remain at the heart of the family shopping basket, ensuring solid demand.

## Review of Operations



## The Foodservice Products Division – Combined Foods

**Conti Spice acquired  
focusing on niche markets**

**Innovation of new product  
opportunities improves Crown's  
volumes**

**Very satisfactory recovery  
of bakery ingredients businesses**

**Chipkins Bakery Supplies:**  
Supplies smaller bakeries with  
"smart solutions" so they maintain  
a qualitative edge



Credit risk is managed by strong, decentralised systems, closeness to the market and enduring relationships with customers.

A special though small risk attaches to the availability of a core ingredient – cultures. This risk has been addressed by arranging for supplies from alternative external sources.

### Empowerment

Combined Foods commits to constant training. Modern training facilities were incorporated into the new Crown National Montague Gardens factory. Training investment rose 94% to R1,731 million. The number of training days logged reached 1 711 for the year.

The company's HIV/Aids policy is education-based.

### Prospects

At the beginning of the new reporting period, Combined Foods completed an acquisition of IBI/Trimark, a bakery ingredients manufacturer based in KwaZulu-Natal. IBI/Trimark supplies the retail and cash-and-carry market segment and is being integrated into Bidbake and in the year ahead will strengthen divisional operations in an important regional market.

Continuing benefits are expected to flow from the integration of management structures within the bakery business. Integration took place late in the year.

Early indications suggest the unified structure will become the platform for further growth in the months to come.



**Combined Foods:**  
Food and service quality remain  
key to Combined Foods



Efficiencies were rapidly achieved by Crown National's new Cape Town plant. However, there is still great potential for further gains in productivity. This potential will be energetically exploited.

Crown National anticipates further market penetration across an extended customer base. The full effects of synergies with the Conti Spice range will only be felt during 2005. Distribution of the Tari International range will also add to forward momentum in the year ahead. The innovative team at Crown National is upbeat about prospects for further growth, though the overall market is expected to remain extremely competitive.

The division has budgeted for improved results for 2005.



## Review of Operations



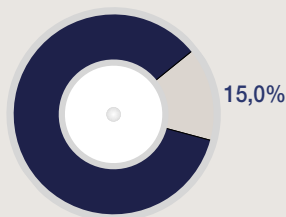
### The Commercial Products Division – Bidoffice



**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 continental Europe.

- Stationery
- Printing and Related
- Office Automation
- Office Furniture

Contribution to Group trading income



#### Stationery:

Waltons is the only national company to supply the complete range of commercial and school stationery, office products and furniture, computer consumables and retail items



#### Office Furniture:

Seating is South Africa's largest manufacturer of office seating



#### Printing and Related

Lithotech is a dynamic business positioning itself as a print-related solutions company



#### Office Automation:

Supplies a range of office products under the Konica Minolta and Océ brands

Trading margin down marginally to 8,1% from 8,3%

Kolok unit sales increased by 33%

Minolta's digital colour division maintained its number one market position with a 36% market share



#### Stationery:

Kolok is the country's leading supplier of printer consumables and data storage products





**Len Chimes**

*Chairman*

Len has over forty years' experience in the office products industry, including office furniture, and has been with Bidvest since the acquisition of Waltons in 1997.

### Operational environment

The value of Bidvest's decentralised, entrepreneurial business model was apparent in a challenging year characterised by continued rand strength and strong pressure on prices and margins. The rand had varying effects on various businesses. It was up to each unit to manage the impact or optimise the opportunity. In general terms, the robust rand was negative for stationery, less so for office furniture and marginally positive for office automation. Lithotech produced solid results.

Bidoffice's focus was on increased efficiency and effective asset management. Management teams maintained or grew market share and increased their sales volumes in a highly competitive environment.

Considerable dynamism is evident across all Bidoffice markets. The challenge is to constantly reinvent the business to capitalise on new opportunities.

Bidoffice's offshore subsidiary, Lithotech France, faced a challenging year, but is now better positioned to reclaim market share lost over the period of its receivership and during its initial incorporation into Bidvest.

### Operational highlights

Strong cash flows were maintained across the local business while assets were aggressively managed to achieve results broadly comparable to but improved from the previous year.

The launch of Walton's new division – Walton's Promotional Gifts – proved successful. The initiative is still a very recent product extension but it is already evident that strong growth prospects exist.

Kolok continued to expand its regional footprint with the opening of new branches in Port Elizabeth and Botswana.

Developments during the year confirmed the appropriateness of the Bidoffice strategy in the printing sector where we place increasing emphasis on value-added services. Lithotech has successfully been repositioned as a creator of business communication solutions. This helped the printing division to secure substantial returns.

The outsourcing and insourcing of copying facilities – a business aggressively pursued by Bidoffice – witnessed continued growth. Minolta SA put in an exceptionally strong performance.

The office furniture businesses performed well, with Cecil Nurse entrenching its position as the market leader in the area of distribution. Continued growth is expected following significant investment in new systems and plant in the manufacturing units.

Within the stationery sector, Kolok performed well in the context of the pricing pressures created by the resurgent rand. Sales volumes rose significantly, helping to negate some of the impact of declining prices.

### Financial review

Bidoffice revenue increased 0,5% to R4,8 billion (2003: R4,7 billion) but trading income fell 2,5% to R383,9 million (2003: R393,8 million). Excluding Lithotech France, revenue increased by 2,0% and trading income by 5,8%.

### Business risks

Diversification and product extension help manage key risks. (The varying effects of currency movements have already been noted.) Closeness to the business by ex-owners also reduces risk. An example over the last decade is the successful management of the transition from analogue to digital technology in the copying industry. In the printing industry, the current transition involves the move from traditional forms printing to business communication solutions and label production and distribution and the migration to electronic communication from paper-based media.

Close relationships with world leaders such as Hewlett Packard and Minolta ensure that Bidoffice remains close to international product developments.

## Review of Operations



The Commercial Products Division – Bidoffice

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### Océ acquisition benefits automation

### Minolta secures official agency for Konica Minolta brand

### Kolok expands in Port Elizabeth and Botswana

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#### Stationery:

The Waltons Stationery Company includes Waltons, SA Diaries, Hortors and Atomic



#### Empowerment

BEE programmes are being introduced at all business units following workshops earlier in the year to obtain buy-in at all levels. Implementation of specific BEE initiatives is entrusted to operational units within the division. The issue is being actively pursued at operational level as BEE is seen as an opportunity.

Corporate business accounts form a large proportion of the client base. Almost all of these companies have instituted preferential procurement programmes. The recent partnership with Dinatla Trust has reassured these clients and strengthened relationships.

The possibility of growth into Government, parastatal and municipal sectors is another positive flowing from the BEE commitment and will be a point of focus within the portfolio of sustainable development for the division's new Commercial Director, Mojaki Finger.

#### STATIONERY

##### Contract Office Products

Contract Office Products is a Gauteng-based commercial stationer with strong focus on the supply of computer consumables, a business it helped pioneer in South Africa. The strong rand and pricing pressures created challenges for the team, but satisfactory results were achieved thanks to strong relationships with a loyal customer base.

##### Kolok

Kolok is the country's leading supplier of printer consumables and data storage products. The extensive product range (toner and ink



#### Office Furniture:

Cecil Nurse is active across all sectors, including home office, small office and corporate environment



cartridges, storage media, diskettes, tapes, CDs and speciality paper and printer and thermal ribbons) creates a one-stop shop for consumables across the world's leading brands – Hewlett Packard, Epson, Canon, Sony, Verbatim, Avery and Pelican.

Despite competitive pressures, Kolok maintained its market share and improved its volumes off the back of continued growth in the market for office consumables and stationery, a creditable performance in view of the high base from which Kolok operates.

#### **Kolok Africa**

In South Africa, Kolok Africa was first to market with the local conversion of thermal ribbons and has held a strong position ever since. The business faced increased competition from new entrants to the local market while the strong rand encouraged import competition. As a result, Kolok Africa was affected by pressure on both margins and volumes.

#### **Statmark**

Statmark is the exclusive distributor of high quality stationery brands and office products, including Stabilo Boss, Helix, Esselte and Dymo, bringing its premium products to market via resellers such as Contract, Waltons and others.

The value proposition of Statmark's imported product lines was assisted by the stronger rand. Energetic asset management, high service levels and the strength of its line-up of leading brands enabled the company to maintain market share in a fiercely competitive sector. Efficient margin management also contributed to an encouraging result.

#### **Waltons Stationery Company (including SA Diaries, Hortors and Atomic)**

Waltons felt the impact of the stronger rand with consequent pressure on prices and margins. Competitive pressure in the strategically important

Gauteng market also had an effect on performance, resulting in a disappointing year.

Waltons is the only national player in the market for the complete range of commercial stationery, office products, computer consumables, office furniture, school stationery and retail items. Waltons is subject to competition across a highly fragmented industry, but offers superior service, reliability and pricing efficiencies due to its national infrastructure. To better leverage these advantages in the high-volume Gauteng market, Walton's created two dedicated regional teams, one serving greater Johannesburg and the other Pretoria and areas to the north and east.

This move assures greater closeness to key commercial customers and enables an even speedier response to the activities of supposedly "nimble" competitors. The new structure has only recently been put in place, but is seen as the platform for renewed growth by the country's largest stationery supplier.

Waltons is not only growing its geographic base, through the opening of new stores, but also its range. Promotional items will increasingly form a distinct retail line following the successful launch of Waltons Promotional Gifts.

Significant investment was and will continue to be made in new business management systems to enable further efficiencies across the entire business. The benefits will not be fully felt until future reporting periods.

### **PRINTING AND RELATED SERVICES**

#### **Lithotech**

Lithotech is traditionally known as a leading printer of business forms. Clients include Government departments, the financial service industry and the corporate sector. In fact, Lithotech is a dynamic business that harnesses new technology while positioning itself as a print-related solutions company. Lithotech increasingly complements its continuous paper and forms business with label production and value added services, including the outsourcing of company print runs and corporate mailings. A R40 million investment was made in new machinery to support continued growth into identified markets.

## Review of Operations



The Commercial Products Division – Bidoffice

### Office Furniture:

Manufactures and distributes a wide range of office furniture and associated products for the corporate and commercial markets



### Stationery:

Kolok's extensive product range includes the world's leading brands – Hewlett Packard, Epson, Canon, Sony, Verbatim, Avery and Pelican



### Stationery:

Statmark is the exclusive distributor of stationery brands and products, including Helix, Stabilo Boss, Esselte and Dymo

Lithotech's mailing and laser services and activities such as electronic bill presentment enjoyed significant marketplace success while the traditional business around forms production showed little growth. This broader range of activities enabled Lithotech to maintain strong cash flows. For the second consecutive year, excellent results were achieved as the benefits of the Paragon acquisition and consolidation materialised.

Lithotech, through the acquisition of Paragon, an industry pacesetter in the creation of value-added print-to-post services, also drew increasing benefit from the rationalisation and consolidation of facilities. Strong growth was achieved by a highly motivated team.

As anticipated, E-Mail Connection (in which Bidoffice has a controlling share) and fully owned Expressed Solutions provided a solid platform for the growth of services based on email communication and sophisticated scanning and archiving technology. Opportunities for further growth across electronic formats will be energetically pursued in line with market demand.

### Lithotech France

The principal challenge facing Lithotech France was falling turnover in its forms printing business as long-running contracts came to a close and were not renewed over the period of its receivership and during its initial incorporation into Bidvest. Lithotech France planned to turn this situation around as the business demonstrated its quality and reliability under new South African ownership. The process, however, took longer than anticipated.

As the year came to a close, Bidoffice and the local management team strongly communicated their vision for Lithotech France. Customers were reassured by the strong commitment to quality and service and the fact that the new owners are in the business to stay.

Some contract renewals are now being signed, new customers are placing fresh orders and Lithotech France is being invited to tender for work at major companies that were previously not part of the customer base. The signals are positive. The accent will now shift from halting the slide to growing the business.

### OFFICE AUTOMATION

#### Minolta

After two years of minimal operating income growth, Minolta recorded exceptional results thanks to buoyant trade, effective margin



management and lower input costs. For the past two years, the focus was on the implementation of new business systems and internal efficiencies. Following successful implementation, the focus could again shift to growing the business and winning new customers.

In addition to sales success, continued growth was achieved by value-added services.

Minolta South Africa offers outsourced or insourced solutions to commercial customers, in effect taking on document copying responsibilities within a business or operating off-site to produce copied documents after receipt of the client's data. The team helped pioneer this service three years ago and since then has consistently grown the base.

Internationally, the overseas principals of Minolta SA were bought by Konica. Revised arrangements around branding and representation are taking place worldwide. Minolta SA has a strong presence in the local market and is well positioned to assist Konica Minolta in implementing their strategy here.

Océ Printing Systems was acquired in early 2003 and is being managed as a separate brand to Minolta. Océ widens the copier range, but the target markets of Océ and Minolta are quite distinct. The new acquisition has been integrated into Océ South Africa, suppliers of high quality, top-end printing equipment.

## OFFICE FURNITURE

The office furniture division performed to or above expectation while significant new investment was made in the manufacturing plant.

### Cecil Nurse

Significant growth was achieved thanks to a strong branding strategy around the Cecil Nurse name in conjunction with the launch in 2003 of new showrooms in Johannesburg, Cape Town, Port Elizabeth and East London. Expansion of the range,

the impact of exclusive new lines and the success of the Cecil Nurse catalogue created a distinct competitive edge across all sectors – home office, small office and corporate environments. As a result, Cecil Nurse increased sales volumes and market share for the second successive year.

### Dauphin Office Seating

A satisfactory result was returned by Dauphin, manufacturers and distributors of European-style office seating under licence from the brand's German principals. Performance is heavily influenced by the flow of corporate projects. The highly proficient sales team secured a succession of high-profile projects in the first half of the year, but witnessed a decline as the volume of project work diminished. On balance, the overall result was reasonable as many large companies deferred refurbishment programmes or new installations as the year drew to a close. The team is well placed to secure new project business in the year ahead.

### Nuclear

The team faced a testing year in view of extensive restructuring. Manufacturing and distribution have been refocused on fourth-generation furniture – the modular office furniture solution that enjoys growing market acceptance.

Dedicated focus on fourth-generation solutions plus Nuclear's strong design capability will enable management to differentiate the brand and pursue the benefits of more streamlined structures in the year to come.

### Seating

In line with projections, South Africa's largest manufacturer of office seating achieved satisfactory growth. The benefits of recent rationalisation and concentration of most production at the Queenstown factory enabled assets to be aggressively managed, contributing to improved cash generation.

New investment in the latest wood-cutting technology will enable Seating to pursue further growth and differentiate itself from its competitors in the year ahead.

### Pago Designs

Further consolidation and continued restructuring and repositioning of the sector participants in couch manufacture and distribution occurred. An important

## Review of Operations



### The Commercial Products Division – Bidoffice

#### Stationery:

Kolok opened new branches in Port Elizabeth and Botswana



#### Waltons Promotional Gifts launched

#### Cecil Nurse a market leader in office furniture

#### Lithotech France volumes improving

#### Printing and Related:

Lithotech is traditionally known as a leading printer of business forms



aspect of Pago's business is the distribution of the imported range of Kusch benches, with particular focus on airport installations. There was limited local demand for these installations in 2004 and Pago experienced lower levels of activity. However, re-export opportunities into the rest of Africa show growth potential and will be pursued in the coming months.

#### Offurn Clearance House

This Gauteng-based retailer of new and used office furniture recorded satisfactory results when seen in the context of greater competition from new entrants to the sector. In this price-sensitive market, competition immediately translates into margin and volume pressures. The team did well to resist the inroads of a number of new competitors.

#### Stenochair

The UK-based chair manufacturer had a much-improved year. This was partly a function of improved economic conditions in Britain and mainland Europe and partly the result of energetic marketing. The team's newly launched "X-chair" made an instant impact on customers, contributing to better volumes in a highly competitive market.

#### PROSPECTS

Less currency volatility is anticipated in the year ahead. This stability will assist business planning and margin management.

#### Office Automation:

Minolta South Africa offers outsourced or insourced solutions to commercial customers





Ongoing manufacturing investment is planned in support of the growth areas of the business. Further investment in IT and business systems will also be made as constant improvements in efficiency are essential to maintain the division's competitive edge.

The market will remain competitive across all areas of the Bidoffice business, but the benefits of restructuring and renewed focus will become evident as the year progresses, creating the potential for improved performance and better returns.



## Review of Operations



The Commercial Products Division – 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.



### Paper Conversion:

Silveray is a manufacturer and wholesaler of a comprehensive range of paper-based and sundry stationery products



### Packaging Closures:

Afcom-GE Hudson's brands are the acknowledged market leaders – Signode, Paslode, Senco, Rapid and Sellotape



### Bidpac:

At the Afcom-GE Hudson factory producing quality strapping

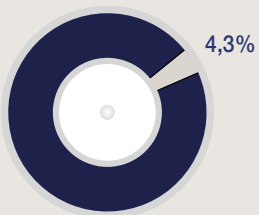


### Paper Conversion:

Synergies across Silveray's product range create marketing opportunities and service efficiencies

- Packaging Closures
- Paper Conversion

Contribution to Group trading income



Trading margins up to  
**14,8%** from 14,1%

Features include customer destocking, **rand strength** and manufacturing weakness

**Strong cash flows** were maintained at all business units



**Alan Salomon**

*Chairman*

Alan has twenty-five years' experience in the fields of manufacturing and distribution, specialising in productivity and efficiency improvements and customer service excellence programmes.

### Operational environment

All operating companies were called on to display versatility and resilience in the face of significant changes in the operational environment. Despite the dramatic shift from manufacturing growth to recession and client destocking, management achieved positive results thanks to an intense focus on the business. Profits from all business units improved off last year's high base.

The previous year was characterised by high interest rates and inflation, local import substitution through rand currency weakness, pre-emptive buying and rising sales. The weak rand boosted exports, encouraged manufacturing growth and contributed to buoyant sales by Bidpac units serving the secondary export market with strapping and packaging closure products.

In contrast, we saw declining interest rates, low inflation, price deflation, a strong rand, a shift from locally produced products to cheaper imports, sluggish exports, significant destocking by customers, pressure on sales and margins and intense domestic competition. Manufacturing went into recession.

The situation was complicated by the pricing rigidity of major suppliers of local raw materials. "Import parity pricing" kept the cost of manufacturing inputs unreasonably high at a time when producers were hard stretched to create value at a profit. Maintaining high raw material prices in the face of local and international marketplace realities is not sustainable, undermining the nation's quest for global competitiveness and threatening manufacturing jobs. A review of such pricing practices is urgently required.

The strong rand had limited effect on Bidpac exports as the export effort had been largely curtailed. Exclusive licence agreements with international partners inhibit a full-blown commitment to export markets. A more selective approach was implemented. The exception was our penetration of African markets. During the reporting period, Bidpac aggressively expanded its base in several African states, creating momentum for the year ahead.

### Operational highlights

Bidpac is proud to report that no jobs were lost among permanent employees despite the challenging operating environment. The division has created lean, flexible staffing structures, complemented by contract labour arrangements during peak periods. The staffing strategy proved its worth.

Bidpac factory volumes declined marginally. However, high inventory levels allowed sales volumes to be maintained. Inventory had been built up as a precaution against dramatic shifts in the market. Leadership was maintained in all sectors in which Bidpac is active. Market share grew.

Aggressive and effective management of expenses, assets and margins protected profitability. Capital expenditure was low. There were no new acquisitions and no new factory infrastructure was commissioned during the year. The focus was on selected extensions to the product range and improvements to quality and efficiency. Streamlined distribution in our stationery business effectively improved direct-to-customer delivery.

Strong cash flows were maintained at all business units. Return on funds employed improved significantly as Bidpac stock levels reduced and debtors' collections improved.

All members of the team can take pride in these achievements. They showed high motivation and a strong work ethic in a testing environment. We thank them.

### Financial review

Bidpac's revenue increased by 2,4% to R748,2 million (2003: R730,6 million) and trading income rose 7,6% to R110,9 million (2003: R103,1 million).

### Business risks

The indispensable nature of consumables such as packaging closures, stapling, nails, stationery and related products assures regular replenishment. Underlying demand is not subject to shifts in fashion. Regular ordering and re-ordering translate into solid customer relationships, low bad debt and low stock obsolescence. The broad customer base gives built-in protection against reliance on any single client or sector.

Infrastructure needs are substantial if a comprehensive range of products is to be supported, pushing up the cost of industry entry. This makes it unlikely that Bidpac can be surprised by the rapid emergence of a new competitor able to serve a range of markets. Bidpac's vulnerability to new competition is further reduced by constant efficiency improvements to maintain our position as the industry's leading low-cost producer and distributor.

The strategy of unrelenting leadership in all operational sectors is a vital method of managing competitive and technology risk. Bidpac has licence agreements with the world's leading packaging, adhesive tape and stationery brands, keeping us close to new developments. Trusted brands proved their strength in the review period as the market showed its preference for high-profile products of proven quality over no-name generic substitutes.

## Review of Operations



The Commercial Products Division – Bidpac

### **Bidpac:**

Afcom-GE Hudson is unique because it produces and distributes both consumables and capital equipment



### **Paper Conversion:**

Silveray has the most extensive distribution network in its industry



**Licence agreement with Esselte gives access to a high-end stationery market**

**Strength of well established brands ensured**

### **Empowerment**

At the beginning of the decade, Bidpac companies had good claim to be the leaders in skills transfer within their industries. On-the-job learning was the springboard to promotion into supervisory and executive positions for many black employees. A renewed commitment to people development is being made.

As a first step, an independent economic empowerment rating agency is being commissioned to audit all relevant processes within operational companies. This audit will shape a sustainable skills transfer strategy while enabling progress in all BEE areas.

The commitment to BEE influence in senior management was reflected in the appointment of Commercial and Operations Director, Bongki Kgaka.

### **Afcom-GE Hudson (incorporating Ramset)**

The division produces and distributes strapping, tape, nailing, stapling, stretch film and packaging closures. Its brands – Signode, Paslode, Senco, Rapid and Sellotape – are the acknowledged market leaders, locally and internationally.

Sector leadership was entrenched as a series of proactive sales programmes was launched to better serve the customer base. The sales team increasingly takes on a consultative role rather than a traditional sales function, carrying out extensive needs analysis before customising a specific solution for a client's business.

This approach leverages off a key differentiator for the extensive range of packaging enclosures produced by Afcom-GE Hudson. No competitor offers such product choice. The range is so comprehensive that total objectivity is assured. There is no reason to skew the sales rationale in favour of any specific solution as products from Afcom-GE Hudson cover the entire packaging closure and fastening horizon.

Another strategic differentiator is the company's unique position as a producer and distributor of both consumables and capital equipment. Competitors focus mainly on consumables. Afcom-GE Hudson takes a broad-based, systems approach to marketing as the "one-stop shop" for all client needs and is therefore positioned as a strategic partner of its customers. This marketplace positioning proved valuable as the manufacturing sector recession worsened in late 2003. As recessionary pressures eased in early 2004, Afcom-GE Hudson was quick to seize the new marketing opportunities.



Ramset had particular reason to applaud South Africa's successful bid to host the 2010 Soccer World Cup. Ramset supplies construction tools and specialised fasteners to the construction sector. As construction companies feel the benefit of infrastructure contracts ahead of the World Cup, demand for the Ramset product line will grow even more. Ramset delivered pleasing sales and profit growth.

#### **Buffalo Executape**

Buffalo Executape manufactures and converts self-adhesive tape for the packaging, speciality and retail sectors, distributing the leading brands in the field such as Sellotape, Tesa, Nashua, Sontape and Scapa.

Over the past five years, Buffalo Executape has delivered an impressive record of sustained, substantial sales and profit growth. The team put in yet another exceptional performance, cementing their position as sector leaders. In a low growth environment Buffalo Executape was still able to grow both market share and volumes. Healthy improvement in profitability was a notable achievement in view of the challenging operating environment.

Momentum was achieved by constant product diversification to meet new customer needs. Further developments are in the pipeline for the year ahead.

#### **Silveray Stationery Company**

Silveray is a manufacturer and wholesaler of a comprehensive range of paper-based and sundry stationery products. Silveray carries the market-leading brands, Croxley, Sellotape, Rapid, Penguin and Pelican. Synergies across the product range create one-stop selling and marketing opportunities and service efficiencies.

The team put in a tremendous effort to maintain their record of sustained profit growth. Distribution efficiencies were a particular point of focus.

Closeness to customer needs is reinforced by geographic closeness. Silveray has the most extensive distribution network in its industry, with representation and infrastructure in every major centre. Silveray is a true national player while most competitors are regional operators. This strategic point of difference was underlined in a difficult trading year as Silveray exploited its strong distribution network to demonstrate its competitive edge in the realm of service delivery.

Growth was driven by the combination of strong brands, product quality and close-to-customer service.

Significant expansion of the range was achieved by entering a licence agreement with Esselte, the world's largest manufacturer of stationery, the benefits of which will accrue in the year ahead. The partnership with Esselte will enable a strong drive into the quality end of the retail stationery market.

#### **Prospects**

The past two years were extremely volatile. Market behaviour took on a Jekyll and Hyde character, with one trading period a total reversal of the other. Abnormalities such as this now appear to be over. Manufacturing began to move out of recession in the early part of 2004 and firmer demand was evident by mid-year. We foresee a continued strengthening of demand across all product lines and a more stable operational environment. All business units are well positioned to pursue these opportunities.

Substantial capital expenditure is budgeted for the coming year. Plant modernisation will enable us to expand our range still further while improving product quality and manufacturing efficiencies.

Completion of a thorough BEE audit of all operations will be a springboard to further development of our people. Improved BEE credentials will also enable Bidpac to explore new opportunities for growth with Government, parastatals and municipalities. Substantial room for growth exists in these areas.

The self-imposed export-pause of the last two years is coming to an end. While respecting all licensing provisions agreed with our overseas partners, Bidpac will look to penetrate selected export markets with specific product lines. This strategy is not a tactical foray that depends on rand weakness. The rand has shown great resilience in the last year. Bidpac will base its export strategy on product quality, the efficiency of our processes, reliability of service delivery and becoming competitive as a low-cost producer.

The enduring strength of well-established brands was advertising campaigns in support of Bidpac's brand leaders are planned in the year ahead to entrench market leadership and create a springboard for renewed sales success.

In view of these initiatives and expected improvements in the business climate, the division projects growth in both revenues and operating profit in the coming year.



## Review of Operations



### The Commercial Products Division – Voltex



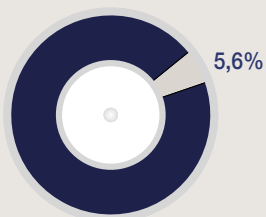
#### Voltex

Voltex is the pre-eminent distributor and wholesaler in South Africa of 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.

- The Voltex Electrical Distribution Division
- The Berzack Division

Contribution to Group trading income



**Atlas Cable:**  
Remains competitive in the cable supply market



**Cabstrut:**  
Is the division's distributor of cable and reticulation management systems



**Voltex Lighting:**  
Has expertise in energy-saving management and smart lighting solutions



**The Berzack Division:**  
Is the leading distributor of industrial sewing and embroidery machinery

Trading margin improves to **6,3% from 5,5% in spite of copper price gyrations**

One of **first companies accredited** an energy service company

**Acquisition opportunities** continually explored



**Myron Berzack**

*Chairman*

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

### Operational environment

The operational challenges faced by Voltex related to volatility and the substantial difference in the trading environment between 2003 and 2004. In the previous period, high inflation meant margin pressures were largely under control. In 2004, lower inflation and the continuing strength of the rand kept margins under constant threat. The lower trend in prices at certain stages of the year contributed to an element of de-stocking by some customers.

Gyrations in the world copper price created uncertainty and also influenced stocking patterns. Copper shortages caused in part by labour problems in some international centres pushed copper prices higher. Shortages were compounded by temporary interruptions to supply from South Africa's only copper producer in Phalaborwa. As problems eased toward year-end, prices once again fell back.

The business had to anticipate changes in demand and pricing while protecting margins and trying to drive up volumes. Voltex business units were largely successful in these efforts. Market share improved and higher volumes were achieved.

### Operational highlights

Acquisition opportunities are continually explored, but criteria are rigorous. Voltex is the only true national player in the distribution of electrical products and related items and by far the biggest company in the sector. Voltex faces intense competition from strong regional players. Any acquisitions have to be highly selective. No new acquisitions took place in the year. The East Rand opportunity referred to in the last annual report was not pursued.

No major investments were made in new systems or distribution infrastructure. Voltex opened new branches in Lydenburg and Hillcrest. There were no branch closures. Cash flows remained strong.

Expenses were tightly controlled and efficiencies pursued. Rigorous asset management was a feature of the year.

The main operational highlight was strategic: the pursuit of large industrial accounts and the drive to form relationships with multinationals and major corporates to complement the traditional customer base among contractors and resellers of electrical equipment.

The vehicle for this strategic thrust is the national energy saving programme developed by the National Electricity Regulator (NER), backed by the Department of Mineral and Energy Affairs and administered by Eskom. The national aim is energy savings of 150 megawatts a year. The Eskom Demand Side Management strategy was officially initiated 18 months ago and supported by the NER in its regulatory policy document in May 2004.

In January, Voltex became one of the first companies in the sector to be accredited as an Energy Service Company (Esco). This enables Voltex to take a proactive approach in the quest for energy efficiency by becoming a facilitator of Demand Side Management at the premises of major industrial and commercial groups. As an Esco, Voltex is authorised to carry out an energy audit of the premises and make energy efficiency proposals to the company and Eskom. Proposals typically focus on lighting requirements and the potential savings that can be achieved by a retrofit. This process involves the replacement of ageing technology by modern, energy-efficient systems. The total capital cost of a retrofit will be shared by Eskom and the company concerned, provided certain criteria are met.

By the end of June, Voltex had carried out Esco audits at several multinational companies and major local groups and was able to effect substantial energy savings.

Voltex adjusted its training programme to equip selected staff members in various regions with proactive marketing skills. They spearhead the new strategy by identifying long-established installations and promoting energy saving to corporate customers.



## Review of Operations



The Commercial Products Division – Voltex

### **Voltex Electrical Distribution:**

Electric Centre in the West Rand, one of the division's wholesale outlets



The audits reveal substantial scope for energy saving. Voltex's broad agency portfolio enables the team to offer objective advice backed by appropriate solutions.

In return for Eskom's support in sharing the capital cost, client companies agree to maintain replacement systems over an agreed time period, either by themselves or utilising the Esko's. The end result for Voltex is deeper penetration of a blue-chip customer base and the potential for long-term relationships.

These strategic opportunities were energetically pursued, though benefits were only beginning to come through at year-end.

### **Financial review**

Voltex's revenue increased by 7,2% to R2,3 billion (2003: R2,1 billion) and trading income rose 22,1% to R142,2 million (2003: R116,4 million). Expenses were tightly controlled and reflected an increase of 4,7% over the previous year. The division's return on average funds employed was 35,8% as opposed to 29,2% in 2003.

The division's capital expenditure amounted to R25,7 million, which in the main related to the replacement of vehicles in the division's fleet of more than 300 vehicles.

### **Business risks**

Voltex has a risk management task force of experienced executives. The team's job is to identify areas of risk and develop containment strategies. One priority is more energetic succession planning as key leaders approach their mid-50s.

Voltex is an electrical equipment wholesaler and distributor. Technology risk is low. Voltex has long-standing relationships with a wide range of international principals in every sector of the industry; from tools to electrical management systems, lighting luminaires to cables. As the biggest wholesaler in South Africa, Voltex is alerted at an early stage to changes in technology. Manufacturers communicate any change in the product line-up in good time, enabling the risk of stock obsolescence to be actively managed. Reliable reporting systems allow arbitrary monitoring at any stage of the month, not only month-end. Slow-moving stock is automatically flagged.



### **Voltex:**

Is active in the industrial, reticulation, domestic and general electric markets



There is little “fashion risk” as consumer fads have only limited impact on sales volumes. Core items of the range are a basic requirement of electrical contractors, equipment resellers and any customer in the market for electrical equipment and products.

Credit risk is managed on several levels. Credit control is stringent at each business.

Votex acknowledges a degree of currency risk as a stronger rand in combination with falling inflation sharpens the need for active management of margins. Currency fluctuations also affect the mining sector, an important customer of some business units. Votex’s client base is already wide and efforts are continually being made to widen the base of industrial clients even further, thereby reducing currency risk even more.

Risks relating to sudden changes of Government policy are minimal. There is national consensus on the need to improve access to electricity as one of the keys to community upliftment.

People risk relating to the recruitment and motivation of the right personnel is addressed by constant training across numerous subjects. The division sustains 2 100 jobs. The workforce is stable and cohesive, so is the management team. The challenge of HIV/Aids is addressed by educational programmes. Every branch runs awareness courses. All staff members are encouraged to attend.

Government and quasi-government bodies form an important customer segment. However, black economic empowerment is a strength rather than a weakness, especially following the successful Dinatla transaction.

#### **Empowerment**

People empowerment is fostered by ongoing training. The skills transfer investment locally is a little under 2%

of payroll and rising. A total of 1 333 days of training was logged in 2004. Training is registered with the industry SETA and is supported by a cadet training programme to fast track HDIs into supervisory and management positions.

Votex has instituted a preferential procurement programme by requesting information on BEE status from more than 2 000 suppliers. Response has been positive.

#### **The Votex Electrical Distribution Division**

The division takes on an increasingly proactive role, assisting customers with their planning and helping them develop optimum solutions. Customers include industry, the mines, Government, municipalities, manufacturers, contractors and resellers.

The business put in a satisfactory performance, growing market share and deepening the relationship with important customers. New branches were opened in Lydenburg and Hillcrest. They are performing in line with expectations. There are now 60 branches in the national network.

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

#### **Specialists**

Specialist branches supply both divisional branches and outside customers.

#### **Atlas Cables and Association Cables**

The cable supply market remained highly competitive while price fluctuations created an added challenge. Margin pressure was intense, but some volume growth was achieved. Rigorous asset management by an experienced team that is very close to its market ensured satisfactory returns. The breadth of the range and ready stock availability remain a source of competitive advantage.

#### **Waco Industries**

The division’s wholesaling arm offers a broad basket of products. A key differentiator is the ability to add

## Review of Operations



The Commercial Products Division – Voltex

### Waco Industries:

The division's wholesaling arm offers a broad basket of products




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**New branches opened**  
in Lydenburg and Hillcrest

**Preferential procurement from**  
over 2 000 suppliers

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### Voltex:

Are the agents for the international brand Metabo Tools in South Africa

value by providing technical assistance and training in support of more technically complex products.

All operations – Johannesburg, Cape Town, Durban and Port Elizabeth – had to manage margin pressures while seeking volume growth.

### Cabstrut

The division's distributor of cable and reticulation management systems faced another challenging year. Growth opportunities are beginning to emerge, however, as the construction sector shows some sign of revival.

### Sanlic

Sanlic has achieved leadership in its niche (locksmith supplies, locks, keys and related products). Satisfactory results continue to come through following the efficiency improvements that were instituted in 2002 and 2003. Sanlic is well positioned to continue to contribute positively to Group profitability.

### Voltex Lighting

Expertise in energy-saving management and smart lighting solutions was the platform for significant growth. Substantial inroads were made into the industrial segment of the market, though admittedly from a low base.

Alignment of the company's marketing efforts with the national drive for energy efficiency has positioned Voltex Lighting as a potential strategic partner of all companies eager to reduce lighting costs. Voltex Lighting's national presence and technical and design resources give the business



a strong competitive edge when dealing with major groups.

#### **Votex Transmission and Distribution and Electrification and Distribution Technologies**

These business units have dedicated focus on the reticulation market. The continuing national effort to take electricity to all communities underpins its marketing. A stronger presence has been achieved in the Eastern Cape and the company has positioned itself as a cross-border player following its successful support of major projects in Swaziland. Results were satisfactory.

#### **The Berzack Division**

The division is the leading distributor of industrial sewing and embroidery machinery and accessories to the clothing, embroidery, upholstery and luggage industries. In addition, Berzack holds the agency for leading domestic appliance brands such as Moulinex, Krupps, Teflon and Rowenta. Strong brands coupled with a gradual improvement in consumer confidence and business sentiment enabled the division to grow both volumes and earnings.

#### **Eastman Staples United Kingdom**

The business unit – represented in both the United Kingdom and Morocco – supplies ancillary products and industrial sewing machines to the garment industry. Eastman's market remains highly competitive. However, the benefits of last year's restructuring efforts and efficiency improvements are beginning to materialise.

#### **Prospects**

Volume growth in the industrial sector is expected to continue as a result of the national energy saving programme. Eskom's sharing of the capital cost of an approved retrofit is expected to contribute to our growth strategy as most large companies are engaged

in a constant search for operational efficiencies.

Support plus substantial savings on energy running costs make a persuasive case for the replacement of outdated systems.

Activities linked to Votex's status as one of the country's leading Esco's could underpin marketing efforts for several years as the current focus on lighting can be complemented in due course by emphasis on items such as heating, ventilation and air-conditioning.

The construction industry, which has shown signs of revival, should also contribute to further volume growth.

Another promising signal is growing local interest in "building automation". This term refers to installations that are characterised by remote or automatic activation of lighting, air-conditioning, geysers and security systems. Automatic load-sharing to achieve cost efficiency is another key feature of these systems. Overseas, sophisticated electrical installations like these are increasingly specified for commercial and residential installations. The trend is beginning to gather momentum in the South African market.

This combination of factors suggests that strong cash flows will continue and further growth will be achieved.

## Review of Operations



The Automotive Products Division – McCarthy

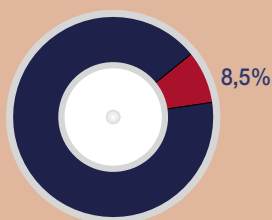


### McCarthy Limited

McCarthy is South Africa's second largest motor retailer, boasting a proud history dating back to 1936 and an even more exciting future. Its network comprises 90 wholly owned dealerships, representing the top franchises in all the major centres.

- McCarthy Franchise dealers
- Budget Rent a Car
- McCarthy Call-a-Car
- Burchmore's Car Auctions
- Yamaha Distributors
- McCarthy Fleet Services
- McCarthy Financial Services
- McCarthy On-Line
- McCarthy Pre-owned

Contribution to Group trading income



#### Budget Rent a Car:

Has over 60 car rental locations in southern Africa



#### Toyota:

The McCarthy Toyota showroom in Arcadia, Pretoria



#### Burchmore's:

Regarded as the country's leading authority on vehicle auctions



#### McCarthy Pre-owned:

Is a newly established chain extending McCarthy's reach into the used vehicle market

Revenue increased by 21,9% to R11,9 billion for the year

Trading margin of 3,6% at an 11-year high

McCarthy dealerships retained 66 410 vehicles



#### McCarthy Insurance:

Offers value-added insurance and assurance products, including comprehensive motor and personal household cover



### **Brand Pretorius**

*Chief Executive*

Brand has thirty years' experience in the motor industry (manufacturing and retail) and is a member of various advisory boards. He is a current board member of the Marketing Federation of Southern Africa and is currently a member of the main board of the Business Initiative and the President of the South African Retail Motor Industry Association.

Bidvest's acquisition of McCarthy was effective from January 1 2004. Whilst the financial results are only included in Bidvest's results from this date, this review encompasses the entire year. Membership of a major group of international trading, service and distribution companies creates numerous opportunities. McCarthy responded with record earnings, a signal that South Africa's second largest automotive retailer is already benefiting from Bidvest's empowerment credentials, financial strength, internal support and synergies across business units.

### **Operational environment**

The motor industry experienced buoyant trading conditions owing to a favourable macro-economic environment, vehicle price stability, low financing costs and relatively high levels of business and consumer confidence. The national dealer market grew by 18% from 277 183 units for the year ended June 30 2003 to 329 700 units.

McCarthy's motor franchises increased new vehicle sales despite the loss of nine DaimlerChrysler and four BMW dealerships in the comparative year. These sales rose during the 12-month period by 14,6% from 30 483 units to 34 921 units.

Effective price deflation on new vehicles impacted both new and used vehicle margins. In some instances, manufacturers also reduced dealer gross margins on new vehicles. Used vehicle margins were sacrificed in an effort to align the stand-in values of existing inventory to lower market values.

Attractive offerings on new vehicles led to a swing from used to new, as evidenced by the modest growth in national used vehicle dealer sales. McCarthy used vehicle sales increased marginally from 30 487 units to 31 489 units.

McCarthy's financial services business benefited from the growth in new vehicle sales while the strong rand assisted the margins of Yamaha Distributors, who had a record year.

### **Operational, financial and cash flow highlights**

McCarthy generated revenue of R5,9 billion and trading income of R217,6 million for the six months ended June 30 2004. All major business units contributed to this growth.

The operating margin for the year increased from 3,3% to 3,6% representing a new milestone for McCarthy and is the highest margin achieved in the last 11 years.

The motor franchise operations experienced an excellent trading year, reporting an increase in revenue and pre-tax profit. The General Motors, Toyota, Nissan, DaimlerChrysler and Peugeot franchises posted particularly impressive results. The growth in pre-tax profit was achieved despite the disposal of one BMW dealership on July 1 2003 and the sale of the McCarthy Toyota UK and Jersey operations on September 30 2003.

Budget Rent a Car, Burchmore's Car Auctions and McCarthy Fleet Services reported excellent results for the year. Budget Rent a Car's increase was mainly due to the impact of stable new vehicle pricing, some increases in the average daily rental rates and the lower cost of funding. Burchmore's operating profit increase was primarily due to the cost-containment initiatives in the prior financial year. Unfortunately for the Burchmore's business model, the level of bank reposessions is still at an all-time low.

Yamaha Distributors produced an outstanding set of results for the year. The business benefited from favourable exchange rates, robust growth in the motorcycle market and improved trading results from the Balanced Audio division.

McCarthy Financial Services, comprising the division's insurance and financing activities, reported an increase in revenue and operating profit. The increase in operating profit reflects increased vehicle financing volumes despite pressure from the vehicle manufacturers to allocate more vehicle finance business to their in-house finance operations. The operating income of insurance operations improved on the strength of an improved performance from the equity investment portfolios, increased policies written and an impressive performance from the Hollard joint venture (McInsurance).



## Review of Operations



The Automotive Products Division – McCarthy

### Peugeot:

The Bryanston sales operation relocated to Rosebank. A "Blue Box" dealership will be established in Sandton



Net operating interest paid decreased and interest cover improved as a result of a decrease in the cost of borrowed funds following four prime overdraft rate reductions in the first half of the financial year; tight working capital management during the year, resulting in significant amounts of cash being generated from operating activities; more favourable borrowings rates since the acquisition by Bidvest; and the release of the provision for interest on the RAG liquidation dividend as a result of the indemnity provided by the consortium of banks following the Bidvest transaction.

McCarthy concluded the year in a net positive cash position. This is the first time since 1997 that McCarthy has generated positive cash flow by a reduction in its investment in working capital.

The decrease in working capital was largely as a result of stable new vehicle pricing – used vehicle prices follow new vehicle price increases and consequently we have seen a similar pricing trend with used vehicles; the strong trading conditions resulting in certain franchises holding very low levels of new vehicle stock at certain times during the year; and strict working capital management.



### Forsdicks BMW:

The new 5-series became available in 2004

### Business risks

Robust mechanisms are in place to manage all commercial risks. Perhaps the most fundamental risk is that some dealer agreements could be terminated. This risk is minimised by a record of outstanding sales performance, high levels of customer satisfaction, excellent locations and strong relationships with suppliers embedded over decades.

Further strengthening of the rand could lead to more margin pressures. This is addressed by rigorous inventory management and conservative trading policies. On the positive side, a strong rand will enhance vehicle affordability even further, which will lead to further volume growth.

People risk always applies as sales and service are driven by skilled and enthusiastic staff members. Recruitment of high potential individuals is assisted by McCarthy's status as sector leaders while people development is fostered by a significant and sustained training investment. Credit risk is a standard facet of all sales activity but is well controlled by stringent credit systems at all units and closeness to the business and the market.

### Empowerment

A key focus is personal empowerment. Almost R8,5 million was spent on training and 69 vehicle salesperson learnerships were launched. One hundred and thirteen technical learnerships and 172 CBMT apprenticeships were facilitated by McCarthy's state-of-the-art technical



training centre. McCarthy learners were the first in the industry to complete sales and technical learnerships. Over 70 new jobs were facilitated through skills development legislation.

Eight hundred and sixty four staff benefited from technical skills transfer and 2 866 from other training, 4 449 training days were logged, 77 black staff members received adult basic education and 10 bursaries were granted. A pilot mentorship scheme involving 14 black protégés proved successful. Seventy protégés enrolled on the follow-up programme. In March 2004 alone our Skills Act training claim itemised over 500 different courses.

The supplier list in the BEE procurement programme includes 129 black empowered organisations. Over R71 million in goods and services is sourced from them.

Social involvement is showcased by Rally to Read (an initiative to boost English literacy in rural areas). Seventy two McCarthy managers worked on nine Rallies involving 1 222 individuals, 368 4x4s, 368 box libraries and 36 450 learners in 123 schools. One hundred co-sponsors gave almost R5 million in cash and kind.

#### **Yamaha Distributors**

Yamaha Distributors achieved significant growth and strong profit-to-sales ratios across its product range (motorcycles, all-terrain vehicles (ATVs), accessories, outdoor motors, boats, industrial engines and musical instruments). Turnover rose, exceptional net asset returns were achieved and return on funds employed exceeded projections. Motorcycles and ATVs put in an exceptional performance as did the marine category.

Falling interest rates contributed to buoyant sales. On balance, rand strength was positive as it helped assure competitive pricing on new units. However, this repricing led to some write-downs on stocks of spare parts.

Yamaha's 44-year local vehicle park creates a strong annuity business stream, but substantial stock holding exposes the business to currency risk. Astute risk management ensured minimal impact.

Re-exports into 12 African countries grew and heartening results were achieved by the new audio range in the first full year in which we have held the distributorship.

Growth through brand extension is no longer possible as Yamaha Distributors now handles all Yamaha ranges. Greater penetration has to be achieved across the existing base. Another year of growth and strong cash flows is projected.

#### **Forsdicks BMW**

All outlets – Germiston, Sandton, Tygervally and Pinetown – experienced a difficult year. Volumes were maintained but severe margin pressure was experienced. Since January 2003, the strong rand has contributed to a price standstill on new BMWs, squeezing the differential between prices of new and quality used vehicles and constricting the trade-in "pipeline". To move stock, dealerships across the sector have engaged in heavy price-cutting.

Deferred purchasing was also apparent as owners waited for new product launches from mid-2004. The new 5-series became available in early 2004, though significant numbers have not yet come through.

New investments included R13,5 million on a new Approved Repair Centre in Linbro Park (launched in August 2004) and R2,4 million on upgraded and expanded showrooms in Tygervally. A R6 million upgrade is planned in Sandton.

Competition is expected to remain intense in the year ahead. However, new model excitement around the 1- and 3-series will contribute to improved sales and a better year overall.

#### **DaimlerChrysler (DCSA)**

No new models were introduced but the current product offering remains exciting.

The business drew benefit from DCSA's new margin system by which dealers receive a fixed margin and "earn" a further variable margin based on performance, facility and excellence criteria. Our variable "earnings" consistently beat the DCSA dealer average.

Focus on the pre-owned market proved successful and prompted the opening of another pre-owned operation in Hatfield, Pretoria. In Witbank we opened a new Market Centre facility for commercial vehicles. Results in its first nine months exceed expectation.

Plans are well advanced for a new lifestyle centre for Mercedes-Benz passenger vehicles in Pretoria. We will also develop new service-oriented branches in Pretoria, Midrand and Centurion.

## Review of Operations



The Automotive Products Division – McCarthy

**McCarthy new vehicle sales increased over twelve months by 14,6% to 34 921 units**

**Used car sales up 3,3% to 31 489 units**

**Yamaha benefits from the stronger rand and buoyant consumer demand**

### Fiat:

Dealerships did exceptionally well in the awards programmes run by Fiat



### General Motors

General Motors, previously a minority shareholder in Delta, returned to South Africa during the year, took 100% control and changed the name to General Motors South Africa. This level of commitment from the world's largest motor vehicle manufacturer augurs well for the future. A far wider product range will become available. The launch of the new Isuzu KB range sets the tone for an upbeat 2005.

### Land Rover/Volvo

A decline in Land Rover's market share contributed to a challenging year. The Volvo brand also came under pressure, but the launch of the new XC90 4x4 and S40 models will create opportunities for growth in the coming months.

### McCarthy Fleet Services

Membership of Bidvest has enabled McCarthy Fleet Services to assess new business models. Improved access to funds and the availability of well established financial products create opportunities for significant growth.

### McCarthy Toyota

In support of Toyota South Africa's dealership revitalisation programme we revamped and refurbished all new vehicle showrooms at a cost of over R7 million. In addition, we extended and upgraded our Arcadia and Pinetown dealerships into state-of-the-art operations at a cost of R6,5 million.

Revenue rose and profitability showed encouraging growth. New vehicle revenue increased significantly while used vehicle sales tracked this rise. Contributions from parts and service operations were boosted by campaigns to recapture business from out-of-warranty vehicles. Profitability benefited from rationalisation programmes, leading to new



### VW/Audi:

The new Audi A6 was launched in the country in 2004



efficiencies, higher productivity and lower expenses. Lower interest rates and better stock control reduced interest costs significantly.

#### **Peugeot**

The Cape Town (Central) dealer point was relinquished. The six remaining operations had a good year. New and used vehicle retail sales rose with good after sales growth.

Bryanston sales operations have relocated to Rosebank until our new Blue Box Dealership is completed in Sandton. Prospects continue to improve as the vehicle parc grows and exciting models are launched such as the 307CC and 206CC. The 407 will replace the 406 during the new financial year.

#### **Nissan/Alfa/Fiat**

The year was disappointing for Fiat as inconsistent supply affected vehicle availability and profitability.

Nissan improved market coverage following the launch of the X-Trail range and the 350Z sports car. The marque will further extend its coverage by introducing an exciting small car in the second half of 2004. Our dealerships did exceptionally well in the awards programmes run by Fiat and Nissan.

#### **VW/Audi**

A clear swing from used to new vehicles was evident during the period. New vehicle sales increased significantly against growth of only 1,6% in used vehicle volumes. A key concern is the continued erosion of new vehicle trading margins.

The franchise continued its programme of premises upgrades and relocations. By the first quarter of 2005, it is planned that only two of the old-style facilities will remain in operation.

McCarthy was recently awarded the Volkswagen Commercial LT franchise at one of its outlets and volume growth is anticipated. Prospects for 2005 across the VW/Audi marque are promising, with several new product launches on the horizon.

#### **Burchmore's/Car Bar**

Burchmore's achieved significant improvement in profits and returns after adjusting for the lower supply of bank repossessions for auction. Tight asset control improved returns substantially.

#### **Autohaus**

This joint venture dealership grew strongly in sales and returns as we expanded into the Audi Pre-owned Used Car programme. The operation also carried out a major Volkswagen refurbishment to the new vehicle showroom. Further expansion of the after-sales facility is planned. Autohaus is now a true mega dealership for both Volkswagen and Audi.

#### **Budget Rent a Car**

Budget holds the car rental franchise for South Africa, Namibia, Botswana and Mozambique. The business operates from all state airports and has 64 branches. McCarthy dealers are used to source and dispose of most of Budget's vehicles, creating strong synergies.

Car rental demand continues to grow, rising 9% during the year. Budget maintained its market share and overall profitability rose despite a continuing price war.

During the final quarter, Budget opened a pilot operation for van rental, which could be the forerunner of a franchise network and the platform for job creation. Investment in a new computer system is imminent.

#### **McCarthy On-Line (MOL)**

MOL, now wholly owned by McCarthy, develops motor retail innovations to create and retain customers and enhance marketing efficiency. Its Eliance Commerce division is implementing the Client for Life programme. The new vehicle module was launched and the used vehicle module is nearing completion. A service module is in development. Eliance Communications, another MOL division, is McCarthy's brand custodian and in-house advertising agency. It is increasingly used by McCarthy franchises to enhance their marketing strategies.

#### **McCarthy Call-a-Car**

McCarthy Call-a-Car leads electronic vehicle retailing in South Africa, selling 6 842 vehicles through its dealer network. One hundred and fifty dealers received over 6 000 customer enquiries a month via Call-a-Car. The website hosts 50 000 unique visitors each month.

McCarthy Call-a-Car relocated its call centre to Cape Town in an outsourcing strategy to contain costs. A used vehicle customer satisfaction index is also conducted from this centre.

## Review of Operations



The Automotive Products Division – **McCarthy**

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**McCarthy Finance joint venture with WesBank exceeds 42 000 customers**

**McCarthy Call-A-Car assists dealers to sell 6 842 vehicles**

**Car rental demand up 9% and Budget maintains market share at 13% of rental days**

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**Volvo:**

The new S40 was launched in South Africa in September 2004



**Club McCarthy**

McCarthy's loyalty programme spearheads its customer contact and retention strategies. Dealers increasingly use its database of more than 95 000 members in marketing campaigns. On average 1 800 members use the Roadside Assistance service each month. Twenty four hour roadside and medical assistance, discounts on vehicle service, and discounted holiday accommodation are currently offered. Benefits are soon to be upgraded to include household assistance, legal assistance and movie club membership.

**McCarthy Pre-owned**

This newly established chain extends McCarthy's reach into the used vehicle market. Eight "Pre-owned dealers" cover the four main metropolitan areas. The aim is to grow Pre-owned into a national chain. The network is supported by the McCarthy franchise management infrastructure. On average 140 vehicles are sold each month.

**McCarthy BEE joint ventures**

All BEE joint ventures delivered outstanding financial results. Foster's Motor Group increased net profit substantially as did McCarthy Busa Toyota in Hillcrest. Both Foster's and Busa reported strong demand for Toyota Hi-Ace taxis. McCarthy Kunene Witbank retained its status as one of our group's top ten dealerships with a solid improvement in profits. McCarthy Kunene has opened an impressive commercial vehicle centre and its pre-owned operation is ranked number 1 nationwide.

**McCarthy Insurance Services**

McCarthy Insurance Services offers value added insurance and assurance products, including comprehensive motor and personal household cover. The brokerage also provides financial consulting services while McLife and MCSure underwrite low risk, life and short-term insurance.

Premium income and brokerage commission continue to grow.



**Land Rover:**

The McCarthy Land Rover dealership in Durban



### McCarthy Finance

McCarthy Finance, the division's joint venture with WesBank, had an excellent year. The improved performance was due in the main to excellent support from the dealer network, improved interest turn, increased vehicle sales and lower bad debts.

The joint venture now has more than 42 000 customers and its debtor's book has grown to more than R3 billion.

### Procurement

The proceeds of procurement activities are paid to franchises as a dividend. During the year, R1 million was rebated to the franchises.

The BEE procurement initiative (McBEEP) spent R71 million with 129 BEE suppliers between January and July 2004. A purchase order system has been installed at 90% of dealers, creating price uniformity while eliminating duplicate payments.

A programme of support for other Bidvest companies has also been launched.

### Prospects

Macro-economic conditions are expected to remain favourable. Business and consumer confidence, interest rates and vehicle affordability are the key drivers. Against this backdrop, we forecast further growth of approximately 5% in both the new and used vehicle markets. Our wide franchise portfolio positions McCarthy to take full advantage of the positive trading environment.

Plans are in place to arrest margin erosion and drive growth. McCarthy is confident it will show a meaningful increase in earnings in real terms during the current financial year.



## Review of Operations



## Corporate Services

The Group's corporate office, based in Melrose Arch, Johannesburg, provides strategic direction, financial management and corporate finance services. The corporate centre adds value through identification of opportunities and the implementation of Bidvest's decentralised, entrepreneurial business model.

- Bid Corporate Services
- mymarket.com
- Bidvest Network Solutions
- Bid Property Holdings

**State-of-the-art networking capability within Bidvest Network Solutions complements the electronic commerce capability of mymarket.com**

**Voice-over internet protocol (VOIP) capability**



**Bidvest Network Solutions:**  
Is a provider of wide area network solutions to both external clients and Group companies



**Bidprop:**  
Developed the state-of-the-art Crown National factory in Montague Gardens, Cape Town



**mymarket.com:**  
Provides a platform for electronic trading and procurement services within the Group and to external users

### Bid Corporate Services

Bidvest's Corporate Services infrastructure is kept deliberately lean as the Group's highly successful decentralised business model places responsibility for performance, within a divisional structure, with each individual business unit.

Head office structures are in place to ensure transparency, provide strategic direction, ensure compliance with overall policy and allow effective communication across all divisions. The corporate office ensures the free flow of ideas across the Group, independence from red tape and quick but reasoned decision-making. Performance across the Group is openly disclosed to senior executives, encouraging both camaraderie and a spirit of healthy competition.

The Bidvest Academy was initiated to develop the next generation of Bidvest leaders. Seminars and workshops for senior management foster the interchange of ideas and commitment to a unifying Bidvest vision.

Corporate finance activities, corporate communication and investor relations are the responsibility of the corporate office, which also manages certain strategic investments.

Other Group resources are mymarket.com, Bidvest Network Solutions and Bid Property Holdings.

### Bidvest Network Solutions (BNS)

BNS is a provider of wide area network solutions to both external clients and Group companies.

The operational environment saw a return of business confidence and a rise in new IT investment as companies and consumers become more Internet and network focused. Simultaneously, BNS has derived benefit from the consolidation process of recent years. Fifteen small units have been integrated into a single, highly motivated team focused on network solutions. BNS successfully pursued its stated growth strategy of new business acquisition and higher utilisation of capacity. Results are encouraging. BNS became



profitable for the first time since being acquired by Bidvest, showing a small after-tax profit. Growth was achieved in a highly competitive market, despite the entry of new, high-profile players. Further growth can be energetically pursued, as there are few, if any, capacity constraints.

Three principal risks have to be acknowledged:

- Until the promised Second Network Operator arrives, BNS is dependent for infrastructure on one supplier who is also a competitor (Telkom).
- A few large competitors dominate the market. BNS is a small, agile company with state-of-the-art systems. It succeeds by exceeding customer expectations among small and medium sized enterprises, which currently have low priority among big players. Competitive pressure will mount when major industry players begin to focus on these market segments to further maximise their underutilised network infrastructures.
- BNS is seen as an internal service provider to Bidvest. In fact, it creates wide area network solutions for any client on its Bidnet network.

The market's belief that "big is better" can be addressed by leveraging off the Bidvest brand – hence the recent change of name from I-Fusion to Bidvest Network Solutions. The name change will enable BNS to correct the perception that it is only an in-house service provider.

Opportunities beckon in several markets and within Bidvest. A smart, nimble player like BNS is well placed to respond to these opportunities and further growth is anticipated. BNS will become part of and reported under Bidoffice.

#### **mymarket.com**

mymarket.com provides a platform for electronic trading and procurement services within the Group and to external users.

Two key factors promoted greater uptake of mymarket.com's core offering of electronic trading and procurement services – declining techno-fear and an economic climate in which efficiencies were relentlessly pursued by business.

mymarket.com's e-procurement systems are leading edge, but have proved their reliability and efficiency in a range of sectors. Track record is important to new users as it creates greater comfort and willingness to adopt Internet-based systems. The "comfort factor" is enhanced by the growing body of case studies demonstrating the proven benefits of e-procurement on the mymarket.com model. At the same time, "Dotbomb" negativity from 2000-01 has receded. Business is once again investing in technology solutions that improve operational efficiency.

mymarket.com secured significant growth through new business gains and increased utilisation of its services by existing customers both locally and internationally. Total income increased by 190% while transaction turnover rose 331%.

Depreciation costs remain substantial, a consequence of high initial investment in technology, and have inhibited the quest for profit. However, recent results are in line with the Group's business plan and create a solid basis going forward.

New initiatives included the launch of the mymarket.com helpdesk solution to complement the existing Internet-based customer interface. The helpdesk solution gives customers the choice of communication via phone, fax or SMS when seeking assistance and placing, amending or approving orders.

The investment in training and client support was maintained at a high level. Staff members of external users are usually trained at mymarket.com's state-of-the-art training centre, although on-site training at the client's own premises is also provided.

The principal risk faced by an early adopter such as mymarket.com is systems obsolescence caused by breakthrough technology. The risk is managed by ongoing technology investment. mymarket.com has three years' experience of the industry it helped invent. Clients value a proven track record and closeness to their problems as highly as system sophistication.

Further growth is anticipated next year, putting mymarket.com on the path to profit. A key growth trigger is burgeoning corporate demand for preferential procurement tracking linked to balanced BEE scorecards. mymarket.com has designed an electronic template to facilitate this process.

#### **Bid Property Holdings (Bidprop)**

Bidprop manages the Group property portfolio, provides property management and property development services and gives specialist assistance in areas such as the review of Group leases, lease negotiation, feasibility studies and project management.

The Bidprop portfolio is constantly scrutinised and reviewed. Further portfolio growth was achieved and new developments brought to a successful conclusion, including the new processing plant in Cape Town for Combined Foods and the new multi-temperature distribution centre for Caterplus. Several additional property projects are anticipated. The varied nature of operations within Bidvest allows for investment in a range of strategic properties, ensuring a well-balanced portfolio.

## Summarised Sustainability Report

**“Corporate sustainability is a business approach to create long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments.”**

**SAM Research Inc  
(Dow Jones)**



### Caring for the community:

The Group supports a number of high-profile business initiatives, spending R13,0 million

**Safety awareness:**  
Individual business units identify and eliminate hazards and risks by implementing the necessary controls



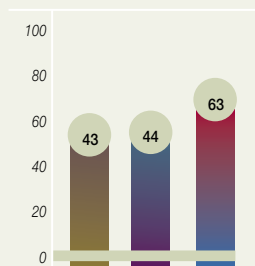
**Hygiene awareness:**  
Steiner Hygiene promotes "Hygiene – it's in your hands" through their Educational Road Show to schools



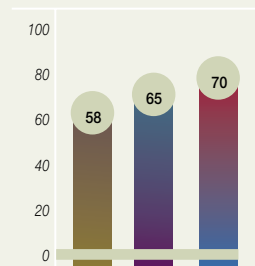
Industry average on a global basis  
Bidvest  
Best company on a global basis within industry group

### Comparative ranking from the Dow Jones Sustainability Index 2005

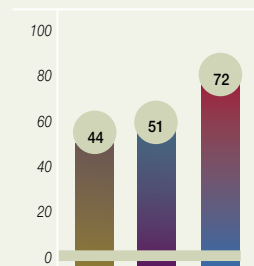
Economic dimension  
%



Environmental dimension  
%



Social dimension  
%



### Signing of Dinatla agreement:

In November 2003, Bidvest, together with Dinatla, began to develop The Bidvest Charter



**Muriel Dube**  
Group Commercial Director

Muriel has senior strategic management and operational experience in the public sector and with multinationals in the private sector. Recently, Muriel was appointed as a representative on the United Nations Expert Group on Technology Transfer and has acted as Chief Negotiator on behalf of the South African Government in major international negotiations in respect of the Kyoto Protocol. Muriel has published several articles on sustainable development.

Sustainability challenges companies to consider more than just the financial aspects of a business and to respond proactively to social, environmental and economic risks and opportunities.

As companies progress on the sustainability path, they obtain a clearer understanding of the bigger picture, characterised by processes that concurrently improve the status of disadvantaged people, conserve natural resources, prevent pollution, promote co-operation, improve efficiency and develop local assets to revitalise economies.

Sustainability is not an end product – but rather a process – a process that continues and uses common sense and intuition as a baseline, while considering the complexity of systems within the framework of change management.

#### **Our approach to sustainability**

Bidvest is committed to the implementation of triple-bottom-line reporting as it accepts that good governance and social and environmental issues can no longer be regarded as secondary to more conventional business imperatives. These principles are integrated into the day-to-day business processes, with the realisation that the consideration of non-financial issues may have financial implications for the Group, being one of the factors that drive future value creation. A detailed disclosure of the Group's performance on sustainability can be found in the accompanying corporate sustainability report, "The Bigger Picture".

The sustainability report is based on the Global Reporting Initiatives' broad framework for non-financial corporate reporting and, as such, performance is broadly grouped in economic, social and environmental categories.

#### **ACCREDITATION AND AWARDS**

##### **Dow Jones Sustainability World Index 2005**

Bidvest is one of only four South African companies listed in the Dow Jones Sustainability World Index 2005.

This achievement positions Bidvest as one of the world's leading companies in terms of the five corporate sustainability principles on which index members are judged: strategy, innovation, governance, financial performance, and stakeholder relations.

##### **Constituent of the JSE SRI Index**

Bidvest was a founding constituent of the Socially Responsible Investment (SRI) index launched by the JSE.

##### **Sustainable Growth Awards**

Bidvest won the 2003 award and came second in 2004 for listed companies making a significant contribution to growing South Africa's economy over a five-year period.

##### **2003 Businessmap BEE Awards**

Bidvest was placed second in the Most Progressive Empowerment Company and third in the Business Leadership categories.

##### **Empowerment rating**

Empowerdex awarded Bidvest an "A" BEE rating, being a black influenced company and a good broad-based BEE contributor with unrestricted operational capacity.

##### **Fitch ratings**

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

##### **Forbes 2000**

Forbes 2000 is a comprehensive list of the world's largest and most influential companies, as measured in US dollars by a composite ranking for sales, profits, assets and market value. Bidvest is ranked 1 296th.

##### **Forbes Global 2004**

In September 2004, Bidvest was included in the Forbes Global Roster of the world's most attractive big companies for investors. The 400 companies listed represent less than 1% of the world's publicly quoted companies.

## Summarised Sustainability Report (continued)

### Bidvest aids the community:

Waltons invests in the education of the nation



**Health, safety and environmental management are risk-based due to the diverse nature of products and services**

### SAFETY, HEALTH AND THE ENVIRONMENT (SHE)

The divisional boards are responsible for SHE issues and provide the necessary guidance in developing and approving the policy, strategy and structure to manage SHE risks. Risk control processes include:

- risk identification and assessment, including legally required environmental impact assessments and major hazard installation risk assessments;
- risk management strategies, such as avoidance, elimination, training and emergency response plans;
- risk financing; and
- regular updates on legal SHE requirements and ensuring legal compliance.

### Social awareness:

Bidvest realises the business environment is seamlessly linked to the broader social environment



**Namsoy Community Trust:**  
Supporting computer literacy in Namibian communities

### Safety

The board is committed to preventing workplace accidents and fatalities and ensures the Group's compliance with the Occupational Health and Safety Act (No 85 of 1993) in South Africa and relevant legislation in other countries. Individual companies within the Group are required to identify hazards and risks in the workplace, and to take steps to eliminate or mitigate the risks by implementing the necessary controls.

### Health

The divisional boards are committed to preventing occupational diseases and take cognisance of threats to the health of employees. In addition, the board, through the Group's corporate social responsibility programmes, plays a vital role in improving primary health care of the communities in which they operate.





The HIV/Aids pandemic is a growing threat in South Africa and the Group pays particular attention to this disease, without disregarding other diseases that could pose a significant risk. Bidvest's philosophy of decentralisation applies equally to the handling of HIV/Aids and each business unit monitors the magnitude of the problem. The Group encourages training and education programmes, voluntary and anonymous testing and crisis planning.

#### Environment

The board acknowledges its legal duties to take reasonable measures to prevent significant pollution or degradation to the environment from occurring, continuing or recurring and to minimise and rectify pollution or degradation that has already been caused.

These measures include:

- the identification and prioritisation of applicable, environmental risks;
- the determination of environmental legal compliance requirements, in conjunction with a strategy to ensure that compliance is attained and maintained;
- the formulation of environmental emergency response plans which are in place and have been distributed to all affected parties;
- the implementation of environmental training and development programmes which have been implemented based on identified needs; and
- procedures to ensure that persons other than employees who may be directly affected by the Group's activities, are not exposed to health and safety hazards.

The board is committed to making open and transparent disclosure on environmental issues to shareholders and relevant stakeholders and recognises that enterprises should disclose the nature of their environmental policies, ethos and values.

Management's responsibility is to recognise, measure and disclose environmental issues in the financial statements. Where environmental issues are significant and there may be a risk of material misstatement or inadequate disclosure, the external auditors give consideration to environmental matters during the audit.

The board subscribes to international best practice and complies with the highest legislative standard of the countries in which it operates. All relevant Bidvest companies have accreditation, or are in the process of becoming accredited, with the required international safety and environmental standards.

#### SOCIAL ISSUES

##### Human capital

Skills development is an important element of sustainable growth as it empowers staff to deliver on strategy, whilst ensuring that statutory and social obligations in relation to issues such as racial, gender and disability demographics are met.

The board recognises that the development of human capital serves not only the economic interests of the Group, but also the broader requirements of the society within which Bidvest operates. All Bidvest's South African subsidiaries, where relevant, have submitted their employment equity and skills development plans to the authorities.

##### Employment equity

Bidvest's strategy regarding affirmative action is aimed at the development of employees. The board recognises the importance of diversity management and is developing mechanisms to positively reinforce the richness of diversity. The board is committed to employment equity and ensures the Group's compliance with the Employment Equity Act. A programme has been instituted to address identified shortcomings at divisional operations. The empowerment and advancement of HDIs is based on the premise that they are equal partners in the corporate sphere and their contribution is a valuable one.



## Summarised Sustainability Report (continued)

### Bidvest sponsors Wits:

The aim of the project, apart from sponsoring the football club, is to uplift the surrounding communities through sport and education



### Rally to READ:

Since 1998 the programme has invested nearly R12,6 million in improving the quality of education in 271 remote, rural schools of South Africa



### Environmental commitment:

The Group is committed to the responsible care of the natural environment in which we operate

**Empowerdex awarded Bidvest an “A” BEE rating, being a black influenced entity and a good broad based BEE contributor with an unrestricted operational capacity**

**BEE is a strategic business imperative, embodied in *The Bidvest Charter*, BEE partnerships and business conduct**

### Training and skills development

Training and career development are important elements of Bidvest’s business philosophy and success. A total of R1 659 per employee was spent on training and skills development. As the marketplace becomes more challenging, it takes great leadership to guide a successful business. The Group puts a high priority on developing the next generation of business leaders and continues to explore new ways to foster a progressive workplace that attracts and inspires bright and passionate people. The Bidvest Academy was launched in May 2003 to provide a practical and effective platform for developing young executive talent within the Group. The Bidvest Academy is a vibrant and dynamic forum, which will continue to add real value to the Group.

### Corporate social investment

Bidvest realises that the business environment is seamlessly linked to the broader social environment. Responsible corporate social investment means that the impact of such investment can be clearly measured in terms of its mutual benefit to the Group and the communities within which it operates.

The Group’s social responsibility initiatives represent its commitment in the communities in which it operates and where employees reside. The Group supports a number of high profile business initiatives, spending R13,0 million (0,5% of pre-tax profits) on commitments to charities, non-governmental organisations and organisations representing business in South Africa and internationally. In line with the decentralised philosophy, most of the social responsibility initiatives are executed at divisional and business unit level. At corporate level, most of the initiatives are managed



through the Chairman's Fund, contributing towards community charitable organisations, health related organisations in fields such as HIV/Aids, cancer, the disabled, the blind, the aged, street children and children's feeding schemes.

Our future approach will be more co-ordinated, characterised by greater alignment between business strategy and CSI initiatives.

### STAKEHOLDER RELATIONS

Bidvest's business model promotes opportunities that add value by creating wealth. This can only be achieved by fostering trust relationships with those people that are affected by, or interested in the business, considering and respecting their needs, values and cultures. The board ensures that the appropriate balance is maintained between the individual interests of stakeholder groups and collective good of the company in which their interest converges. Bidvest is committed to reporting on stakeholder issues through the most appropriate medium and in the most appropriate manner. In addition to our investors, partners and other providers of capital, the Group has identified the following stakeholders:

- Civil society in general;
- Customers and suppliers of goods and services;
- Employees and union representatives;
- Local communities;
- Government and regulatory authorities;
- Non-government organisations;
- Previously disadvantaged individuals;
- Stakeholders in the countries in which the Group operates;
- The environment; and
- The media.

### BEE

Bidvest is fully supportive and committed to BEE as a business imperative in the South African context. The empowerment drive is essential to create jobs, stimulate

economic growth, expand market access to all South Africans and, in the long term, promote South African competitiveness.

The Group believes that sustainable BEE can only be achieved if the objectives of the BEE companies are aligned with those of the Group and its stakeholders. True empowerment is embodied in genuine BEE influence and participation, which would enable the creation of wealth, employment equity and skills development in a sustainable manner. Bidvest facilitates BEE participation at Group level and remains committed to its proven business model, whereby cash flows are utilised to create the engine for growth, both locally and internationally.

Dinatla, a broad-based consortium of entrepreneurial black businesses, is committed to a long-term, active partnership to the benefit of all stakeholders. The Dinatla BEE consortium effectively owns 14,9% of Bidvest, other empowerment institutions and the Public Investment Commissioners 20,9%, with a further 15,0% being controlled by BEE asset managers.

If the Dinatla BEE consortium had bought into the South African operations only, at the same transaction value, the total percentage BEE direct and indirect ownership would be in excess of 50%.

Dinatla will share, influence and participate in the future of Bidvest, both in South Africa and internationally.

*The Bidvest Charter*, an enterprise-based charter, sets the direction and strategy for our divisions and business units to further develop sustainable socio-economic opportunities within their business life cycle. The charter was drafted in consultation with Dinatla and the South African Government and will be aligned with regulatory requirements as they evolve in future.

Bidvest has initiated and developed a balanced scorecard that builds on the foundations of the South African Broad-Based Black Economic Empowerment Act. The scorecard will guide business activities and monitor performance against a predetermined set of targets. A rating agency, Empowerdex, independently verifies the scores and provides the Group with a total score to benchmark performance.

## Corporate Governance

“Corporate governance is a way of life and not merely a set of rules.”

**Brian Joffe**, *Chief Executive*

### CORPORATE GOVERNANCE

Corporate governance entails the accountable and transparent governance of the Group's structures and systems within an ethical framework that will promote responsible consideration of all stakeholders.

The Board and the individual directors have long recognised that good corporate governance is compatible with and mutually dependent on strong leadership. The Board is committed to conforming to good corporate governance processes that will complement Bidvest's entrepreneurial flair. This commitment involves leading the enterprise with integrity and in compliance with best international practices, whilst taking cognisance of the value systems of the countries and communities in which it operates.

The decentralised, entrepreneurial and incentivised environment in which the Group operates called for governance processes to be considered, implemented and embedded into the Group structure, through the introduction of the Group governance policy. The policy serves to guide all operations within the Group in applying best corporate governance practices at their respective levels within the Group.

### Corporate code of conduct

The Board, its committees, individual directors, officers of the Group and senior management acknowledge their responsibility to ensure that the principles set out in the code of conduct are observed.

Bidvest, through its corporate code of conduct is committed to

- The highest standards of integrity and behaviour in all dealings with stakeholders and society at large;
- Conducting business based on fair commercial competitive practices;
- Trading with customers and suppliers who subscribe to ethical business practices;
- Non-discriminatory employment practices and the promotion of employees to realise their potential through training and development of their skills; and
- Being proactive towards environmental, social and sustainability issues.

### Code of ethics

The Group has adopted a code of ethics that ensures business practices are conducted in a manner that is beyond reproach. The code of ethics is promoted across the Group and clearly states the acceptability of business practices by guiding policy and providing a set of ethical corporate standards that will encourage ethical behaviour and decision-making of the Board, managers and employees at all levels. The code will guide and sensitise ethical infringements, whilst specifying the enterprise's social responsibility towards stakeholders.



The Board has been proactive in identifying the following aspects and has commenced a process in each division for the

- regular and formal identification of ethical risk areas;
- development and strengthening of monitoring and compliance policies, procedures and systems;
- establishment of easily accessible safe reporting (whistle blowing) channels;
- alignment of the Group's disciplinary code with its code of ethical practice;
- integrity assessment as part of selection and promotion procedures;
- induction of new appointees;
- training on ethical principles, standards and decision-making;
- regular monitoring of compliance with ethical principles and standards using the internal audit function;
- reporting to stakeholders on compliance;
- independent verification of conformance to established principles and ethical behaviour.

#### Corporate style, values and ethics

Bidvest's corporate value system promotes:

- Accountability  
to our employees and shareholders
- Acquisitiveness  
to expand and grow the business
- Decentralisation  
to put decision-making close to the customer
- Entrepreneurship  
to find innovative ways to grow the business
- Equal opportunity  
to perform and be rewarded
- Fairness  
in our interactions with stakeholders
- Honesty  
in all our dealings with our stakeholders
- Innovative business practice  
in our business practices
- Respect for human dignity, human rights and social justice  
for the dignity and rights of people and for the environment
- Service excellence  
to provide a compelling place to work and do business
- Transparency  
in maintaining open lines of communications with our stakeholders.

#### The Board of directors

Bidvest is a unique company, which is reflected in the composition and size of its board. The Board comprises seven (7) non-executive independent directors, four (4) non-executive, and nineteen (19) executive directors. B Joffe conducted the role of executive chairman and F Titi was the independent non-executive deputy chairman.

In July 2004, MC Ramaphosa was appointed non-executive chairman and B Joffe continued in the role of chief executive, with unchanged executive responsibilities. F Titi, who agreed to remain as deputy chairman until the new leadership structure had been finalised, subsequently resigned. The position of deputy chairman has been discontinued.

The completely decentralised decision-making structure, the independence and the character of the individual board members provide for open and transparent governance. Successful entrepreneurial individuals, whose recognition and ongoing participation in Bidvest is vital, manage the decentralised business units. In addition to the divisional chairmen, key operating executives, responsible for significant operations are included on the Board.

Board changes took place subsequent to the implementation of the BEE initiative with Dinatla and the acquisition of McCarthy. These new directors bring insight and diverse experience to the Board's deliberations.

Whilst the executive directors are responsible for implementing strategies and operational decisions within the Group's businesses, the non-executive directors are viewed as independent by the Board and support the skills and experience of the executive directors. Their role is to bring judgement to bear, independent of management, on issues of strategy, budgets, performance, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance, whilst contributing to the formulation of policy and decision-making through, inter alia, their knowledge and experience.

The Board gives strategic direction to the Group, appoints the chief executive and the non-executive chairman and ensures that succession is planned. The non-executive directors ensure that the chair encourages proper deliberation of all matters requiring the Board's attention.

#### Functions of the Board

The Board Charter sets out clear direction with regards to the purpose of the Board, responsibilities of board members, composition and requirements for board meetings. The Board Charter also calls for an annual self-assessment applicable to the chief executive and the individual directors.

The Board is ultimately responsible for ensuring that the business remains a going concern and that it thrives. The

## Corporate Governance (continued)

Board retains full and effective control over the Group and monitors risk management and implementation of plans and strategies through a structured approach to reporting and accountability.

It is committed to an appropriate balance of power and authority to ensure that no one individual or Group of individuals can dominate the Board's decision-making process.

The Board met seven times during the period and has a formal schedule of matters reserved to it as recorded in the Board Charter. (➡ Directors' Report for attendance register.)

The Board has developed a formal corporate governance manual, which, inter alia includes a corporate code of conduct and board committee charters.

Board committee charters define the purposes, authority and responsibility of the various board committees and have been developed for the

- Board of Directors
- Executive Committee
- Audit Committee
- Nomination Committee
- Remuneration Committee
- Acquisition Committee

The Transformation Committee's purposes, objectives and responsibility are defined in The Bidvest Charter and a formal committee charter will be drafted.

The divisional boards have adopted the governance manual, where applicable. The process to entrench the corporate governance manual and the principles of good corporate practice and governance throughout the Group has been commenced under the auspices of the Audit Committee.

The Board and its committees are supplied with complete, relevant and timeous information, enabling them to fulfil their responsibilities. Directors have unrestricted access to Group information, records, documents and property. Non-executive directors have access to and are encouraged to meet with management. The information needs of the Board are well defined and regularly monitored. All directors have access to the advice and services of the Group secretariat and there is an agreed procedure by which directors may obtain independent professional advice at the Group's expense, should they deem this necessary.

The Group has adopted a formal policy, in line with the Insider Trading Act, that prohibits directors, officers and other selected employees in dealing with securities for a designated period preceding the announcement of its financial results or in any other period considered sensitive.

The Board defines levels of materiality, reserving specific power and delegating other matters with the necessary written authority to management. These matters are monitored and evaluated on a regular basis. The Board has developed a formal delegation of authority matrix guideline, which is being utilised by all Group companies.

Formal and transparent appointment procedures are in place and the board is assisted by the Nomination Committee. Periodically, directors visit the Group's businesses and have meetings with senior management to facilitate their understanding of the Group and their fiduciary responsibilities.

It is cognisant of the duties imposed on the Company Secretary who is accordingly empowered to properly fulfil those duties. In addition to the extensive statutory duties, the Company secretariat provides the Board and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Group. The Company secretariat is the central source of information relative to guidance and advice to the Board, and within the Group, on matters of ethics and good governance.

The Board ensures that the Group complies with all relevant laws, regulations and codes of business practice and that it communicates with its shareholders and relevant internal and external stakeholders openly, promptly and with substance prevailing over form.

The Board identifies the key risk areas and key performance indicators for the Group, which are regularly updated. The entrepreneurial culture of the Group requires thorough risk control processes that identify and mitigate risks and assure that the Group's objectives are attained. This control environment sets the tone for the Group and covers, inter alia, ethical values, management's philosophy and the competence of employees. In general, risk areas confronting the Group are:

- Currency and economic volatility
- HIV/Aids in Africa
- Human capital or "people risk" mitigated through intensive skills development programmes
- Market risk caused by fluctuations in demand and competitive activity



The most fundamental mechanism for managing these risks is the diversified Bidvest business model that makes “owner-managers” accountable for all aspects of performance.

Through the Audit Committee, the Board regularly reviews processes and procedures to ensure the effectiveness of internal systems of control so that its decision-making capability and the accuracy of its reporting are maintained at a high level. The Board identifies and monitors the non-financial aspects relevant to the business of the Group and reviews appropriate non-financial information that goes beyond assessing the financial and quantitative performance of the Group. Other qualitative performance factors, which take into account broader stakeholder issues, are considered.

#### **Board committees**

The Board has established a number of committees, which are responsible to the Board. Specific responsibilities have been formally delegated to these committees with clearly defined terms of reference, in respect of duration and function, reporting procedures and written scope of authority documented in a formal charter. There is transparency and full disclosure from the board committees to the Board. Board committees are free to take independent outside professional advice, as and when necessary, and are subject to regular evaluation by the Board to ascertain their performance and effectiveness. The principal board committees are as follows:

#### **Executive Committee**

The Executive Committee consists of the Executive Chairman, the Group financial director, the divisional chairmen, MBN Dube and LI Jacobs. The Executive Committee considers and refers major decisions, which have their sanction, to the Board for approval. Non-executive directors are invited to attend these meetings.

#### **Remuneration Committee**

The Remuneration Committee consists of JL Pamensky (Chairman), DDB Band, D Masson and P Nyman. The committee is responsible for the assessment and approval of a remuneration strategy for the Board directors and divisional executives, in consultation with the Chief Executive.

The executive director, who is a member of the Remuneration Committee, is excluded from the review of his own remuneration.

The Remuneration Committee's overall strategy is to ensure that employees are rewarded for their contribution to the Group's operating and financial performance, by taking into account industry, market and country benchmarks. In order to promote an identity of interests with shareholders, share incentives are considered to be critical elements of executive incentive pay. Schedules setting out directors' remuneration and equity interests appear in the Directors' Report.

#### **Audit Committee**

An Audit Committee was established in 1995 and is an important element of the Board's system of monitoring internal controls. The members of the committee are JL Pamensky (Chairman), DDB Band, N Cassim, D Masson, B Moffat, P Nyman and AC Salomon. The committee meets at least four times a year and the Group internal audit manager and external auditors are invited to attend every meeting. Other members of the management team attend, as required.

The Audit Committee Charter defines and guides the Audit Committee with adequate reference to its purpose, membership, authority and duties. The committee is responsible for reviewing the interim and final financial statements and assesses whether these are appropriate to meet the current and future needs of the business. Their duties further include assessing whether significant business, statutory and financial risks have been identified and are being monitored and managed through internal financial control procedures, and that appropriate standards of accounting, governance, reporting and compliance are in operation.

The Audit Committee has a responsibility to recommend to the Board, for its consideration and acceptance by shareholders, the appointment of external auditors. The Audit Committee also sets out the principles for the performance of non-audit services by the external auditors. The Audit Committee reviews divisional Audit Committee reports.

Each division has its own audit committee, which subscribes to the same Group audit philosophies and reports to both the divisional board and the Group Audit Committee. Each divisional audit committee has at least one member who is a non-executive to the division. A non-executive chairs the committee where appropriate.

#### **Acquisition Committee**

Acquisitions with perceived potential conflicts are referred to the Acquisition Committee for an in-principle decision as to whether the acquisition should be investigated and pursued. This committee consists of B Joffe, DK Rosevear, DDB Band, D Masson and JL Pamensky. Acquisitions are, depending on their magnitude, sanctioned by the Executive Committee and submitted to the Board for approval.



## Corporate Governance (continued)

### Nomination Committee

The Nomination Committee constitutes a majority of non-executive directors so as to ensure its independence and objectivity. The committee comprises JL Pamensky (Chairman), D Masson, B Joffe and T Slabbert.

The primary purpose of the committee, as set out in the Nomination Committee Charter, is to ensure that the procedures for the appointments to the Board are formal and transparent. The committee considers the composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board.

Executive directors are appointed to the Board on the basis of skill, experience and level of contribution to the Group and are responsible for the running of their businesses. Non-executive directors are selected on the basis of industry knowledge, professional skills and experience.

The committee is responsible for ensuring that nominees are not disqualified from being directors and prior to their appointment investigate their backgrounds in line with the requirements for listed companies set by the JSE.

Executive directors retire by staggered rotation and stand for re-election at least every three years in accordance with the articles of association. Non-executive directors are appointed for specified terms, subject to re-election and Companies Act provisions relating to the removal of directors. The re-appointment of non-executive directors is not automatic. Directors are subject to re-election by shareholders and sufficient biographical information is provided to shareholders enabling an informed decision.

The committee annually reviews the Board's required mix of skills and experience and other qualities such as its demographics and diversity in order to assess the effectiveness of the Board, its committees and the contribution of each director.

### Transformation Committee

Following the successful implementation of the Dinatla initiative, a BEE Transformation Committee was formed to facilitate the socio-economic transformation process within the Group. Key functional resources were designated within each business unit to continue the socio-economic transformation drive at business unit level. The Transformation Committee has developed an enterprise-based charter, *The Bidvest Charter* that will guide the Bidvest BEE transformation strategy. The Transformation Committee comprises MBN Dube (Chairman), LG Boyle, L Jacobs and T Slabbert.

### Subsidiary listings

Bidvest plc, previously listed on the Luxembourg and Australian Stock Exchanges, and Bidcorp plc, previously listed on the London Stock Exchange, are separate legal entities with their own corporate governance standards. Bidvest plc and Bidcorp plc have become wholly owned subsidiaries and these listings were terminated.

## ACCOUNTABILITY

### Going concern

The directors endorse and are of the opinion that the Group has sufficient resources to maintain the business for the near future. Consequently, the going concern basis for preparing the financial statements is adopted.

The Board minutes the facts and assumptions used in the assessment of the going concern status of the Group at the financial year-end. At the interim reporting stage, the directors consider their assessment at the previous year-end of the Group's ability to continue as a going concern and determine whether any of the significant factors in the assessment have changed to such an extent that the appropriateness of the going concern assumption at the interim reporting stage has been affected.

### Auditing and accounting

The Board is of the opinion that their auditors observe the highest level of business and professional ethics and that their independence is maintained.

The Group aims for efficient audit processes using its external auditors in combination with the internal audit function. Management encourages unrestricted consultation between external and internal auditors resulting in periodic meetings to discuss matters of mutual interest, the exchange of working papers and management letters and reports, and a common understanding of audit techniques, methods and terminology.

### Internal financial controls

The directors are responsible for adequate internal control systems that will provide reasonable assurance regarding the safeguarding of assets and the prevention of their unauthorised use or disposition, the maintenance of proper accounting records and the reliability of financial and operational information used in the businesses.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, not absolute, assurance against material misstatement or loss. There is a continuous process



for identifying, evaluating, managing, monitoring and reporting on significant risks faced by the Group.

The Group's system of internal financial control includes policies and procedures, clearly defined lines of accountability and delegation of authority, and makes provision for comprehensive reporting and analysis against approved standards and budgets. Compliance is tested by way of management review, internal audit check and external audit. The Group's various divisional audit committees consider the results of these reviews on a regular basis and confirm the appropriateness and satisfactory nature of these systems, while ensuring that breakdowns involving material loss, if any, together with remedial actions, have been reported to the respective boards of directors.

#### **Internal audit function**

The internal audit departments are independent appraisal functions, whose primary mandate is to examine and evaluate the effectiveness of the applicable operational activities and the attendant business risks. The internal audit function includes the examination of the systems of internal financial control, so as to bring material deficiencies, instances of non compliance and development needs to the attention of the Audit Committee, external auditors and operational management for resolution.

Internal audit is an independent and objective assurance and consulting activity designed to add value to and improve the Group's operations. Internal audit undertakes a continuous function in measuring, evaluating and reporting on the effectiveness of risk control, governance systems and processes. It considers their economy of application and efficiency in meeting the objectives of the organisation using a systematic, disciplined approach. Internal audit further provide:

- assurance that the management processes are adequate to identify and monitor significant risks;
- confirmation of the adequacy and effective operation of the established internal control systems;
- credible processes for feedback on risk management and assurance; and
- objective confirmation that the Board receives the appropriate quality of assurance and reliable information from management.

The purpose, authority and responsibility of the internal audit function is formally defined in an internal audit charter, which has been approved by the Board and

which is consistent with the Institute of Internal Auditors' definition of internal auditing. Divisional internal audit committees have their own internal audit function that ensures that the necessary controls are in place for effective risk management and monitoring.

The activities of the divisional internal auditors are co-ordinated by the internal audit manager based at the corporate office, who has unrestricted access to the Audit Committee and its Chairman. The Group internal audit manager reports at all Audit Committee meetings and attends all divisional audit committee meetings.

The internal audit function communicates with other internal and external auditors to ensure proper coverage and to minimise duplication of effort. The external auditors also review reports issued by internal audit.

The Audit Committee is satisfied that adequate, objective internal audit assurance standards and procedures exist within the Group. At committee meetings internal audit reports on the major business units are reviewed, together with proposals for the ongoing internal assurance processes. The adequacy and capability of the Group's internal audit structures are subject to review annually.

Audit plans for each business segment are tabled annually to take account of changing business needs. Follow-up audits are conducted in areas where major weaknesses are identified.

The internal audit plan, approved by the Audit Committee, is based on risk assessment, which is of a continuous nature in an attempt to identify not only existing and residual risks, but also emerging risks, as well as issues highlighted by the Audit Committee and senior management. Internal audits are conducted formally at each business unit at least once in a two-year cycle. This risk assessment is co-ordinated with the Board's own assessment of risk.

Where the external auditors also perform the internal audit function, due care is taken to ensure that there is adequate segregation between the two functions in order to ensure that their independence is not impaired.

#### **Risk management**

The Board is responsible for the total process of risk management. It sets the risk strategy, which is based on the need to identify, assess, manage and monitor all known forms of risk across the Group. Risk management is conducted after consulting with the executive directors and senior management.

Management is accountable to the Board for designing, implementing and monitoring the processes of risk management and integrating them into the day-to-day activities of the Group. The risk aversion philosophy is communicated to all managers and employees in an

## Corporate Governance (continued)

endeavour to incorporate this philosophy into the language and culture of the Group. Risk management and internal control are practiced throughout the Group and are embedded in day-to-day activities.

The Audit Committee attests that there are adequate systems of internal control in place to mitigate the significant risks faced by the Group to an acceptable level. The systems are designed to manage, rather than eliminate, the risk of failure or to maximise opportunities to achieve business objectives. Risk is not only viewed from a negative perspective. The review process also identifies areas of opportunity, such as where effective risk management can be turned to a competitive advantage.

The management of risk and loss control is decentralised, but in compliance with Group policies on risk financing and self-insurance. Compliance measurement is conducted through the review of periodic risk activity reports including measurement of identified losses. The decentralised structure and geographic spread ensures that the overall Group risk is balanced and minimised.

At operational level, senior management identifies major business risks, promotes awareness, introduces applicable control environments and procedures and applies risk-monitoring techniques. The divisional audit committees identify the manner and extent to which risk is controlled and/or reduced, whilst monitoring the process.

Bidvest's decentralised structure forms the basis of the Group's business continuity plan with each of the operations being self-sufficient with disaster recovery and management succession plans. The individual business units are sufficiently small and independent of each other to eliminate Group-wide disaster risk.

In addition to the Group's other compliance and enforcement activities, the Board recognises the need for a confidential reporting process ("whistle blowing") covering fraud and other risks. The whistle blowing reporting procedures were relaunched and the "whistle blowing hotline" was substituted with a 24-hour call centre that ensures formal reporting and feedback.

Whilst operating risk can never be fully eliminated, the Group endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and human resources are in place throughout the businesses. Key policies employed in managing operating risk involve the segregation of duties, transaction authorisation, monitoring and financial and managerial reporting.

The effectiveness of the internal control systems, including the potential impact of changes in the operating and business environments, is monitored through regular management reviews (with representation letters on compliance signed annually by the chief executive and chief financial officer of each major business unit), testing by internal auditors and testing of certain aspects of internal financial control systems by the external auditors during the course of their statutory examinations. Directors make annual written declarations of interests and are obliged to report any potential or actual conflicts.

### RELATIONS WITH SHAREHOLDERS

The Group pursues dialogue with institutional investors based on constructive engagement and the mutual understanding of objectives, having regard to statutory, regulatory and other directives regulating the dissemination of information by companies and their directors. To achieve this dialogue there have been a number of presentations to and meetings with investors and analysts to communicate the strategy and performance of the Group. The quality of this information is based on the standards of promptness, relevance and transparency. The Group makes every effort to ensure that information is distributed via a broad range of communication channels, including the Internet, having regard for security and integrity while bearing in mind the need that critical financial information reaches all shareholders simultaneously.

The Board accepts its duty to present a balanced and understandable assessment of the Group's position in reporting to stakeholders, taking into account the circumstances of the communities in which it operates and the greater demands for transparency and accountability regarding non-financial matters. Reports address material matters of significant interest and concern to all stakeholders and present a comprehensive and objective assessment of the Group so that all stakeholders with a legitimate interest in the Group's affairs can obtain a full, fair and honest account of its performance.

## Financial Statements

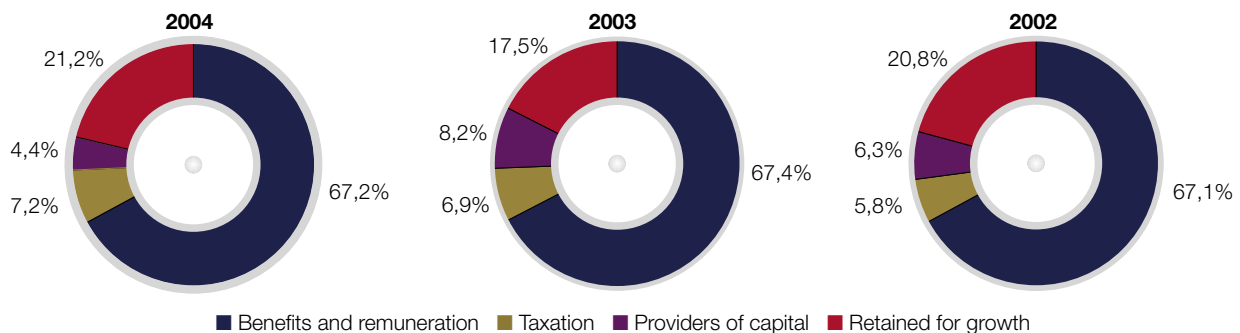
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## Value Added Statement

"Value added" is the value which the Group has added to purchased materials and goods by process of manufacture and conversion and the sale of its products and services. This statement shows how the value so added has been distributed.

	2004		2003		2002	
	R'000	%	R'000	%	R'000	%
Revenue	51 262 212		47 073 375		41 950 388	
Net cost of raw materials, goods and services	(41 676 595)		(38 199 113)		(34 643 123)	
Wealth created by trading operations	9 585 617		8 874 262		7 307 265	
Finance income	104 521		158 532		133 827	
<b>Total wealth created</b>	<b>9 690 138</b>	<b>100,0</b>	<b>9 032 794</b>	<b>100,0</b>	<b>7 441 092</b>	<b>100,0</b>
<b>Distributed as follows:</b>						
Employees						
Benefits and remuneration	6 512 398	67,2	6 091 130	67,4	4 995 337	67,1
Government						
Taxation	694 383	7,2	627 496	6,9	429 291	5,8
Providers of capital	425 498	4,4	735 330	8,2	470 356	6,3
Finance charges	256 890	2,7	260 046	2,9	202 486	2,7
Dividends and capitalisation awards	168 608	1,7	475 284	5,3	267 870	3,6
Retained for growth	2 057 859	21,2	1 578 838	17,5	1 546 108	20,8
Depreciation	685 643	7,1	716 449	7,9	582 937	7,9
Retained income	1 372 216	14,1	862 389	9,6	963 171	12,9
	<b>9 690 138</b>	<b>100,0</b>	<b>9 032 794</b>	<b>100,0</b>	<b>7 441 092</b>	<b>100,0</b>



## Exchanges with Government

*including amounts collected on their behalf*

	2004	2003	2002
	R'000	R'000	R'000
Employee taxes	1 191 605	1 211 013	840 748
Company taxes	694 383	627 496	429 291
Value added tax and sales tax	3 220 521	3 099 153	2 530 858
Customs and excise duty	5 724 795	5 970 208	5 489 906
Other	246 011	183 265	128 989
	<b>11 077 315</b>	<b>11 091 135</b>	<b>9 419 792</b>
<b>Paid to</b>			
South African authorities	9 619 117	9 525 815	8 485 942
Other	1 458 198	1 565 320	933 850
	<b>11 077 315</b>	<b>11 091 135</b>	<b>9 419 792</b>

## Directors' Approval and Responsibility Statement

### To the members of The Bidvest Group Limited

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements, Group financial statements and related financial information included in this report, for the year ended June 30 2004. The external auditors are responsible for reporting on the financial statements.


The financial statements are prepared in accordance with South African Generally Accepted Accounting Practice and incorporate full and responsible disclosure in line with the accounting philosophy of the Group. The financial statements are based upon appropriate accounting policies consistently applied, except as disclosed in the financial statements, and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. In particular, there is a simple organisational structure with clearly drawn lines of accountability and delegation of authority and the board actively promotes a culture of accountability and integrity. Risks are identified and appraised both formally, through the annual process of preparing business plans and budgets, and informally through close monitoring of operations.

Financial results and various key business statistics are reported regularly throughout the year and variances from approved plans are monitored and followed up vigorously. Detailed control procedures exist throughout the Group's operations and compliance is monitored by management through internal audit, and, to the extent they consider it necessary to support their audit report, the external auditors. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group has an Audit Committee, chaired by a non-executive director, which is responsible for, inter alia, monitoring the adequacy of the Group's financial controls, accounting policies and financial reporting. The external auditors have unrestricted access to this committee.

These financial statements have been prepared on the going concern basis, which is considered appropriate by the directors. They were approved by the Board on August 20 2004 and are signed on its behalf by:



**Cyril Ramaphosa**  
Non-executive Chairman



**Brian Joffe**  
Chief Executive

## Declaration by Secretary

The secretary certifies that the Company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act, No 61 of 1973, as amended, and that all such returns are true, correct and up to date.



**Margaret David**  
Secretary



## Report of the Independent Auditors

### To the members of The Bidvest Group Limited

We have audited the annual financial statements and the Group annual financial statements of The Bidvest Group Limited set out on pages 111 to 161 for the year ended June 30 2004. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and of the Group at June 30 2004 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.



**KPMG Inc.**

*Registered Accountants and Auditors  
Chartered Accountants (SA)*

Johannesburg  
August 20 2004

## Directors' Report

The directors have pleasure in presenting their report and audited financial statements for the year ended June 30 2004.

### Nature of business

The Company is an investment holding company. Details of the Group's activities are included in the review of operations.

### Financial reporting

The directors are required by the Companies Act to report financial statements, which fairly present the state of affairs of the Company and the Group as at the end of the financial period and the profit or loss for that period in conformity with South African Statements of Generally Accepted Accounting Practice.

The financial statements as set out in this report have been prepared by management in accordance with South African Statements of Generally Accepted Accounting Practice and are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates.

The directors are of the opinion that the financial statements fairly present the financial position of the Company and of the Group as at June 30 2004, and the results of their operations and cash flows for the year then ended.

The directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the financial statements.

### Acquisitions

During the year the Group acquired, amongst others, 100% of the ordinary issued share capital in McCarthy Limited, effective January 1 2004 and the shares not already held by the Group in Bidvest plc. Subsequent to the year-end approval from Bidcorp plc shareholders to acquire the remaining 41,4% in Bidcorp plc not already held, was received.

### Black economic empowerment

Dinatla Investment Holdings (Proprietary) Limited, a new broad-based empowerment entity owned by a consortium of prominent entrepreneurial black businesses, acquired, by a scheme of arrangement, forty five million shares in the Company, being approximately 15% of the issued capital, to further enhance the Group's black economic empowerment objectives, during the year. ("Dinatla transaction").

### Results of operations

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

### Share capital

During the year the Company issued 2 540 790 ordinary shares of 5 cents each at premiums of between R6,95 and R48,55 per share in terms of The Bidvest Incentive Scheme, and 18 000 000 call options to its shareholders to subscribe for new shares at R60 per share on December 8 2006 in terms of a scheme of arrangement between the Company and its shareholders which was approved at a general meeting of the Company's shareholders on November 10 2003.

## Directors' Report (continued)

### Purchase of own shares

In terms of the authority obtained at the last annual general meeting, the Company, or its subsidiaries, may repurchase its ordinary shares, to a maximum of 31 189 158 ordinary shares. During the period July 1 2003 to June 30 2004, a subsidiary acquired a total of 3 064 183 ordinary shares, at an average price of R45,43 per share, in the open market.

### Dividends and distribution out of share premium in lieu of dividend

A distribution out of share premium of 112,0 cents per share was awarded to shareholders on September 29 2003.

A cash dividend of 56,7 cents per share and a distribution out of share premium of 56,7 cents per share, in lieu of a dividend, was awarded to shareholders on March 23 2004.

Subsequent to the year-end a cash dividend of 68,4 cents per share was declared and a distribution out of share premium of 68,4 cents per share in lieu of a dividend was awarded. The salient dates are as follows:

Last day to trade cum-distribution	Friday, September 10 2004
Trading ex-distribution commences	Monday, September 13 2004
Record date	Friday, September 17 2004
Payment date	Tuesday, September 20 2004

### Payments to shareholders

Approval was obtained at the last annual general meeting for the Company to make payments, which would reduce its share capital, share premium reserves and/or any capital redemption reserve fund in terms of section 90 of the Companies Act, 1973, as amended.

Shareholders will be requested at the forthcoming annual general meeting of the Company to be held on Wednesday, November 17 2004 to consider the ordinary resolution to pay by way of a reduction of share capital or share premium, in lieu of a dividend, an amount equal to the amount, which directors of the Company would have declared and paid out of profits in respect of the Company's interim and final dividend for the financial year ending June 30 2005.

### Directorate

The following changes were recorded during the year:

#### Appointments:

Messrs DDB Band, FJ Barnes, BL Berson, N Cassim, LI Jacobs and Ms MBN Dube were appointed to the Board on October 27 2003; Mr AA da Costa, Ms RM Kunene and Ms BE Moffat were appointed to the board on December 8 2003; Mr LJ Mokoena and Ms T Slabbert were appointed alternate directors to Mr LI Jacobs and Ms BE Moffat respectively on December 8 2003; Mr SG Pretorius was appointed to the Board on February 19 2004; and Mr MC Ramaphosa was appointed as Chairman of the Board with Mr B Connellan appointed as an alternate director to Mr M Chipkin on July 6 2004.

#### Resignations:

Messrs IA Berman, FEA Robarts and C Watt resigned on October 27 2003; Ms LK Matisonn and Mr SP Ngwenya resigned on December 8 2003; Messrs BR Chipkin and R Wainer resigned on February 20 2004 and April 16 2004 respectively and Mr F Titi resigned as director and Deputy Chairman of the Company on July 6 2004.

The names of the directors in office at the date of this report are indicated below. The number of meetings attended by each of the directors of the Company during the period July 1 2003 to August 22 2004 are as follows with the number in brackets reflecting the number of meetings held whilst the directors were in office.

<b>Name</b>	<b>Directors' meetings attended</b>	<b>Name</b>	<b>Directors' meetings attended</b>
DDB Band	7(7)	RM Kunene	3(4)
FJ Barnes	6(7)	D Masson	6(7)
BL Berson	3(7)	BE Moffat	2(4)
MC Berzack	7(7)	T Slabbert (Alt)	2(4)
LG Boyle	7(7)	P Nyman	6(7)
N Cassim	4(7)	JL Pamensky	7(7)
LI Chimes	6(7)	SG Pretorius	4(4)
M Chipkin	3(7)	LP Ralphs	5(7)
AA Da Costa	2(4)	MC Ramaphosa	1(1)
MBN Dube	7(7)	TH Reitman	6(7)
RW Graham	6(7)	DK Rosevear	5(7)
AM Griffith	6(7)	AC Salomon	6(7)
LI Jacobs	7(7)	HL Greenstein (Alt)	5(7)
B Joffe	7(7)	CE Singer	5(7)
LJ Mokoena (Alt)	2(4)	PC Steyn	6(7)
S Koseff	4(7)	PD Womersley	4(7)
CH Kretzmann	6(7)		

In terms of the Company's articles of association the following directors retire at the forthcoming annual general meeting:

Messrs LI Chimes, M Chipkin, AM Griffith, B Joffe, P Nyman, JL Pamensky, T Reitman, CE Singer and Mrs LG Boyle retire by rotation.

Messrs DDB Band, FJ Barnes, BL Berson, N Cassim, LI Jacobs and his alternate LJ Mokoena, AA Da Costa, SG Pretorius, MC Ramaphosa; and Ms MBN Dube, Ms RM Kunene, Ms BE Moffat and her alternate Ms T Slabbert retire in terms of article 53.3 of the articles of association.

All the retiring directors are eligible and available for re-election.

#### **Directors' interests**

The aggregate interests of the current directors in the capital of the Company at June 30 2004 were:

	<b>Number of shares</b>	
	<b>2004</b>	<b>2003</b>
Beneficial	<b>6 539 624</b>	9 371 197
Non-beneficial	<b>148 953</b>	168 217
Options	<b>7 186 386</b>	6 764 114

## Directors' Report (continued)

The individual interests declared by the current directors and officers in the Company's share capital at June 30 2004, held directly or indirectly were as follows:

	Beneficial		Non-beneficial	
	2004	2003	2004	2003
BL Berson•	8			
MC Berzack	41 456	48 783		
LI Chimes	9 615	11 314		
M Chipkin	74 270	87 396		
LI Jacobs	2 025 078			
B Joffe	3 812 516 *	4 486 316 *		
S Koseff	8	10		
CH Kretzmann	10 731	12 627		
D Masson	3 037 #	3 530 #		
P Nyman	87 761	121 401	3 400 023 #*	3 993 861 #*
JL Pamensky	13 674	16 091		3 957 925 #†
SG Pretorius•	25 000			
LP Ralphs	239 986	294 167		
TH Reitman	8	10		
DK Rosevear	20 410	24 017		
AC Salomon	175 831	224 557		
CE Singer	235	276	112 414	132 281
PD Womersley		312		
Former directors		4 040 390		
	6 539 624	9 371 197	3 512 437	8 084 067
Less elimination of common interests			3 363 484 #	7 915 850 #
	6 539 624	9 371 197	148 953	168 217

\* by virtue of being a potential beneficiary of a discretionary trust.

# by virtue of being a trustee of trusts.

• appointed during the year.

† resigned as trustee.

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

	2004	2003
Beneficial – direct	449 032	528 391
– indirect	3 363 484	3 957 925
	3 812 516	4 486 316

The Company has not been informed of any material changes in directors' holdings since June 30 2004 to the date of this report.

The majority of directors' shareholdings decreased during the year in accordance with the Dinatla transaction, whereby they disposed of 15% of their shares to Dinatla Investment Holdings (Proprietary) Limited, in exchange for BidBEE Limited securities; and were issued listed options to acquire new Bidvest shares at R60,00 per share, exercisable on December 8 2006.

The directors held the following BidBEE Limited securities and listed Bidvest options at June 30 2004.

	BidBEE Limited securities		Bidvest options	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
	2004	2004	2004	2004
BL Berson	2		1	
MC Berzack	7 327		2 930	
LI Chimes	1 699		680	
M Chipkin	13 126		5 250	
B Joffe	673 800*		269 488*	
S Koseff	2		1	
CH Kretzmann	1 896		759	
D Masson	2	539	1	214
P Nyman	14 419	603 653#	5 767	241 348#
JL Pamensky	2 417		967	
LP Ralphs	44 181		17 671	
TH Reitman	2		1	
DK Rosevear	3 607		1 443	
AC Salomon	33 726		13 490	
CE Singer	41	19 867	17	7 946
	<b>796 247</b>	<b>624 059</b>	<b>318 466</b>	<b>249 508</b>
Less elimination of common interests		<b>594 431#</b>		<b>237 749#</b>
	<b>796 247</b>	<b>29 628</b>	<b>318 466</b>	<b>11 759</b>

\* by virtue of being a potential beneficiary of a discretionary trust.

# by virtue of being a trustee of trusts.

During the period under review the directors held the following interests in Bidvest plc and Bidcorp plc, which, in terms of the Recommended Cash Offers, the Company has since acquired for a consideration of A\$6,00 (£2,48) and 20p per share, respectively.

	Bidvest plc		Bidcorp plc	
	Beneficial	Share options	Beneficial	Share options
FJ Barnes	175 000	242 000		
BL Berson	323 125	329 500	44 445	
LI Chimes	70 600		31 111	
LG Boyle			33 334	
M Chipkin	40 837			
RW Graham			44 444	225 000
B Joffe	1 692 537*		800 000	
CH Kretzmann	108 200		44 445	
P Nyman	483 650*		100 000*	
JL Pamensky	93 862			
LP Ralphs	108 200		222 222	
TH Reitman			200 000	
DK Rosevear	350 000		160 000	
AC Salomon	195 700		222 222	
CE Singer			111 111	
PC Steyn	53 100			
R Wainer	5 000			
PD Womersley	81 200			
	<b>3 781 011</b>	<b>571 500</b>	<b>2 013 334</b>	<b>225 000</b>

\* by virtue of being a potential beneficiary of a discretionary trust.



## Directors' Report (continued)

### Directors' remuneration

The remuneration paid and accrued for, by subsidiaries, to directors whilst in office of the Company during the year ended June 30 2004 can be analysed as follows:

	Directors' fees	Other services	Basic remuneration	Other benefits	Retirement/ medical	Cash incentives	2004 Total	2003 Total
Executive	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
FJ Barnes†			2 001	114	150	1 201	3 466	–
BL Berson†			1 124	79	85	684	1 972	–
MC Berzack			1 876	176	323	700	3 075	2 544
LG Boyle			902	178	329	550	1 959	1 756
LI Chimes			1 372	100	142	600	2 214	1 889
MBN Dube†			457	1	55	100	613	–
RW Graham			2 149	567	249		2 965	2 817
HL Greenstein (Alt)			756	77	104	190	1 127	1 073
AM Griffith			529	281	101	500	1 411	854
LI Jacobs†			588	108	62	150	908	–
B Joffe			3 448	724	207	1 575	5 954	4 478
CH Kretzmann			1 303	61	138	700	2 202	1 830
P Nyman			1 015	103	91	340	1 549	1 380
SG Pretorius†			796	57	116	979	1 948	–
LP Ralphs			1 296	108	154	750	2 308	1 876
DK Rosevear			1 566	233	275	590	2 664	2 205
AC Salomon			1 248	143	170	700	2 261	1 907
CE Singer			625	109	126	400	1 260	1 144
PC Steyn			1 087	223	244		1 554	1 658
PD Womersley			936	122	153	330	1 541	1 413
Former directors			652	119	96		867	1 830
<b>Non-executive</b>								
M Chipkin	16	72					88	94
S Koseff	32						32	9
D Masson	32	93					125	110
JL Pamensky	32	768					800	372
TH Reitman	28						28	9
Former directors	89						89	118
<b>Total</b>	<b>229</b>	<b>933</b>	<b>25 726</b>	<b>3 683</b>	<b>3 370</b>	<b>11 039</b>	<b>44 980</b>	<b>31 366</b>

† appointed during the year, remuneration for period whilst a director.

Bonuses accrued but not paid during the year have been included in the aforementioned details of directors' remuneration. The comparative figures have been restated to reflect the directors' bonuses accrued during the 2003 year as opposed to bonuses paid during 2003. This change more accurately reflects the earnings accrued to directors during the year and does not impact on the Group's earnings. The notes to the financial statements have been restated accordingly.

### Directors' service contracts

Directors do not have fixed term contracts.

### Directors' and officers' disclosures of interests in contracts

During the financial year no contracts were entered into, in which directors and officers of the Company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

### The following share options were outstanding at June 30 2004

Year of grant	Average option price R	Number of options
1993	9,41	71 184
1994	12,02	33 165
1995	17,76	32 895
1996	23,11	287 424
1997	29,09	997 757
1998	35,45	819 379
1999	34,73	1 432 849
2000	38,80	4 858 127
2001	41,67	3 099 225
2002	42,35	3 635 200
2003	38,26	4 958 139
2004	49,82	5 301 880
<b>TOTAL</b>		<b>25 527 224</b>

These options are exercisable over the period July 1 2004 to May 31 2014. The register of options outstanding by tranche is available for inspection by members at the Company's registered office.

### Movements in share options for the year

	2004	2003
Beginning of year	23 323 951	21 691 830
Granted:	5 301 880	5 046 137
Directors and officers	945 000	1 430 000
Staff	4 356 880	3 616 137
Lapsed:	(557 817)	(2 179 120)
Directors and officers	–	(42 763)
Staff	(557 817)	(2 136 357)
Exercised:	(2 540 790)	(1 234 896)
Directors and officers	(349 403)	(203 202)
Staff	(2 191 387)	(1 031 694)
At end of year	25 527 224	23 323 951

## Directors' Report (continued)

Option holders are only entitled to exercise their options if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the board.

Option holders in the scheme may exercise the options at such times as the option holder deems fit but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to the following dates:

- 50% of total number of instruments at the expiry of three years;
- 75% of total number of instruments at the expiry of four years;
- 100% of total number of instruments at the expiry of five years;

from the date of the holder's acceptance of an option.

All options must be exercised no later than the tenth anniversary on which they were granted.

The Bidvest Incentive Scheme Trust Deed permits the maximum number of shares which may be issued and or granted as options in terms of the deed to be 10% of the aggregate of the Company's issued ordinary share capital.

### Details of the directors' and officers' outstanding share options

Name	Share options at June 30 2003		Share options granted during the year		Share options exercised during the year			Share options at June 30 2004	
	Average price		Average price		Average price		Benefit arising	Average price	
	Number	R	Number	R	Number	R		Number	R
B Joffe	904 080	36,01	90 000	51,51				994 080	37,42
FJ Barnes•	60 000	42,97	30 000	51,51				90 000	45,82
BL Berson•	48 000	38,26	30 000	51,51				78 000	43,36
MC Berzack	241 752	31,33	60 000	51,51				301 752	35,68
LG Boyle	415 000	39,91	60 000	51,51				475 000	41,38
LI Chimes	437 500	39,73	60 000	51,51	32 500	33,43	281 000	465 000	41,69
MBN Dube•			50 000	43,70				50 000	43,70
RW Graham	187 500	39,91	25 000	51,51				212 500	41,28
AM Griffith	163 500	38,81	25 000	51,51				188 500	40,50
LI Jacobs•			45 000	47,06				45 000	47,06
CH Kretzmann	688 049	34,28	60 000	51,51	105 439	15,01	3 838 329	642 610	39,05
P Nyman	459 300	37,58	40 000	51,51				499 300	38,70
SG Pretorius•			75 000	47,00				75 000	47,00
LP Ralphs	713 401	32,86	60 000	51,51	183 401	14,78	4 991 875	590 000	40,37
DK Rosevear	695 296	33,71	60 000	51,51				755 296	35,12
AC Salomon	606 817	36,91	60 000	51,51	24 313	16,19	870 575	642 504	39,06
CE Singer	220 094	34,67	25 000	51,51				245 094	36,39
PC Steyn	213 500	38,79	25 000	51,51				238 500	40,12
PD Womersley	326 500	35,65	25 000	51,51				351 500	36,78
HL Greenstein (alternate)	174 250	39,74	25 000	51,51				199 250	41,22
MA David (Secretary)	36 250	40,72	15 000	51,51	3 750	39,76	8 100	47 500	44,20
	6 590 789		945 000		349 403		9 989 879	7 186 386	

• Appointed during the year

These options are exercisable over the period July 1 2004 to May 31 2014. The register of detailed options outstanding by directors and officers is available for inspection by members at the Company's registered office.

### Secretary

Ms MA David is the Company Secretary. The business and postal addresses of the secretary, which are also the registered addresses of the Company, are reflected on page 166 of the report.

### Subsidiaries and joint ventures

The attributable interest of the Company in the aggregate after tax income and losses of its subsidiaries and joint ventures for the year was:

	2004	2003
	R'000	R'000
Profits	1 615 183	1 406 778
Losses	(99 050)	(54 798)

### Special resolutions

A special resolution was passed at the annual general meeting of shareholders held on November 25 2003 in regard to a general authority to enable the Company or its subsidiaries to acquire its own shares.

During the year special resolutions were passed by certain subsidiaries to accommodate the acquisition of various businesses, to amend articles of association and change their names.

## Accounting Policies

The financial statements incorporate the following principal accounting policies which conform with South African Statements of Generally Accepted Accounting Practice. These policies are consistent in all material respects with those applied in the previous year with the exception of the policies relating to secondary taxation on companies and business combinations, as set out below. The effects of these changes are detailed in note 1 to the financial statements.

### 1. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Operating results of businesses acquired or disposed of during the year are included from or to the effective date of acquisition or disposal. The assets and liabilities of companies acquired are assessed and included in the balance sheet at their estimated fair values to the Group. The costs of integrating businesses acquired prior to March 31 2004 are reflected in the fair values ascribed. Such values are reviewed and amended as appropriate in the financial year subsequent to the acquisition.

The Group's interests in joint ventures are accounted for using the proportionate consolidation method and its shares of the underlying assets, liabilities, income, expenditure and cash flow are included in the consolidated financial statements on a line-by-line basis.

Inter-group transactions and balances are eliminated on consolidation.

The Company carries its investments in subsidiaries and joint ventures at cost less accumulated impairment losses.

### 2. Revenue

Revenue comprises amounts invoiced to customers for goods and services and includes finance charges, insurance premiums, gross billings, commissions related to clearing and forwarding transactions and excludes value added tax.

### 3. Revenue recognition

Dividends are recognised when the right to receive payment is established.

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

The sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from services is recognised when the service is rendered.

Revenue relating to banking activities consists primarily of margins earned on the sale of foreign currency notes and coins, foreign exchange services, general commissions and transaction fees which are recognised when earned. Profits and losses on revaluation of foreign currency denominated assets and liabilities are also included in revenue.

Profits and losses from full maintenance motor contracts are recognised on termination of individual contracts. Provision is made for known losses during the contract period on an individual contract basis.

Insurance premiums are stated before deducting reinsurance premiums and commissions, and are accounted for at the commencement of the risk.

### 4. Discontinuing operations

A discontinuing operation results from the sale or abandonment of an operation that represents a separate major line of business and the assets, net profit or loss and activities can be distinguished physically, operationally and for financial reporting purposes from other businesses.

### 5. Dividends paid

Dividends to shareholders are accounted for once they have been approved by the board of directors.

## 6. Cash and cash equivalents/liquid funds

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts, investment in money market instruments and variable rate cumulative redeemable preference shares, all of which are available for use by the Group unless otherwise stated.

## 7. Fixed assets

Fixed assets are reflected at cost to the Group company which first acquired them, less accumulated depreciation and accumulated impairment losses. Depreciation is provided for on the straight-line basis over the estimated useful lives of the fixed assets as follows:

Land	Not depreciated
Buildings	Up to 50 years
Leasehold premises	Over the period of the lease
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 15 years
Vehicles, vessels and craft	3 to 10 years, or the estimated life of the vessel or period of the charter
Capitalised leased assets	The same basis as owned assets

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

## 8. Capitalisation of expenditure/borrowing costs

Costs that are directly attributable to qualifying assets are capitalised. Qualifying assets are those that necessarily take a substantial period of time to prepare for their intended use or sale. Capitalisation continues up to the date that the assets are substantially complete. Capitalisation is suspended during extended periods in which active development is interrupted.

## 9. Leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the Group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Operating lease costs are charged against income on a straight-line basis as incurred.

## 10. Intangible assets

Goodwill which represents the excess of cost over the fair value of net assets acquired and includes goodwill inherent in the cost of associate companies which arose as a result of business combinations prior to March 31 2004, is capitalised and amortised over the expected useful life, which is considered to be no more than twenty years.

In accordance with recent amendments to Generally Accepted Accounting Standards, goodwill arising on business combinations, for which the agreement date is on or after March 31 2004, is not amortised, but subject to an annual impairment test.



## Accounting Policies (continued)

Patents, trademarks and tradenames are capitalised and amortised over their expected useful lives, but not exceeding ten years.

Software development costs are capitalised and written off over the expected life from the date of commencement of use.

### 11. Impairment of assets

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

Land and buildings are revalued at regular intervals not exceeding five years and an impairment provision is raised to recognise any impairment of value.

### 12. Taxation

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred taxation is provided on the balance sheet liability method based on temporary differences. Temporary differences are differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Secondary tax on companies is accounted for as a tax charge in the income statement. In prior years it was treated as an appropriation of reserves in the statement of changes of shareholders' equity together with the related dividend.

### 13. Associate companies

An associate company is a company over which the Group has the ability to exercise significant influence over the financial and operating policies.

The equity method of accounting for associate companies is adopted in the Group financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became associate companies and up to the effective dates of disposal.

The Company accounts for associates at cost less provision for any impairment losses.

Goodwill inherent in the cost of an associate is accounted for in accordance with the Group's accounting policy for goodwill.

### 14. Foreign entities

Foreign subsidiaries are classified as independent foreign operations or integrated foreign operations.

In the case of independent foreign operations, assets and liabilities are translated at rates of exchange approximating those ruling at the end of the financial year. Income, expenditure and cash flow items are translated using the average rate for the year. Differences arising on translation of independent foreign operations are reflected in non-distributable reserves.

In the case of integrated foreign operations, non-monetary assets are translated at rates of exchange approximating those ruling at the time of acquisition, whereas monetary assets and liabilities are translated at rates of exchange approximating

those ruling at the end of the financial year. Income, expenditure and cash flow items are translated using the average rate for the year. Differences arising on translation of integrated foreign operations are dealt with in the income statement in the determination of net income.

Acquisitions and disposals of foreign subsidiaries are accounted for at the rate ruling on the date of the transaction.

## 15. Financial instruments/investments

Trading in financial instruments is accounted for on transaction date and are initially measured at cost, which includes transaction costs. The subsequent measurement of these instruments is dealt with as follows:

Listed and unlisted investments are classified as “available for sale financial assets” and are carried at fair value. Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Fair value of unlisted investments is determined by using appropriate valuation models.

Investments that meet the criteria for classification as “held to maturity financial assets” are carried at amortised cost.

Trade and other receivables originated by the Group are stated at cost less provision for doubtful debts.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

Financial liabilities other than derivatives are recognised at their original debt value less principal payments and amortisations.

Derivative instruments are measured at fair value.

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in the income statement in the period in which the change arises.

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised financial asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

Where a derivative is designated as a cash flow hedge, the effective part of the gains or losses from remeasuring the hedging instruments to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of an asset or a liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability. The ineffective part of any gain or loss is recognised in the income statement immediately. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised, in accordance with the aforementioned policy, when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

It is the policy of the Group not to trade in derivative financial instruments for speculative purposes.

## 16. Banking advances

Advances are stated at cost after the deduction of amounts that, in the opinion of the directors, are required as specific and general provisions. Specific provisions are raised for doubtful advances, including amounts in respect of interest not being serviced and after taking security values into account and are deducted from advances where the outstanding balance exceeds the value of the security held. A general provision is raised to cover potential doubtful advances, which may not be specifically identified. The specific and general provision made during the year is charged to the income statement.

## Accounting Policies (continued)

### 17. Inventories

Inventories are stated at the lower of cost and estimated net realisable value, due recognition having been made for obsolescence and redundancy. The cost of raw materials, finished goods, parts and accessories is determined on either the first in, first out or average cost basis. New vehicles, motorcycles, power and marine products are stated on an actual unit cost basis. Used and demonstrator vehicles are stated at the lower of actual cost or market value. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expenses. Circulating stock is stated at cost and written off over its expected useful life.

Vehicles and vehicle parts purchased in terms of manufacturers' standard franchise agreements or floorplan facilities, are recognised as assets when received. This policy is applied irrespective of the fact that certain agreements provide that the ownership of this inventory shall remain with the supplier or floorplan provider until the purchase price has been paid.

### 18. Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Translation differences are recognised in the income statement.

### 19. Employee benefits

Leave benefits due to employees are recognised as a liability in the financial statements.

The Group's liability for post-retirement benefits, accruing to past and current employees in terms of defined benefit schemes, is actuarially calculated. Where the plan is funded, the obligation is reduced by the fair value of the plan assets. Unfunded obligations are recognised as a liability in the financial statements.

The Group's obligation for post-retirement medical aid, to certain of its past and current employees, is actuarially determined and provided for in full.

The projected unit credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial gains or losses in respect of defined benefit plans are recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation at that date before deducting plan assets; or
- 10% of the fair value of any plan assets at that date.

The amount recognised is the excess in terms of the aforementioned formula, divided by the expected average remaining working lives of the employees participating in that plan.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested, past service costs are recognised immediately.

Liabilities for employee benefits which are not expected to be settled within 12 months are discounted using the market yields, at the balance sheet date, on high quality bonds with terms that most closely match the terms of maturity of the related liabilities.

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

The Group grants share options to certain employees under an employee share plan. Other than costs incurred in administering the scheme, which are expensed as incurred, the scheme does not result in any expense to the Group.

## 20. Short-term insurance operations

Underwriting results are determined in accordance with generally accepted accounting practice for short-term insurers. The basic principles are as follows:

- A provision is created for unearned premiums. Unearned premiums represent the portion of the premium written that relates to periods of risk extending beyond the financial year and is calculated on the day's basis;
- Provision is made for the estimated claims notified but not yet settled at the balance sheet date, and the estimated claims incurred but not yet reported at that date.

A contingency reserve is maintained in terms of the Insurance Act. Transfers to and from this reserve are treated as appropriations of net income.

## 21. Life assurance funds

Provision is made for premiums due on policies accepted at balance sheet date, net of reinsurance and adjusted for reinsurance commissions.

The life assurance fund represents the liabilities under unmatured policies, computed annually at the balance sheet date by an actuary in accordance with prevailing legislation.

## 22. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## 23. Segmental reporting

The principal segments of the Group have been identified on a primary basis by the nature of the business and on a secondary basis by geographic segment. The basis is representative of the internal structure for management purposes.

Segmental results include revenue and expenses directly relating to a business segment but exclude interest and taxation.

Segment operating assets and liabilities include fixed assets, investments, inventories, accounts receivable, accounts payable, banking assets and liabilities and insurance funds, but excludes cash and borrowings, and intangibles.

## Consolidated Statements of Income

for the year ended June 30

	Note	2004 R'000	2003 R'000	2002 R'000
<b>Total revenue</b>	2	<b>51 395 618</b>	47 254 098	42 106 772
<b>Revenue</b>		<b>51 262 212</b>	47 073 375	41 950 388
Cost of revenue		<b>(40 580 279)</b>	(37 609 521)	(33 900 308)
Gross profit		<b>10 681 933</b>	9 463 854	8 050 080
Operating expenses		<b>(8 126 281)</b>	(7 219 733)	(6 037 469)
Sales and distribution costs		<b>(4 578 667)</b>	(3 770 010)	(3 253 282)
Administration expenses		<b>(2 763 015)</b>	(2 803 989)	(2 086 429)
Other net costs		<b>(784 599)</b>	(645 734)	(697 758)
<b>Trading income</b>		<b>2 555 652</b>	2 244 121	2 012 611
Amortisation of goodwill		<b>(77 622)</b>	(64 887)	(52 646)
Net capital losses		<b>(40 157)</b>	(61 548)	(11 467)
<b>Operating income</b>	3	<b>2 437 873</b>	2 117 686	1 948 498
Net finance charges	4	<b>(168 902)</b>	(110 982)	(80 163)
<b>Income before taxation</b>		<b>2 268 971</b>	2 006 704	1 868 335
Taxation	5	<b>(678 079)</b>	(601 908)	(525 472)
<b>Income after taxation</b>		<b>1 590 892</b>	1 404 796	1 342 863
Share of retained income of associates		<b>24 691</b>	30 328	17 735
Attributable to outside shareholders		<b>(74 759)</b>	(97 451)	(129 557)
<b>Income attributable to shareholders</b>		<b>1 540 824</b>	1 337 673	1 231 041
Headline earnings per share (cents)	6	<b>546,7</b>	464,5	432,8
Earnings per share (cents)	6	<b>512,5</b>	434,1	411,6
Diluted earnings per share (cents)	6	<b>506,0</b>	430,0	405,9
Distributions per share (cents)*	7	<b>250,2</b>	220,0	190,0

\* Includes distribution from share premium and capitalisation issues at market value at the date of the award

## Consolidated Cash Flow Statements

for the year ended June 30

	Note	2004 R'000	2003 R'000	2002 R'000
<b>Cash flow from operating activities</b>		<b>2 798 728</b>	1 506 715	1 967 371
Cash generated by operations	8	<b>3 760 849</b>	2 666 695	2 751 675
Finance income		<b>84 464</b>	122 383	91 763
Finance charges	9	<b>(187 371)</b>	(233 365)	(171 926)
Taxation paid	10	<b>(645 451)</b>	(521 617)	(395 737)
Dividends paid	11	<b>(213 763)</b>	(527 381)	(308 404)
<b>Cash effects of investment activities</b>		<b>(3 136 445)</b>	(1 167 628)	(1 596 063)
Amounts repaid by (advanced to) associates		<b>1 287</b>	(2 307)	2 224
Decrease (increase) in investments and advances		<b>(8 446)</b>	(27 669)	105 412
Additions to fixed assets		<b>(1 054 969)</b>	(1 092 420)	(920 699)
Additions to intangible assets		<b>(14 817)</b>	(8 623)	(18 759)
Proceeds on disposal of fixed assets		<b>145 367</b>	101 188	225 581
Proceeds on disposal of intangible assets		<b>–</b>	181	–
Acquisition of businesses, subsidiaries, joint ventures and associates	12	<b>(2 210 931)</b>	(249 250)	(1 005 109)
Proceeds on disposal of businesses, subsidiaries, joint ventures and associates	13	<b>6 064</b>	111 272	15 287
<b>Cash effects of financing activities</b>		<b>314 018</b>	(70 234)	525 622
Proceeds from share issues:				
– Company		<b>83 702</b>	31 710	596 462
– subsidiaries		<b>1 009</b>	7 670	506
Net repurchase of treasury shares		<b>(139 367)</b>	(404 676)	(26 756)
Refund of share premium to shareholders		<b>(504 213)</b>	(165 454)	(159 743)
Net borrowings raised		<b>872 887</b>	460 516	115 153
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(23 699)</b>	268 853	896 930
Cash and cash equivalents at the beginning of the year		<b>2 220 344</b>	2 202 331	1 058 213
Currency adjustments		<b>(95 663)</b>	(250 840)	247 188
<b>Cash and cash equivalents at the end of the year</b>		<b>2 100 982</b>	2 220 344	2 202 331
Cash equivalents comprise:				
Liquid funds	22	<b>2 305 161</b>	2 360 561	2 745 492
Bank overdrafts included in current portion of borrowings	25	<b>(204 179)</b>	(140 217)	(543 161)
		<b>2 100 982</b>	2 220 344	2 202 331



## Consolidated Balance Sheets

at June 30

	Note	2004 R'000	2003 R'000	2002 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>6 406 635</b>	4 904 544	5 089 552
Fixed assets	14	<b>3 663 846</b>	3 493 246	3 602 498
Intangible assets	15	<b>1 959 223</b>	689 218	681 903
Deferred tax	16	<b>262 727</b>	219 340	262 747
Interest in associates	18	<b>142 256</b>	107 625	162 144
Investments and advances	19	<b>356 597</b>	276 447	216 853
Banking and other advances	20	<b>21 986</b>	118 668	163 407
<b>Current assets</b>		<b>11 542 389</b>	9 666 838	10 027 552
Inventories	21	<b>3 604 807</b>	2 292 093	2 354 400
Short-term portion of banking and other advances	20	<b>63 222</b>	23 414	28 738
Accounts receivable		<b>5 569 199</b>	4 990 770	4 898 922
Liquid funds	22	<b>2 305 161</b>	2 360 561	2 745 492
<b>Total assets</b>		<b>17 949 024</b>	14 571 382	15 117 104
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>		<b>6 426 618</b>	6 103 451	6 370 033
Shareholders' interest	23	<b>6 056 612</b>	5 412 659	5 563 617
Outside shareholders' interest		<b>370 006</b>	690 792	806 416
<b>Non-current liabilities</b>		<b>1 242 783</b>	972 050	588 136
Deferred tax	16	<b>89 554</b>	115 824	252 048
Life assurance fund	24	<b>5 106</b>	–	–
Long-term portion of borrowings	25	<b>923 083</b>	665 583	135 838
Post-retirement obligations	26	<b>225 040</b>	190 179	200 250
Long-term portion of banking liabilities	27	<b>–</b>	464	–
<b>Current liabilities</b>		<b>10 279 623</b>	7 495 881	8 158 935
Accounts payable		<b>6 960 711</b>	5 793 406	6 105 618
Provisions	28	<b>711 972</b>	649 252	516 474
Vendors for acquisitions		<b>90 152</b>	94	3 367
Taxation		<b>404 082</b>	351 325	262 163
Short-term portion of banking liabilities	27	<b>56 557</b>	35 699	27 700
Short-term portion of borrowings	25	<b>2 056 149</b>	666 105	1 243 613
<b>Total equity and liabilities</b>		<b>17 949 024</b>	14 571 382	15 117 104

## Consolidated Statements of Changes in Shareholders' Interest

for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>Share capital</b>	<b>15 108</b>	15 134	15 561
Balance at the beginning of the year	15 134	15 561	14 791
Shares issued:	127	62	801
in terms of the share incentive scheme	127	62	71
in terms of a cash issue	–	–	623
capitalisation issue	–	–	107
Repurchase of shares by subsidiary	(153)	(489)	(31)
<b>Share premium</b>	<b>3 511 901</b>	4 071 753	4 609 746
Balance at the beginning of the year	4 071 753	4 609 746	4 200 446
Arising on shares issued:	83 617	31 780	597 444
in terms of the share incentive scheme	83 617	31 780	40 067
in terms of a cash issue	–	–	557 377
Refund of share premium to shareholders in lieu of dividend	(528 163)	(168 797)	(159 743)
Share issue costs	(42)	(132)	(1 676)
Net repurchase of shares by subsidiary:	(115 264)	(400 844)	(26 725)
total cost of shares repurchased by subsidiary	(139 214)	(404 187)	(26 725)
refund of share premium received by subsidiary	23 950	3 343	–
<b>Non-distributable reserves</b>	<b>(219 678)</b>	(47 099)	427 828
Balance at the beginning of the year	(47 099)	427 828	97 946
Transfer to retained income	(4 194)	–	–
On acquisition of business	1 313	–	–
Increase (decrease) in foreign currency translation reserve	(169 698)	(474 927)	329 882
<b>Retained income</b>	<b>2 749 281</b>	1 372 871	510 482
Balance at the beginning of the year	1 372 871	510 482	(452 689)
Income attributable to shareholders	1 540 824	1 337 673	1 231 041
Dividends and capitalisation issues	(177 519)	(480 689)	(269 008)
Dividends received on treasury shares	8 911	5 405	1 138
Transfer from non-distributable reserves	4 194	–	–
<b>Total shareholders' interest</b>	<b>6 056 612</b>	5 412 659	5 563 617

## Consolidated Segmental Analysis

for the year ended June 30

	2004 R'000	% change	2003 R'000	% change	2002 R'000
<b>Revenue</b>					
<i>Trading division</i>					
The Services Division	<b>16 675 368</b>		18 292 281		16 424 403
Bidfreight	<b>12 105 642</b>	(11,5)	13 676 421	5,3	12 984 127
Bidcorp plc	<b>1 463 166</b>	(25,2)	1 956 688	81,4	1 078 403
Namsof fishing	<b>282 827</b>	0,3	282 107	(12,1)	320 993
Bidserv	<b>2 165 517</b>	24,8	1 735 005	15,2	1 505 982
Renfin	<b>658 216</b>	2,5	642 060	20,0	534 898
The Foodservice Product Division	<b>22 266 741</b>		22 557 416		21 121 321
Bidvest United Kingdom	<b>14 161 750</b>	(7,7)	15 348 018	5,4	14 556 975
Bidvest Australasia	<b>5 176 737</b>	18,0	4 385 736	4,8	4 184 514
Caterplus	<b>1 967 570</b>	(0,2)	1 970 925	19,2	1 653 732
Combined Foods	<b>960 684</b>	12,7	852 737	17,4	726 100
The Commercial Products Division	<b>7 777 656</b>		7 584 909		5 500 712
Bidoffice	<b>4 766 335</b>	0,5	4 743 195	35,0	3 512 837
Bidpac	<b>748 224</b>	2,4	730 579	16,8	625 537
Voltex	<b>2 263 097</b>	7,2	2 111 135	55,0	1 362 338
The Automotive Products Division					
McCarthy	<b>5 904 843</b>		–		–
Corporate Services	<b>58 207</b>		93 920		159 387
Bidvest Network Solutions	<b>50 298</b>	(44,5)	90 665	(43,1)	159 225
mymarket.com	<b>7 909</b>	143,0	3 255	1 909,3	162
	<b>52 682 815</b>	8,6	48 528 526	12,3	43 205 823
Inter-group eliminations	<b>(1 420 603)</b>		(1 455 151)		(1 255 435)
	<b>51 262 212</b>	8,9	47 073 375	12,2	41 950 388
<i>Geographic region</i>					
Southern Africa	<b>31 167 508</b>	19,7	26 041 971	11,9	23 268 808
United Kingdom and Europe	<b>16 338 570</b>	(9,7)	18 100 819	14,9	15 752 501
Australasia	<b>5 176 737</b>	18,0	4 385 736	4,8	4 184 514
	<b>52 682 815</b>	8,6	48 528 526	12,3	43 205 823
<b>Trading income</b>					
<i>Trading division</i>					
The Services Division	<b>763 685</b>		750 502		718 570
Bidfreight	<b>417 273</b>	5,5	395 400	11,1	355 971
Bidcorp plc	<b>(21 833)</b>	–	834	(94,1)	14 034
Namsof fishing	<b>35 201</b>	11,8	31 497	(69,9)	104 509
Bidserv	<b>205 600</b>	23,3	166 713	24,1	134 317
Renfin	<b>127 444</b>	(18,3)	156 058	42,2	109 739
The Foodservice Product Division	<b>889 581</b>		843 449		672 927
Bidvest United Kingdom	<b>459 948</b>	2,3	449 611	19,5	376 150
Bidvest Australasia	<b>137 954</b>	15,1	119 823	41,4	84 725
Caterplus	<b>170 343</b>	(5,3)	179 817	35,7	132 493
Combined Foods	<b>121 336</b>	28,8	94 198	18,4	79 559
The Commercial Products Division	<b>636 944</b>		613 342		487 675
Bidoffice	<b>383 910</b>	(2,5)	393 845	25,5	313 715
Bidpac	<b>110 878</b>	7,6	103 069	22,5	84 142
Voltex	<b>142 156</b>	22,1	116 428	29,6	89 818
The Automotive Products Division					
McCarthy	<b>217 606</b>		–		–
Corporate Services	<b>47 836</b>		36 828		133 439
Bidvest Network Solutions	<b>578</b>	–	(5 042)	–	(9 096)
mymarket.com	<b>(7 709)</b>	(6,4)	(7 242)	–	(2 172)
Investment and other income	<b>10 346</b>	24,4	8 317	(92,4)	108 904
Bidprop	<b>44 621</b>	9,4	40 795	13,9	35 803
	<b>2 555 652</b>	13,9	2 244 121	11,5	2 012 611
<i>Geographic region</i>					
Southern Africa	<b>1 997 179</b>	20,0	1 664 453	16,4	1 429 649
United Kingdom and Europe	<b>420 519</b>	(8,6)	459 845	(7,7)	498 237
Australasia	<b>137 954</b>	15,1	119 823	41,4	84 725
	<b>2 555 652</b>	13,9	2 244 121	11,5	2 012 611

Transactions between segments are conducted on an arm's length market related basis.

	2004 R'000	% change	2003 R'000	% change	2002 R'000
<b>Operating assets</b>					
<i>Trading division</i>					
The Services Division	3 803 143		3 837 315		4 224 892
Bidfreight	1 600 623	(3,7)	1 662 890	(5,1)	1 752 192
Bidcorp plc	888 064	(21,6)	1 133 223	(23,4)	1 480 336
Namsof fishing	117 579	(2,6)	120 763	94,2	62 200
Bidserv	791 527	28,9	614 292	7,6	570 848
Renfin	405 350	32,4	306 147	(14,8)	359 316
The Foodservice Product Division	4 205 133		3 995 596		4 493 205
Bidvest United Kingdom	2 436 183	4,2	2 337 552	(16,1)	2 786 962
Bidvest Australasia	1 044 443	4,8	996 976	(8,9)	1 094 383
Caterplus	407 864	4,7	389 696	4,0	374 788
Combined Foods	316 643	16,7	271 372	14,5	237 072
The Commercial Products Division	3 052 378		2 973 275		2 543 419
Bidoffice	1 862 519	2,5	1 816 681	26,7	1 433 294
Bidpac	402 410	(1,1)	406 810	8,1	376 462
Voltex	787 449	5,0	749 784	2,2	733 663
The Automotive Products Division					
McCarthy	1 876 906		–		–
Corporate Services	718 605		838 421		737 208
Bidvest Network Solutions	12 591	(60,8)	32 156	(35,4)	49 758
mymarket.com	7 218	3,7	6 959	232,5	2 093
Investment and other income	422 472	(21,9)	540 831	19,7	451 710
Bidprop	276 324	6,9	258 475	10,6	233 647
	13 656 165	17,3	11 644 607	(3,0)	11 998 724
Inter-group eliminations	(234 252)		(342 344)		(571 762)
	13 421 913	18,8	11 302 263	(1,1)	11 426 962
<i>Geographic region</i>					
Southern Africa	8 871 942	32,7	6 684 992	4,2	6 415 269
United Kingdom and Europe	3 739 780	(5,6)	3 962 639	(11,7)	4 489 072
Australasia	1 044 443	4,8	996 976	(8,9)	1 094 383
	13 656 165	17,3	11 644 607	(3,0)	11 998 724
<b>Operating liabilities</b>					
<i>Trading division</i>					
The Services Division	2 552 558		2 772 910		2 976 288
Bidfreight	1 655 022	(11,2)	1 864 395	(3,6)	1 934 751
Bidcorp plc	247 779	(32,8)	368 993	(17,7)	448 433
Namsof fishing	2 700	(79,0)	12 854	94,1	6 621
Bidserv	272 018	63,5	166 358	14,1	145 754
Renfin	375 039	4,1	360 310	(18,2)	440 729
The Foodservice Product Division	3 203 348		2 820 975		3 334 613
Bidvest United Kingdom	2 173 159	10,8	1 961 124	(18,6)	2 409 944
Bidvest Australasia	626 504	28,6	487 309	(17,8)	592 578
Caterplus	261 348	7,4	243 370	4,6	232 663
Combined Foods	142 337	10,2	129 172	29,9	99 428
The Commercial Products Division	1 288 378		1 214 141		974 610
Bidoffice	764 126	2,0	749 096	34,8	555 547
Bidpac	120 921	15,5	104 691	–	104 716
Voltex	403 331	11,9	360 354	14,6	314 347
The Automotive Products Division					
McCarthy	1 020 794		–		–
Corporate Services	128 560		203 318		136 293
Bidvest Network Solutions	5 560	(51,4)	11 438	(69,1)	36 957
mymarket.com	2 289	(22,5)	2 955	(51,0)	6 025
Investment and other income	120 492	(32,5)	178 527	101,2	88 713
Bidprop	219	(97,9)	10 398	126,1	4 598
	8 193 638	16,9	7 011 344	(5,5)	7 421 804
Inter-group eliminations	(234 252)		(342 344)		(571 762)
	7 959 386	19,3	6 669 000	(2,6)	6 850 042
<i>Geographic region</i>					
Southern Africa	4 928 130	26,0	3 911 845	1,2	3 864 224
United Kingdom and Europe	2 639 004	1,0	2 612 190	(11,9)	2 965 002
Australasia	626 504	28,6	487 309	(17,8)	592 578
	8 193 638	16,9	7 011 344	(5,5)	7 421 804

## Consolidated Segmental Analysis (continued)

for the year ended June 30

	2004 R'000	% change	2003 R'000	% change	2002 R'000
<b>Depreciation</b>					
<i>Trading division</i>					
The Services Division	<b>308 929</b>		317 847		228 710
Bidfreight	<b>73 821</b>	1,5	72 724	2,6	70 891
Bidcorp plc	<b>110 079</b>	(19,3)	136 454	109,0	65 298
Namsof fishing	<b>15 019</b>	(0,7)	15 123	76,0	8 591
Bidserv	<b>83 656</b>	13,7	73 596	12,1	65 683
Renfin	<b>26 354</b>	32,1	19 950	9,3	18 247
The Foodservice Product Division	<b>209 082</b>		255 818		230 300
Bidvest United Kingdom	<b>129 992</b>	(28,2)	181 147	11,6	162 327
Bidvest Australasia	<b>53 103</b>	7,2	49 547	11,6	44 395
Caterplus	<b>15 869</b>	(1,6)	16 126	18,1	13 658
Combined Foods	<b>10 118</b>	12,4	8 998	(9,3)	9 920
The Commercial Products Division	<b>141 628</b>		129 562		109 964
Bidoffice	<b>113 964</b>	8,4	105 160	20,4	87 377
Bidpac	<b>11 839</b>	0,2	11 810	(10,3)	13 171
Voltex	<b>15 825</b>	25,7	12 592	33,7	9 416
The Automotive Products Division					
McCarthy	<b>11 348</b>		–		–
Corporate Services	<b>14 656</b>		13 222		13 963
Bidvest Network Solutions	<b>1 836</b>	(46,4)	3 426	(28,8)	4 810
mymarket.com	<b>1 272</b>	17,8	1 080	596,8	155
Investment and other income	<b>1 709</b>	(33,2)	2 560	5,4	2 428
Bidprop	<b>9 839</b>	59,8	6 156	(6,3)	6 570
	<b>685 643</b>	(4,3)	716 449	22,9	582 937
<i>Geographic region</i>					
Southern Africa	<b>383 760</b>	11,9	343 026	12,4	305 276
United Kingdom and Europe	<b>247 224</b>	(23,7)	323 876	38,8	233 266
Australasia	<b>54 659</b>	10,3	49 547	11,6	44 395
	<b>685 643</b>	(4,3)	716 449	22,9	582 937
<b>Capital expenditure</b>					
<i>Trading division</i>					
The Services Division	<b>356 544</b>		505 707		446 050
Bidfreight	<b>130 540</b>	(8,7)	142 990	6,6	134 131
Bidcorp plc	<b>85 922</b>	(53,2)	183 736	119,0	83 896
Namsof fishing	<b>5 093</b>	(86,0)	36 366	11,8	32 517
Bidserv	<b>111 484</b>	5,3	105 875	(21,4)	134 711
Renfin	<b>23 505</b>	(36,0)	36 740	(39,6)	60 795
The Foodservice Product Division	<b>393 298</b>		331 333		286 262
Bidvest United Kingdom	<b>240 479</b>	9,9	218 852	35,2	161 927
Bidvest Australasia	<b>98 239</b>	33,2	73 767	(25,4)	98 851
Caterplus	<b>19 205</b>	(21,1)	24 336	53,5	15 856
Combined Foods	<b>35 375</b>	146,0	14 378	49,3	9 628
The Commercial Products Division	<b>258 459</b>		222 273		171 343
Bidoffice	<b>224 538</b>	12,7	199 247	32,3	150 551
Bidpac	<b>8 189</b>	(10,8)	9 177	(9,4)	10 125
Voltex	<b>25 732</b>	85,8	13 849	29,8	10 667
The Automotive Products Division					
McCarthy	<b>16 218</b>		–		–
Corporate Services	<b>30 450</b>		33 107		17 044
Bidvest Network Solutions	<b>1 844</b>	83,8	1 003	(46,9)	1 888
mymarket.com	<b>414</b>	(71,7)	1 462	(48,4)	2 834
Investment and other income	<b>55</b>	(98,7)	4 157	(31,9)	6 106
Bidprop	<b>28 137</b>	6,2	26 485	326,1	6 216
	<b>1 054 969</b>	(3,4)	1 092 420	18,7	920 699
<i>Geographic region</i>					
Southern Africa	<b>622 105</b>	9,7	567 176	0,7	563 477
United Kingdom and Europe	<b>330 738</b>	(26,7)	451 477	74,7	258 371
Australasia	<b>102 126</b>	38,4	73 767	(25,4)	98 851
	<b>1 054 969</b>	(3,4)	1 092 420	18,7	920 699

## Notes to the Consolidated Financial Statements

for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>1. Adjustments for the effects of changes in accounting policies</b>			
Adjustment for change in accounting policy to account for secondary tax on companies as part of the tax charge in the income statement and not to amortise goodwill arising from business combinations subsequent to March 31 2004			
<b>Effect on current year</b>			
Net effect on earnings for the year			
Increase in taxation	(14 432)		
Decrease in outside shareholders' interest	841		
Decrease in goodwill amortisation	12 714		
	(877)		
<b>Effect on prior years</b>			
Retained income as previously reported		1 372 871	510 482
Net effect on earnings for the year		(44 635)	(10 208)
Increase in taxation		(44 760)	(10 208)
Decrease in outside shareholders' interest		125	–
Decrease in secondary tax on companies transferred directly to retained income in statement of changes in shareholders' interest		44 635	10 208
Restated retained income		1 372 871	510 482
<b>2. Total revenue</b>			
Sale of goods	35 689 169	30 507 526	26 988 661
Rendering of services	5 982 468	5 923 410	4 754 124
Commissions and fees earned	539 566	485 974	456 650
Gross billings relating to clearing and forwarding transactions	10 423 892	11 609 388	11 007 202
Insurance	47 720	–	–
Dividend income	28 885	24 419	21 743
Finance income	104 521	158 532	133 827
	52 816 221	48 709 249	43 362 207
Inter-group eliminations	(1 420 603)	(1 455 151)	(1 255 435)
	51 395 618	47 254 098	42 106 772
<b>3. Operating income</b>			
Determined after charging (crediting):			
Auditors' remuneration	37 940	29 208	22 587
Audit fees	29 110	25 230	19 969
Audit related expenses	781	461	345
Other services	8 049	3 517	2 273
Amortisation of intangible assets	86 950	67 559	53 338
Goodwill	77 622	64 887	52 646
Patents, trademarks and tradenames	1 397	721	411
Software development costs	7 931	1 951	281

**Notes to the Consolidated Financial Statements** (continued)  
for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>3. Operating income</b> (continued)			
Depreciation	<b>685 643</b>	716 449	582 937
Buildings	<b>20 875</b>	20 451	13 909
Leasehold premises	<b>16 542</b>	24 382	13 809
Plant and equipment	<b>179 388</b>	272 227	192 485
Office equipment, furniture and fittings	<b>202 132</b>	181 735	170 355
Vehicles, vessels and craft	<b>263 999</b>	217 018	191 799
Capitalised leased assets	<b>2 707</b>	636	580
Directors' emoluments	<b>44 980</b>	31 366	23 611
Executive directors			
Basic remuneration	<b>25 726</b>	20 485	14 839
Retirement and medical benefits	<b>3 370</b>	2 693	1 750
Other benefits	<b>3 618</b>	2 431	2 192
Cash incentives	<b>11 039</b>	5 009	4 080
Restraint of trade	<b>65</b>	130	130
Non-executive directors			
Fees	<b>229</b>	72	83
Emoluments for other services	<b>933</b>	546	537
Employer contributions to	<b>411 199</b>	294 410	282 686
Defined contribution pension funds	<b>106 191</b>	51 866	76 060
Provident funds	<b>120 344</b>	101 504	80 330
Retirement funds	<b>52 653</b>	30 730	19 022
Medical aids	<b>132 011</b>	110 310	107 274
Staff costs excluding directors' emoluments and employer contributions	<b>6 056 219</b>	5 765 454	4 689 040
Fees for administrative, managerial and technical services	<b>9 922</b>	18 581	19 966
Foreign exchange losses (gains)	<b>(4 623)</b>	6 282	(162 611)
Realised	<b>(13 622)</b>	(7 436)	(95 396)
Unrealised	<b>8 999</b>	13 718	(67 215)
Dividends received	<b>(28 885)</b>	(24 419)	(21 743)
Associates	<b>(2 954)</b>	(9 919)	(10 610)
Listed investments	<b>(14 644)</b>	(10 745)	(8 904)
Unlisted investments	<b>(11 287)</b>	(3 755)	(2 229)
Fair value adjustments	<b>21 516</b>	(32 343)	(36 671)
Net capital losses	<b>40 157</b>	61 548	11 467
Loss (surplus) on disposal of fixed assets	<b>1 562</b>	25 418	(330)
Loss (surplus) on disposal or discontinuation of operations	<b>38 595</b>	36 130	(3 280)
Underwriting commissions received net of costs	<b>–</b>	–	(5 326)
Costs incurred in respect of unsuccessful acquisition	<b>–</b>	–	20 403
JSE Securities Exchange South Africa fees	<b>284</b>	119	287
Operating lease charges			
Land and buildings	<b>496 681</b>	415 588	342 373
Equipment and vehicles	<b>201 306</b>	209 290	145 979



	2004 R'000	2003 R'000	2002 R'000
<b>4. Net finance charges</b>			
Finance income	104 521	158 532	133 827
Preference dividends	8 467	12 776	12 352
Interest received	96 054	145 756	121 475
Finance charges	(256 890)	(260 046)	(202 486)
	(152 369)	(101 514)	(68 659)
Less net finance income from banking operations included in operating income	(16 533)	(9 468)	(11 504)
Income	(20 057)	(36 149)	(42 064)
Charges	3 524	26 681	30 560
	(168 902)	(110 982)	(80 163)
<b>5. Taxation</b>			
Current taxation	679 142	581 937	417 383
Current year	685 335	558 414	427 987
Prior years	(6 193)	23 523	(10 604)
Deferred taxation	(16 304)	(25 588)	96 181
Current year	(1 476)	(14 575)	89 562
Prior years	(14 828)	(11 013)	6 619
Secondary taxation on companies	14 432	44 760	10 208
Foreign withholding taxes	809	799	1 700
Total taxation per statements of income	678 079	601 908	525 472
Comprising			
South African normal taxation	501 570	426 991	371 291
Foreign taxes	175 700	174 118	152 481
Withholding taxes	809	799	1 700
	678 079	601 908	525 472
	%	%	%
The reconciliation of the effective tax rate with the company tax rate is as follows:			
Effective rate	29,9	30,0	28,1
Secondary taxation on companies	(0,6)	(2,2)	(0,5)
Effective rate excluding secondary taxation on companies	29,3	27,8	27,6
Dividend and exempt income	1,3	2,1	0,3
Foreign tax	0,8	1,2	2,9
Income and expenses not taxable or allowed	(2,3)	(1,1)	(1,0)
Differences as a result of capital gains tax	–	0,6	–
Adjustments to prior year	0,9	(0,6)	0,2
Rate of South African company tax	30,0	30,0	30,0
	R'000	R'000	R'000
Estimated tax losses available for set-off against future taxable income	221 585	179 566	157 354
Utilised in the computation of deferred tax	(89 223)	(99 687)	(95 257)
Not accounted for in deferred tax	132 362	79 879	62 097

## Notes to the Consolidated Financial Statements (continued)

*for the year ended June 30*

	2004 R'000	2003 R'000	2002 R'000
<b>6. Earnings per share</b>			
The calculation of earnings per share is based on income attributable to shareholders and a weighted average of 300 643 462 (2003: 308 116 276; 2002: 299 088 893) shares in issue.			
The calculation of headline earnings per share is based on headline earnings and a weighted average of 300 643 462 (2003: 308 116 276; 2002: 299 088 893) shares in issue.			
The following adjustments to income attributable to shareholders were taken into account in the calculation of headline earnings:			
Income attributable to shareholders	<b>1 540 824</b>	1 337 673	1 231 041
Net amortisation of goodwill	<b>75 012</b>	61 449	49 411
Amortisation of goodwill	<b>77 622</b>	64 887	52 646
Outside shareholders' interest	<b>(2 610)</b>	(3 438)	(3 235)
Loss on disposal and discontinuance of businesses and other capital items	<b>26 202</b>	11 626	3 913
Loss on disposal and discontinuance of businesses and other capital items	<b>38 595</b>	36 130	11 797
Tax relief	<b>(12 392)</b>	(16 017)	(4 363)
Outside shareholders' interest	<b>(1)</b>	(8 487)	(3 521)
Net loss (surplus) on disposal of assets	<b>1 090</b>	19 233	104
Loss (surplus) on disposal of assets	<b>1 562</b>	25 418	(330)
Tax relief	<b>(472)</b>	(7 385)	–
Outside shareholders' interest	<b>–</b>	1 200	434
Impairment of and goodwill in associates	<b>401</b>	1 240	10 053
Headline earnings	<b>1 643 529</b>	1 431 221	1 294 522
	<b>'000</b>	<b>'000</b>	<b>'000</b>
The calculation of diluted earnings per share is based on income attributable to shareholders and the adjusted weighted average number of shares in issue. The weighted average number of shares has been adjusted for the potential future issue of shares in terms of the Group's share incentive scheme at below fair value as detailed below.			
The following adjustments to the weighted average number of shares were taken into account in the calculation of diluted earnings per share:			
Weighted average number of shares	<b>300 643</b>	308 116	299 089
Number of outstanding share options	<b>25 527</b>	23 324	21 692
Number of share options deemed to be issued at fair value	<b>(21 673)</b>	(20 368)	(17 500)
Adjusted weighted number of shares in issue	<b>304 497</b>	311 072	303 281
<b>7. Dividends and capitalisation awards</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Dividends paid	<b>177 519</b>	480 689	268 901
Capitalisation award in lieu of dividend	<b>–</b>	–	107
Dividends received on treasury shares	<b>(8 911)</b>	(5 405)	(1 138)
	<b>168 608</b>	475 284	267 870

	2004 R'000	2003 R'000	2002 R'000
<b>8. Cash generated by operations</b>			
Trading income	2 555 652	2 244 121	2 012 611
Net capital losses	(40 157)	(61 548)	(11 467)
Adjustment for depreciation and other non-cash items	756 644	747 802	546 358
Reduction in post-retirement benefit obligations	(12 122)	(1 776)	(3 010)
Decrease in life assurance fund	(1 673)	–	–
Retained (utilised) to finance working capital	502 505	(261 904)	207 183
Increase in inventories	(16 922)	(9 962)	(212 299)
Increase in accounts receivable	(226 695)	(588 377)	(226 034)
Decrease in banking and other advances	56 875	50 063	116 784
Increase in accounts payable and provisions	689 247	286 372	528 732
Cash generated by operations	3 760 849	2 666 695	2 751 675
<b>9. Finance charges</b>			
Charge per statements of income	(253 366)	(233 365)	(171 926)
Amounts capitalised to borrowings	65 995	–	–
Amount paid	(187 371)	(233 365)	(171 926)
<b>10. Taxation paid</b>			
Amount payable at beginning of year	(351 325)	(262 163)	(193 384)
Per statements of income	(694 383)	(627 496)	(429 291)
Businesses acquired	(6 116)	(861)	(31 107)
Businesses disposed of	(12 392)	1 093	3
Currency adjustment	14 683	16 485	(4 121)
Amount payable at end of year	404 082	351 325	262 163
Amount paid	(645 451)	(521 617)	(395 737)
<b>11. Dividends paid</b>			
Dividend paid (refer note 7)	(168 608)	(475 284)	(267 763)
Amounts paid to outside shareholders by subsidiaries	(45 155)	(52 097)	(40 641)
Amount paid	(213 763)	(527 381)	(308 404)

**Notes to the Consolidated Financial Statements** (continued)  
for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>12. Acquisition of businesses, subsidiaries, joint ventures and associates</b>			
Fixed assets	(158 208)	(150 138)	(1 035 654)
Interest in associates	(15 549)	(1 791)	162 755
Investments and advances	(93 288)	–	(121 573)
Inventories	(1 389 772)	(100 758)	(344 801)
Accounts receivable	(560 713)	(70 472)	(901 110)
Statutory contingency reserve	1 313	–	–
Post-retirement obligations	49 938	–	36 335
Life assurance fund	6 779	–	–
Borrowings	735 852	59 641	518 167
Accounts payable and provisions	839 032	250 040	876 490
Taxation	(44 097)	(47 772)	79 561
Net tangible asset value	(628 713)	(61 250)	(729 830)
Goodwill	(1 377 935)	(166 574)	(271 259)
Other intangible assets	(15 350)	(1 344)	(1 360)
Outside shareholders' interest	(278 991)	(16 809)	357 324
Total value of acquisitions	(2 300 989)	(245 977)	(645 125)
Vendors for acquisition at beginning of year	(94)	(3 367)	(283 432)
Currency adjustment	–	–	(79 919)
Vendors for acquisition at end of year	90 152	94	3 367
Amount paid	(2 210 931)	(249 250)	(1 005 109)
<b>13. Proceeds on disposal of businesses, subsidiaries, joint ventures and associates</b>			
Fixed assets	4 667	44 790	2 692
Intangible assets	13 778	29 685	–
Interest in associates	4 322	88 945	9 152
Investments	(1 016)	(13 824)	–
Inventories	10 111	2 052	762
Accounts receivable	686	20 805	1 127
Post-retirement medical obligation	–	(58)	–
Accounts payable	(390)	(21 161)	(1 250)
Taxation	12 501	(984)	(3)
Net asset value	44 659	150 250	12 480
Outside shareholders' interest	–	(2 848)	(473)
Surplus (loss) on disposal or discontinuation of operations	(38 595)	(36 130)	3 280
Net proceeds	6 064	111 272	15 287

	2004 R'000	2003 R'000	2002 R'000
<b>14. Fixed assets</b>			
Freehold land and buildings	<b>848 999</b>	826 967	827 593
Cost	<b>995 775</b>	946 332	937 395
Accumulated depreciation	<b>(146 776)</b>	(119 365)	(109 802)
Leasehold premises	<b>207 748</b>	177 677	100 688
Cost	<b>325 733</b>	290 890	215 365
Accumulated depreciation	<b>(117 985)</b>	(113 213)	(114 677)
Plant and equipment	<b>935 519</b>	1 164 170	1 292 785
Cost	<b>1 898 856</b>	2 424 632	2 573 538
Accumulated depreciation	<b>(963 337)</b>	(1 260 462)	(1 280 753)
Office equipment, furniture and fittings	<b>561 057</b>	464 731	437 130
Cost	<b>1 475 640</b>	1 212 319	1 126 687
Accumulated depreciation	<b>(914 583)</b>	(747 588)	(689 557)
Vehicles, vessels and craft	<b>1 103 973</b>	852 485	937 077
Cost	<b>2 400 330</b>	1 738 507	1 849 968
Accumulated depreciation	<b>(1 296 357)</b>	(886 022)	(912 891)
Capitalised leased assets	<b>6 550</b>	7 216	7 225
Cost	<b>11 340</b>	10 669	10 359
Accumulated depreciation	<b>(4 790)</b>	(3 453)	(3 134)
	<b>3 663 846</b>	3 493 246	3 602 498

	Property R'000	Plant and equipment R'000	Other fixed assets R'000	Total R'000
<b>Movement in fixed assets</b>				
Net book value at June 30 2002	928 281	1 292 785	1 381 432	3 602 498
Additions	200 587	327 515	564 318	1 092 420
Disposals	(19 851)	(59 321)	(47 434)	(126 606)
Acquisition of businesses	94 782	37 678	17 678	150 138
Disposal of businesses	(26 234)	(10 754)	(7 802)	(44 790)
Depreciation	(44 833)	(272 227)	(399 389)	(716 449)
Currency adjustment	(128 088)	(151 506)	(184 371)	(463 965)
Net book value at June 30 2003	<b>1 004 644</b>	<b>1 164 170</b>	<b>1 324 432</b>	<b>3 493 246</b>
Additions	<b>141 262</b>	<b>297 747</b>	<b>615 960</b>	<b>1 054 969</b>
Disposals	<b>(24 936)</b>	<b>(16 974)</b>	<b>(105 019)</b>	<b>(146 929)</b>
Reclassification between categories	–	(326 555)	326 555	–
Acquisition of businesses	<b>40 638</b>	<b>31 799</b>	<b>85 771</b>	<b>158 208</b>
Disposal of businesses	–	(785)	(3 882)	(4 667)
Depreciation	<b>(37 417)</b>	<b>(179 388)</b>	<b>(468 838)</b>	<b>(685 643)</b>
Currency adjustment	<b>(67 444)</b>	<b>(34 495)</b>	<b>(103 399)</b>	<b>(205 338)</b>
Net book value at June 30 2004	<b>1 056 747</b>	<b>935 519</b>	<b>1 671 580</b>	<b>3 663 846</b>

Fixed assets with an estimated book value of R153 081 000 (2003: R215 000 000; 2002: R398 668 000) were pledged as security for borrowings of R65 541 000 (2003: R137 677 000; 2002: R247 749 000) (refer note 25).

Certain land and buildings were revalued by the directors on June 30 2003. The valuations were not materially different from cost and thus no adjustments have been made to the carrying values of land and buildings.

A register of land and buildings is available for inspection by members at the registered office of the Company.

**Notes to the Consolidated Financial Statements** (continued)  
for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>15. Intangible assets</b>			
Goodwill	<b>1 905 098</b>	655 771	654 215
Cost	<b>2 069 507</b>	756 928	710 184
Accumulated amortisation	<b>(164 409)</b>	(101 157)	(55 969)
Patents, trademarks and tradenames	<b>14 473</b>	2 908	2 629
Cost	<b>17 561</b>	4 640	3 815
Accumulated amortisation	<b>(3 088)</b>	(1 732)	(1 186)
Software development	<b>39 652</b>	30 539	25 059
Cost	<b>49 851</b>	32 838	25 355
Accumulated amortisation	<b>(10 199)</b>	(2 299)	(296)
	<b>1 959 223</b>	689 218	681 903

	Goodwill R'000	Patents, trademarks and tradenames R'000	Software development R'000	Total R'000
<b>Movement in intangible assets</b>				
Net book value at June 30 2002	654 215	2 629	25 059	681 903
Additions	–	870	7 753	8 623
Acquisition of businesses	166 574	1 157	187	167 918
Disposal of businesses	(28 768)	(917)	–	(29 685)
Amortisation	(64 887)	(721)	(1 951)	(67 559)
Disposals	–	–	(181)	(181)
Currency adjustment	(71 363)	(110)	(328)	(71 801)
Net book value June 30 2003	<b>655 771</b>	<b>2 908</b>	<b>30 539</b>	<b>689 218</b>
Additions	–	587	14 230	14 817
Acquisition of businesses	1 377 935	12 449	2 901	1 393 285
Disposal of businesses	(13 778)	–	–	(13 778)
Amortisation	(77 622)	(1 397)	(7 931)	(86 950)
Currency adjustment	(37 208)	(74)	(87)	(37 369)
Net book value June 30 2004	<b>1 905 098</b>	<b>14 473</b>	<b>39 652</b>	<b>1 959 223</b>

	2004 R'000	2003 R'000	2002 R'000
<b>16. Deferred tax</b>			
Movement of deferred tax assets and liabilities			
Balance at beginning of year	<b>103 516</b>	10 699	151 708
Per statements of income	<b>16 304</b>	25 588	(96 181)
Arising on acquisition or sale of businesses	<b>50 104</b>	48 524	(48 454)
Currency adjustment	<b>3 249</b>	18 705	3 626
Balance at end of year	<b>173 173</b>	103 516	10 699
Net deferred tax asset comprises:			
Differential between net book values and tax values of fixed assets	<b>(151 758)</b>	(197 658)	(223 274)
Differential between net book values and tax values of patents, trademarks and tradenames	<b>70 751</b>	86 356	118 067
Tax losses	<b>26 767</b>	29 906	28 577
Other timing differences	<b>227 413</b>	184 912	87 329
	<b>173 173</b>	103 516	10 699
Deferred tax assets	<b>262 727</b>	219 340	262 747
Deferred tax liabilities	<b>(89 554)</b>	(115 824)	(252 048)
Net deferred tax asset	<b>173 173</b>	103 516	10 699
<b>17. Interest in joint ventures</b>			
The Group's proportional interest in joint ventures has been incorporated in the Group's assets, liabilities and results as follows:			
<b>Statements of income</b>			
Revenue	<b>214 333</b>	150 248	373 636
Operating income	<b>8 071</b>	38 055	25 273
Net finance charges	<b>(796)</b>	(2 592)	18
Income before taxation	<b>7 275</b>	35 463	25 291
Taxation	<b>(2 879)</b>	(4 477)	(6 704)
Income after taxation	<b>4 396</b>	30 986	18 587
<b>Balance sheets</b>			
Capital and reserves	<b>26 399</b>	30 392	48 821
Deferred taxation	<b>(1 338)</b>	1 195	(66)
Borrowings	<b>64</b>	–	83
Total funds employed	<b>25 125</b>	31 587	48 838
Fixed and intangible assets	<b>16 775</b>	26 559	25 395
Investments	<b>14</b>	20	47
Net current assets	<b>8 336</b>	5 008	23 396
Net assets	<b>25 125</b>	31 587	48 838
Details of major joint ventures are reflected on page 161 of this report.			



**Notes to the Consolidated Financial Statements** (continued)  
for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>18. Interest in associates</b>			
Listed	57 191	56 991	115 825
Unlisted	40 783	39 853	58 735
	97 974	96 844	174 560
Attributable share of post-acquisition retained earnings of associates	29 421	(189)	(21 079)
At beginning of year	(189)	(21 079)	50 245
For the current year less dividends received	24 691	30 328	17 735
Arising on acquisition of business	7 830	–	–
Reversal of prior year on becoming subsidiary, disposal or change in shareholding	(2 911)	(9 438)	(89 061)
Currency adjustment	–	–	2
Net advances	14 861	10 970	8 663
	142 256	107 625	162 144
Advances to associates bear interest at rates up to 11,5% and have no fixed terms of repayment.			
Market value of listed associates	135 135	95 055	102 520
Directors' value of unlisted associates	100 760	124 785	215 542
	235 895	219 840	318 062
Summarised financial information of associates (aggregated):			
<b>Statements of income</b>			
Revenue	1 356 690	3 177 095	3 696 864
Operating income	131 502	322 537	244 368
Net finance charges	(16 583)	(22 454)	(33 727)
Income before taxation	114 919	300 083	210 641
Taxation	(29 061)	(85 199)	(69 209)
Income after taxation	85 858	214 884	141 432
<b>Balance sheets</b>			
Capital and reserves	373 823	326 877	853 165
Deferred taxation	22 275	15 572	29 238
Borrowings	165 137	140 070	141 137
Total funds employed	561 235	482 519	1 023 540
Fixed and intangible assets	400 990	357 240	951 816
Investments	41 345	32 540	30 114
Net current assets	118 900	92 739	41 610
Net assets	561 235	482 519	1 023 540
Details of major associates are reflected on page 161 of this report.			
<b>19. Investments and advances</b>			
Investments			
Listed shares	138 174	151 498	66 257
Unlisted shares	218 423	103 416	122 727
Advances to share incentive trusts	–	21 533	27 869
	356 597	276 447	216 853
Market value of listed investments	138 174	151 498	66 257
Directors' value of unlisted investments and advances	218 423	124 949	150 596
	356 597	276 447	216 853

A register of investments is available for inspection by members at the registered office of the Company.

	2004 R'000	2003 R'000	2002 R'000
<b>20. Banking and other advances</b>			
Instalment finance	<b>82 749</b>	139 584	206 320
Mortgages	<b>2 724</b>	3 395	4 673
Other	<b>32 680</b>	20 953	10 603
	<b>118 153</b>	163 932	221 596
Less: Provision for doubtful advances	<b>(32 945)</b>	(21 850)	(29 451)
	<b>85 208</b>	142 082	192 145
<b>Maturity analysis</b>			
Maturing in one year	<b>63 222</b>	23 414	28 738
Maturing after one year but within five years	<b>14 839</b>	90 823	100 927
Maturing after five years	<b>7 147</b>	27 845	62 480
	<b>85 208</b>	142 082	192 145
<b>21. Inventories</b>			
Raw materials	<b>169 958</b>	221 182	178 981
Work in progress	<b>52 472</b>	63 260	52 777
Circulating stock	<b>39 407</b>	31 812	28 596
Finished goods	<b>2 056 055</b>	1 975 839	2 094 046
New vehicles and motor cycles	<b>361 372</b>	–	–
Used vehicles	<b>328 994</b>	–	–
Rental car fleet and demonstrators	<b>421 601</b>	–	–
Power and marine products	<b>141 174</b>	–	–
Parts and accessories	<b>33 774</b>	–	–
	<b>3 604 807</b>	2 292 093	2 354 400
The rental car fleet and certain of the demonstrator and used vehicles are leased in terms of a rental agreement, with a right of first refusal to repurchase the vehicles at the end of the rental period. In the majority of cases this option is taken up, and consequently, these vehicles are disclosed with inventory. The total value of vehicles leased according to the above amounts to:	<b>176 239</b>	–	–
Amounts included in borrowings relating to these assets (refer note 25).	<b>176 239</b>	–	–
Ownership of inventory, acquired under floorplan arrangements remains with the respective floorplan provider until the purchase price has been paid.	<b>448 173</b>	–	–
Amounts included in borrowings relating to these assets (refer note 25).	<b>448 173</b>	–	–
<b>22. Liquid funds</b>			
Cash on hand and at bank	<b>2 210 161</b>	2 265 561	2 625 492
Variable rate redeemable cumulative preference shares earning dividends at rates of between 61,5% and 80% of prime overdraft rate, subject to redemption/repurchase on 30 days' notice.	<b>95 000</b>	95 000	120 000
	<b>2 305 161</b>	2 360 561	2 745 492
Amounts included in liquid funds relating to banking and insurance subsidiaries where the balances form part of the reserving requirements as required by the Financial Services Act.	<b>266 843</b>	231 183	197 525

**Notes to the Consolidated Financial Statements** (continued)  
for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>23. Shareholders' interest</b>			
<b>Share capital</b>			
<b>Authorised</b>			
540 000 000 (2003: 540 000 000; 2002: 360 000 000) ordinary shares of 5 cents each	<b>27 000</b>	27 000	18 000
<b>Issued</b>			
315 614 767 (2003: 313 073 977; 2002: 311 839 081) ordinary shares of 5 cents each	<b>15 781</b>	15 654	15 592
<b>Non-distributable reserves</b>	<b>(219 678)</b>	(47 099)	427 828
<b>Foreign currency translation reserve</b>	<b>(223 918)</b>	(54 220)	420 707
At beginning of year	<b>(54 220)</b>	420 707	90 825
Arising during the current year	<b>(169 698)</b>	(474 927)	329 882
<b>Statutory contingency reserve</b>	<b>4 240</b>	–	–
Arising on acquisition of subsidiary	<b>1 313</b>	–	–
Transfer from retained income	<b>2 927</b>	–	–
<b>Arising on the revaluation of land and buildings</b>	<b>–</b>	7 121	7 121
At beginning of year	<b>7 121</b>	7 121	7 121
Transfer to retained income	<b>(7 121)</b>	–	–
<b>Distributable reserves</b>	<b>6 804 015</b>	5 872 193	5 146 953
<b>Share premium</b>	<b>4 054 734</b>	4 499 322	4 636 471
At beginning of year	<b>4 499 322</b>	4 636 471	4 200 446
Arising on share issues	<b>83 617</b>	31 780	597 444
Refund of share premium to shareholders	<b>(528 163)</b>	(168 797)	(159 743)
Share issue expenses	<b>(42)</b>	(132)	(1 676)
<b>Retained income</b>	<b>2 749 281</b>	1 372 871	510 482
At beginning of year	<b>1 372 871</b>	510 482	(452 689)
Income for year	<b>1 540 824</b>	1 337 673	1 231 041
Dividend and capitalisation issues	<b>(177 519)</b>	(480 689)	(269 008)
Dividends received on treasury shares	<b>8 911</b>	5 405	1 138
Transfer from non-distributable reserve	<b>4 194</b>	–	–
<b>Less shares held as treasury shares by subsidiary</b>	<b>6 600 118</b>	5 840 748	5 590 373
13 458 744 (2003: 10 394 591; 2002: 621 761 ordinary shares of 5 cents each	<b>(543 506)</b>	(428 089)	(26 756)
Share premium relating to the treasury shares	<b>(673)</b>	(520)	(31)
	<b>(542 833)</b>	(427 569)	(26 725)
	<b>6 056 612</b>	5 412 659	5 563 617
<b>Retained income comprises</b>			
Company and subsidiaries	<b>2 716 411</b>	1 374 007	540 133
Joint ventures	<b>3 449</b>	(947)	(8 572)
Associates	<b>29 421</b>	(189)	(21 079)
	<b>2 749 281</b>	1 372 871	510 482

45 000 000 unissued ordinary shares are under the control of the directors until the next annual general meeting.

During the year, the Company issued 18 000 000 options to shareholders to subscribe for 18 000 000 new ordinary shares at R60 per share on December 8 2006, in terms of a special resolution passed at a meeting of shareholders held on November 10 2003.

	2004 R'000	2003 R'000	2002 R'000
<b>24. Life assurance fund</b>			
The independent actuarial valuation conducted at June 30 indicated that the life assurance fund exceeded the amount of the actuarial valuation of liabilities under insurance policies and contracts	<b>5 106</b>	–	–
<b>25. Total borrowings</b>			
<b>Borrowings</b>	<b>2 775 053</b>	1 191 471	836 290
Loans secured by mortgage bonds over fixed property (refer note 14)	<b>46 836</b>	4 453	14 064
Loans secured by lien over certain fixed assets in terms of financial lease and suspense sale agreements (refer note 14)	<b>18 705</b>	133 224	233 685
Vehicle lease creditors secured by a pledge of inventories (refer note 21)	<b>176 239</b>	–	–
Floor plan creditors secured by pledge of inventories (refer note 21)	<b>448 173</b>	–	–
Unsecured loans	<b>2 085 100</b>	1 053 794	588 541
Bank overdrafts	<b>204 179</b>	140 217	543 161
Total borrowings	<b>2 979 232</b>	1 331 688	1 379 451
Short-term portion of borrowings	<b>(2 056 149)</b>	(666 105)	(1 243 613)
Long-term portion of borrowings	<b>923 083</b>	665 583	135 838
<b>Schedule of repayment of borrowings</b>			
Year to June 2003			700 452
Year to June 2004		525 888	69 667
Year to June 2005	<b>1 851 970</b>	21 630	59 504
Year to June 2006	<b>127 618</b>	13 881	4 906
Year to June 2007	<b>58 250</b>	8 336	1 033
Year to June 2008	<b>42 815</b>	608 336	728
Year to June 2009	<b>694 149</b>	13 400	–
Thereafter	<b>251</b>	–	–
	<b>2 775 053</b>	1 191 471	836 290
<b>Borrowings comprise:</b>			
Borrowings of foreign subsidiaries	<b>1 449 827</b>	549 914	776 340
Borrowings of local subsidiaries	<b>1 325 226</b>	641 557	69 950
	<b>2 775 053</b>	1 191 471	846 290
<b>Effective weighted average rate of interest paid on:</b>	<b>%</b>	<b>%</b>	<b>%</b>
Borrowings of foreign subsidiaries	<b>5,4</b>	5,9	6,0
Borrowings of local subsidiaries	<b>10,2</b>	11,1	16,4

## Notes to the Consolidated Financial Statements (continued)

for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>26. Post-retirement obligations</b>			
Post-retirement medical aid obligations	<b>197 098</b>	158 041	162 033
Unfunded pension liability	<b>27 942</b>	32 138	38 217
	<b>225 040</b>	190 179	200 250
<b>Post-retirement medical aid obligations</b>			
The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.			
Opening provision raised against unfunded obligation	<b>158 041</b>	162 033	167 182
Net current year charge (release) to income	<b>(3 656)</b>	1 853	1 500
Subsidies to retired employees charged against provisions	<b>(7 225)</b>	(5 787)	(6 649)
Increase as a result of acquisition of business	<b>49 938</b>	–	–
Reduction as a result of disposal of business	<b>–</b>	(58)	–
Closing provision raised against unfunded obligation	<b>197 098</b>	158 041	162 033
Actuarially determined present value of total obligation	<b>197 098</b>	158 041	162 033
<i>Key actuarial assumptions</i>	%	%	%
Discount rate	<b>9,0</b>	8,0	11,0
Inflation rate (CPI)	<b>5,2</b>	5,0	8,0
Health care cost inflation	<b>7,2</b>	8,0	11,0
<b>Pension and provident funds</b>			
The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories being the Bidcorp Group Pension Fund, McCarthy Group 1977 Pension Fund, Jacobs Pension Fund, Ropner Pension Fund and Bidvest (UK) Retirement Scheme; defined contribution provident funds being the Bidcorp Provident Fund and the Rennies Group Provident Fund; or appropriate industry funds.			
There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.			
Employers' contributions are set out in note 3.			
<b>Details of major defined benefit pension plans</b>			
<b>Bidcorp Group Pension Fund</b>			
Number of members	<b>1 004</b>	1 061	1 188
	<b>R'000</b>	R'000	R'000
Employer contribution	<b>6 103</b>	3 889	4 237
Employee contribution	<b>1 346</b>	1 270	1 317
Actuarial present value of defined benefit obligation	<b>(182 413)</b>	(192 660)	(182 988)
Fair value of plan assets	<b>264 769</b>	235 565	259 335
Surplus in the plan	<b>82 356</b>	42 905	76 347
Unrecognised net gain	<b>82 356</b>	42 905	76 347
<i>Key actuarial assumptions</i>	%	%	%
Expected rate of return on plan assets	<b>9,5</b>	9,5	11,5
Discount rate	<b>9,5</b>	10,0	12,0
Inflation rate	<b>5,0</b>	5,0	7,0
Salary increase rate	<b>6,5</b>	6,5	8,5
Pension increase allowance	<b>3,3</b>	3,8	5,7
Date of valuation	<b>June 30 2004</b>	June 30 2003	June 30 2002

The surplus has not been accounted for because of the uncertainties relating to the apportionment of the pension fund surplus.

	2004	2003	2002
<b>26. Post-retirement obligations</b> <i>(continued)</i>			
<b>McCarthy Group 1977 Pension Fund</b>			
Number of members	122		
	<b>R'000</b>		
Employer contribution	483		
Employee contribution	219		
Actuarial present value of defined benefit obligation	(21 567)		
Fair value of plan assets	26 774		
Surplus in the plan	5 207		
Unrecognised net gain	5 207		
<i>Key actuarial assumptions</i>	%		
Expected rate of return on plan assets	10,0		
Discount rate	10,0		
Inflation rate	7,0		
Salary increase rate	9,1		
Pension increase allowance	5,0		
Date of valuation	June 30 2004		
The surplus has not been accounted for because of the uncertainties relating to the apportionment of the pension fund surplus.			
<b>Jacobs and Ropner Pension Fund</b>			
Number of members	160	168	170
	<b>R'000</b>	R'000	R'000
Employer contribution	3 283	–	–
Actuarial present value of defined benefit obligation	(212 801)	(257 978)	(289 680)
Fair value of plan assets	183 709	211 054	233 503
Deficit in the plan	(29 092)	(46 924)	(56 177)
Net liability accounted for	(27 942)	(32 138)	(38 217)
Balance at the beginning of the year	(32 138)	(38 217)	–
Net expense recognised in the income statement	(2 042)	(2 157)	(2 139)
Contributions	3 283	–	–
Exchange differences on foreign plan	2 955	8 236	257
Arising on acquisition of business	–	–	(36 335)
	(27 942)	(32 138)	(38 217)
<i>Key actuarial assumptions</i>	%	%	%
Expected rate of return on plan assets	5,0	4,9	5,80
Discount rate	5,7	4,9	5,80
Inflation rate	3,0	2,4	2,80
Salary increase rate	n/a	n/a	n/a
Pension increase allowance	n/a	n/a	n/a
Date of valuation	June 30 2004	June 30 2003	June 30 2002

## Notes to the Consolidated Financial Statements (continued)

for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>27. Banking liabilities</b>			
Call deposits	32 134	17 077	8 634
Loans	15 292	10 350	10 116
Fixed and notice deposits	9 131	8 736	8 950
	<b>56 557</b>	36 163	27 700
<b>Maturity analysis</b>			
Maturing within one year	56 557	35 699	27 700
Maturing after one year but before five years	–	464	–
	<b>56 557</b>	36 163	27 700
<b>Effective rates of interest</b>	%	%	%
Call deposits	4,1	11,4	8,4
Loans	9,5	12,8	11,0
Fixed and notice deposits	10,0	11,6	9,7

### 28. Provisions

Movement in provisions	Business integration and onerous contracts R'000	Staff related provisions R'000	Insurance technical provisions R'000	Other R'000	Total R'000
Balance at June 30 2002	142 504	285 340	–	88 630	516 474
Created (utilised)	(27 182)	71 527	–	6 113	50 458
Net acquisition of businesses	108 116	52 460	–	34	160 610
Currency adjustment	(33 232)	(42 635)	–	(2 423)	(78 290)
Balance at June 30 2003	<b>190 206</b>	<b>366 692</b>	–	<b>92 354</b>	<b>649 252</b>
Created (utilised)	<b>(103 562)</b>	<b>(44 511)</b>	<b>2 758</b>	<b>(5 741)</b>	<b>(151 056)</b>
Net acquisition of businesses	<b>36 966</b>	<b>164 504</b>	<b>40 643</b>	<b>3 118</b>	<b>245 231</b>
Currency adjustment	<b>(6 874)</b>	<b>(23 510)</b>	–	<b>(1 071)</b>	<b>(31 455)</b>
Balance at June 30 2004	<b>116 736</b>	<b>463 175</b>	<b>43 401</b>	<b>88 660</b>	<b>711 972</b>

### 29. Commitments

	2004 R'000	2003 R'000	2002 R'000
Capital expenditure approved by directors:			
Contracted for	229 137	197 824	50 201
Proposed, not contracted for	369 749	116 301	126 172
	<b>598 886</b>	314 125	176 373

It is anticipated that capital expenditure will be financed out of existing cash resources or borrowings.



	2004 R'000	2003 R'000	2002 R'000
<b>30. Operating lease commitments</b>			
Property	<b>2 891 546</b>	2 171 944	2 435 147
Due within one year	<b>366 770</b>	280 412	307 662
Due thereafter	<b>2 524 776</b>	1 891 532	2 127 485
Plant, equipment and vehicles	<b>157 475</b>	199 749	290 421
Due within one year	<b>51 751</b>	64 511	52 484
Due thereafter	<b>105 724</b>	135 238	237 937
	<b>3 049 021</b>	2 371 693	2 725 568

**31. Financial instruments**

Exposure to currency, interest rate and credit risk arises in the normal course of the Group's business.

**Currency risk**

The Group incurs currency risk as a result of purchases and sales which are denominated in a currency other than the Group's reporting currency. Group entities hedge all trade debtors and trade creditors denominated in a foreign currency. At any point in time they also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases.

	Settlement period	Foreign amount 000's	Rand amount 000's
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2004			
Euro	July 2004 to October 2004	5 858	45 498
Japanese yen	July 2004 to October 2004	1 020 795	63 112
Sterling	July 2004 to October 2004	329	3 835
US dollars	July 2004 to January 2005	8 430	55 512
Aus dollars	July 2004 to September 2004	161	728
other	July 2004 to October 2004		3 861
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at June 30 2004			
Euro	July 2004 to October 2004	5 229	41 270
Japanese yen	July 2004 to November 2004	2 116 242	133 396
Sterling	July 2004 to October 2004	107	1 312
US dollars	July 2004 to January 2005	9 985	63 812
Aus dollars	July 2004 to November 2004	1 530	6 562
other	July 2004 to December 2004		1 213

**Interest rate risk**

The Group adopts a policy of ensuring that its borrowings are at market related rates to address its interest rate risk.

**Credit risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Reputable financial institutions are used for investing and cash handling purposes. At balance sheet date there were no significant concentrations of credit risk.

**Fair values**

The fair values of all financial instruments are substantially identical to carrying values reflected in the balance sheet.

## Notes to the Consolidated Financial Statements (continued)

for the year ended June 30

### 32. Foreign currency exchange rates

The following exchange rates were used in the conversion of foreign interests at June 30:

	Opening rate	Closing rate	Average rate
<b>Rand/Sterling</b>			
<b>2004</b>	<b>12,46</b>	<b>11,29</b>	<b>11,94</b>
2003	15,91	12,46	14,29
2002	11,34	15,91	14,54
<b>Rand/Euro</b>			
<b>2004</b>	<b>8,60</b>	<b>7,57</b>	<b>8,19</b>
2003	10,04	8,60	9,40
<b>Rand/Australian dollar</b>			
<b>2004</b>	<b>5,03</b>	<b>4,32</b>	<b>4,89</b>
2003	5,86	5,03	5,21
2002	4,09	5,86	5,25
<b>Rand/US dollar</b>			
<b>2004</b>	<b>7,47</b>	<b>6,23</b>	<b>6,88</b>
2003	10,41	7,47	9,03
2002	8,06	10,41	10,08
<b>Rand/Pula</b>			
<b>2004</b>	<b>1,51</b>	<b>1,33</b>	<b>1,44</b>
2003	1,67	1,51	1,59
2002	1,42	1,67	1,59

### 33. Related parties

The Company has no holding company and as such the individual shareholders and any subsidiaries or associated companies of the shareholders are considered to be related parties. However, none of these shareholders are able to exercise significant influence over the Group. Directors are also considered to be related parties and information pertaining to these dealings are set out in the Directors' Report.

## Company Statements of Income

for the year ended June 30

	Note	2004 R'000	2003 R'000	2002 R'000
<b>Dividends received</b>		<b>1 000 056</b>	698 033	436 937
Subsidiaries and joint ventures		<b>989 962</b>	688 402	426 688
Associates		<b>2 205</b>	9 631	10 249
Unlisted investments		<b>7 889</b>	–	–
Fair value adjustments to investments in subsidiaries, joint ventures and associates		<b>(2 744)</b>	(58 896)	(220 622)
Surplus on disposal of subsidiaries, joint ventures and associates		<b>694</b>	84 371	–
<b>Income before taxation</b>		<b>998 006</b>	723 508	216 315
Taxation	1	<b>–</b>	(7 257)	(18)
<b>Income attributable to shareholders</b>		<b>998 006</b>	716 251	216 297

## Company Cash Flow Statements

for the year ended June 30

	Note	2004 R'000	2003 R'000	2002 R'000
<b>Cash flow from operating activities</b>		<b>860 255</b>	188 958	167 833
Cash generated by operations	2	<b>1 045 011</b>	669 667	436 752
Taxation paid	3	<b>(7 237)</b>	(20)	(18)
Dividends paid		<b>(177 519)</b>	(480 689)	(268 901)
<b>Cash effects of investment activities</b>		<b>(417 170)</b>	(100 041)	(577 344)
Decrease (increase) in advances to subsidiaries		<b>443 177</b>	(248 116)	(294 230)
Decrease in advances from joint ventures		<b>–</b>	(11 254)	–
Decrease (increase) in advances to associates		<b>668</b>	266	(267)
Decrease (increase) in investments		<b>(850)</b>	–	624
Acquisition of subsidiaries and associates	4	<b>(862 796)</b>	(16 006)	(283 688)
Proceeds on disposal of subsidiaries, joint ventures and associates	5	<b>2 631</b>	175 069	217
<b>Cash effects of financing activities</b>		<b>(444 461)</b>	(137 087)	436 719
Proceeds from share issues		<b>83 702</b>	31 710	596 462
Refund of share premium to shareholders		<b>(528 163)</b>	(168 797)	(159 743)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1 376)</b>	(48 170)	27 208
Cash and cash equivalents at the beginning of the year		<b>44 044</b>	92 214	65 006
<b>Cash and cash equivalents at the end of the year</b>		<b>42 668</b>	44 044	92 214

## Company Balance Sheets

*for the year ended June 30*

	Note	2004 R'000	2003 R'000	2002 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>5 295 224</b>	4 825 042	4 699 553
Interest in subsidiaries	6	5 195 203	4 724 564	4 523 849
Interest in joint ventures	7	4 540	4 540	10 032
Interest in associates	8	94 631	95 938	165 672
Investments	9	850	–	–
<b>Current assets</b>		<b>42 668</b>	84 407	92 214
Accounts receivable		–	40 363	–
Liquid funds		42 668	44 044	92 214
<b>Total assets</b>		<b>5 337 892</b>	4 909 449	4 791 767
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Shareholders' interest	10	5 248 858	4 872 832	4 774 357
<b>Current liabilities</b>		<b>89 034</b>	36 617	17 410
Accounts payable		6 915	2 323	1 981
Provisions	11	27 057	27 057	15 402
Vendors for acquisition		55 062	–	27
Taxation		–	7 237	–
<b>Total equity and liabilities</b>		<b>5 337 892</b>	4 909 449	4 791 767

## Company Statements of Changes in Shareholders' Interest

*for the year ended June 30*

	2004 R'000	2003 R'000	2002 R'000
<b>Share capital</b>	<b>15 781</b>	15 654	15 592
Balance at the beginning of the year	15 654	15 592	14 791
Shares issued:			
in terms of the share incentive scheme	127	62	71
in terms of a cash issue	–	–	623
Capitalisation issue	–	–	107
<b>Share premium</b>	<b>4 054 734</b>	4 499 322	4 636 471
Balance at the beginning of the year	4 499 322	4 636 471	4 200 446
Arising on shares issued:			
in terms of the share incentive scheme	83 617	31 780	40 067
in terms of a cash issue	–	–	557 377
Refund of share premium to shareholders in lieu of dividend	(528 163)	(168 797)	(159 743)
Share issue costs	(42)	(132)	(1 676)
<b>Retained income</b>	<b>1 178 343</b>	357 856	122 294
Balance at the beginning of the year	357 856	122 294	175 005
Income attributable to shareholders	998 006	716 251	216 297
Dividends and capitalisation issues	(177 519)	(480 689)	(269 008)
<b>Total shareholders' interest</b>	<b>5 248 858</b>	4 872 832	4 774 357

## Notes to the Company

### Financial Statements

for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>1. Taxation</b>			
Current taxation			
Current year	–	7 237	–
Foreign withholding taxes	–	20	18
Total taxation	–	7 257	18
The reconciliation of the effective tax rate with the company tax rate is as follows:			
Effective rate	%	%	%
Dividend and exempt income	–	1,0	–
Income and expenses not taxable or allowed	30,1	29,0	30,0
Rate of South African company tax	(0,1)	–	–
	30,0	30,0	30,0
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2. Cash generated by operations</b>			
Net income before tax	998 006	723 508	216 315
Adjustment for non-cash items	2 050	(25 475)	220 622
Retained (utilised) to finance working capital	44 955	(28 366)	(185)
Decrease (increase) in accounts receivable	40 363	(40 363)	–
Increase (decrease) in accounts payable and provisions	4 592	11 997	(185)
Cash generated by operations	1 045 011	669 667	436 752
<b>3. Taxation paid</b>			
Amount payable at the beginning of the year	(7 237)	–	–
Per statements of income	–	(7 257)	(18)
Amount payable at the end of the year	–	7 237	–
Amount paid	(7 237)	(20)	(18)
<b>4. Acquisition of subsidiaries and associates</b>			
Interest in subsidiaries	(916 560)	(16 622)	(353 126)
Interest in associates	(1 298)	643	69 438
Total value of acquisitions	(917 858)	(15 979)	(283 688)
Vendors for acquisition at the beginning of the year	–	(27)	(27)
Vendors for acquisition at the end of the year	55 062	–	27
	(862 796)	(16 006)	(283 688)
<b>5. Proceeds on disposal of subsidiaries, joint ventures and associates</b>			
Interest in subsidiaries	–	5 127	–
Interest in joint ventures	–	16 746	–
Interest in associates	1 937	68 825	217
Net tangible asset value	1 937	90 698	217
Surplus on disposal or discontinuation of operations	694	84 371	–
Net proceeds	2 631	175 069	217

**Notes to the Company Financial Statements** (continued)  
for the year ended June 30

	2004 R'000	2003 R'000	2002 R'000
<b>6. Interest in subsidiaries</b>			
Share at cost	<b>2 233 940</b>	1 320 124	1 363 134
Due by subsidiaries	<b>3 163 009</b>	3 471 304	3 249 852
Due to subsidiaries	<b>(201 746)</b>	(66 864)	(89 137)
	<b>5 195 203</b>	4 724 564	4 523 849
Details of major subsidiaries are reflected on page 156 to 160 of this report.			
<b>7. Interest in joint ventures</b>			
Share at cost	<b>4 540</b>	4 540	21 286
Due to joint ventures	<b>–</b>	–	(11 254)
	<b>4 540</b>	4 540	10 032
Details of major joint ventures are reflected on page 161 of this report.			
<b>8. Interest in associates</b>			
Associates			
Listed	<b>57 191</b>	56 991	107 051
Unlisted	<b>37 440</b>	38 279	57 685
	<b>94 631</b>	95 270	164 736
Net advances	<b>–</b>	668	936
	<b>94 631</b>	95 938	165 672
Market value of listed associates	<b>135 135</b>	95 055	102 526
Directors' value of unlisted associates	<b>78 047</b>	105 721	212 357
	<b>213 182</b>	200 776	314 883
Details of major associates are reflected on page 161 of this report.			
<b>9. Investments</b>			
Investments			
Unlisted shares	<b>850</b>	–	–
Directors' value of unlisted investments	<b>850</b>	–	–
<b>10. Shareholders' interest</b>			
<b>Share capital</b>			
<b>Authorised</b>			
540 000 000 (2003: 540 000 000; 2002: 360 000 000) ordinary shares of 5 cents each	<b>27 000</b>	27 000	18 000
<b>Issued</b>			
315 614 767 (2003: 313 073 977; 2002: 311 839 081) ordinary shares of 5 cents each	<b>15 781</b>	15 654	15 592
<b>Distributable reserves</b>	<b>5 233 077</b>	4 857 178	4 758 765
<b>Share premium</b>	<b>4 054 734</b>	4 499 322	4 636 471
At beginning of year	<b>4 499 322</b>	4 636 471	4 200 446
Arising on share issues	<b>83 617</b>	31 780	597 444
Refund of share premium to shareholders	<b>(528 163)</b>	(168 797)	(159 743)
Share issue expenses	<b>(42)</b>	(132)	(1 676)
<b>Retained income</b>	<b>1 178 343</b>	357 856	122 294
At beginning of year	<b>357 856</b>	122 294	175 005
Income for year	<b>998 006</b>	716 251	216 297
Dividend and capitalisation issues	<b>(177 519)</b>	(480 689)	(269 008)
	<b>5 248 858</b>	4 872 832	4 774 357

45 000 000 of the unissued shares are under the control of the directors until the next annual general meeting.

During the year the Company issued 18 000 000 options to shareholders to subscribe for 18 000 000 new ordinary shares at R60 per share on December 8 2006, in terms of a special resolution passed at a meeting of shareholders held on November 10 2003.

	2004 R'000	2003 R'000	2002 R'000
<b>11. Provisions</b>			
Provision for losses in subsidiaries	<b>27 057</b>	27 057	15 402
<b>12. Contingent liabilities</b>			
In respect of guarantees of banking and other facilities granted to subsidiaries and associates	<b>8 184 511</b>	5 606 495	5 135 913
Of which has been utilised	<b>3 629 797</b>	1 217 401	710 870
In respect of future operating lease obligations of subsidiaries	<b>28 139</b>	92 261	122 484
Due in next year	<b>20 873</b>	32 090	28 902
Thereafter	<b>7 266</b>	60 171	93 582

**13. Borrowing powers**

Borrowing powers, in terms of the articles of association, are unlimited.

**14. Related parties**

The subsidiaries, joint ventures and associates of the Group are identified in the annexure set out on pages 156 to 161. All of these entities are related parties of the Company. The Company has made loans to and has received loans from certain of these entities as set out in the said annexure.

Details of income received from these related parties are included in statements of income.

All expenditure incurred by the Company is borne by a subsidiary in lieu of administration fees and interest.



## Interest in Subsidiaries, Joint Ventures and Associates

*for the year ended June 30*

		Company's interests								
	Issued capital	Effective holdings			Shares			Indebtness		
Major subsidiaries	R'000	2004 %	2003 %	2002 %	2004 R'000	2003 R'000	2002 R'000	2004 R'000	2003 R'000	2002 R'000
Catering supplies, food and allied products										
BFS Group Limited (trading as 3663) <sup>(12)</sup>	338 550	100	81	81	—	—	—	—	—	—
Bidvest (Victoria) (Pty) Limited <sup>(1)</sup>	*	100	81	81	—	—	—	—	—	—
Bidvest (W.A.) (Pty) Limited <sup>(1)</sup>	*	100	100	—	—	—	—	—	—	—
Bidvest Australia Limited <sup>(1)</sup>	951	100	81	81	—	—	—	—	—	—
Blue Marine (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Burleigh Marr Distributions (Pty) Limited <sup>(1)</sup>	78	100	81	81	—	—	—	—	—	—
Caterplus (Namibia) (Pty) Limited <sup>(9)</sup>	*	100	100	100	—	—	—	—	—	—
Caterplus (Pty) Limited# <sup>(1)</sup>	*	100	81	81	—	—	—	—	—	—
Caterplus Botswana (Pty) Limited <sup>(4)</sup>	*	100	100	100	—	—	—	—	—	—
Catersales (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
CCW Catering Supplies (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Chipkins Bakery Supplies (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Chipkins Catering Supplies (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Cold Seas (Pty) Limited <sup>(1)</sup>	*	100	81	81	—	—	—	—	—	—
Continental Spice Works (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Combined Foods (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Crean Foodservice Limited <sup>(10)</sup>	*	100	81	81	—	—	—	—	—	—
Crown National (Pty) Limited#	10	100	100	100	10	10	10	(10)	(10)	(10)
D and R Lowe Catering Supplies (Pty) Limited#	*	100	100	100	—	—	—	(326)	(326)	(326)
First Food Distributors (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
John Lewis Foodservice (Pty) Limited <sup>(1)</sup>	*	100	81	81	—	—	—	—	—	—
Lou's Wholesalers (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
M & M Quality Choice (Pty) Limited	*	100	100	100	—	—	—	—	—	—
Modern Packaging (Benoni) (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
NCP Yeast (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Nelpack (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Patleys (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Pyramid Catering Supplies (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
RFS Catering Supplies (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Seaworld Frozen Foods (Pty) Limited#	*	100	100	100	—	—	—	2 429	2 429	2 429
Vulcan President (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Financial and related services										
Bid Financial Services (Pty) Limited	*	100	100	100	—	—	—	108 716	153 074	175 000
Concorde Travel (Pty) Limited	*	90	90	90	—	—	—	—	—	—
Luxavia (Pty) Limited	*	100	100	100	23 393	23 393	23 393	12 422	36 113	40 254
Macardo Lodge (Pty) Limited t/a Travelwise <sup>(4)</sup>	30	60	—	—	—	—	—	—	—	—
Namibia Bureau de Change (Pty) Limited <sup>(9)</sup>	500	51	51	51	—	—	—	—	—	—
Prestige Travel S.A. (Pty) Limited	*	100	—	—	—	—	—	—	—	—
Rennies Bank Holdings Limited	*	100	100	100	36	36	36	72 000	72 000	72 000
Rennies Bank Limited	720	100	100	100	—	—	—	—	—	—
Rennies Financial Services (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Rennies Travel (Namibia) (Pty) Limited <sup>(9)</sup>	*	100	100	100	—	—	—	—	—	—
Rennies Travel (Pty) Limited	*	75	75	75	—	—	—	—	200 000	—
Travel Connections (Pty) Limited	25	60	60	60	9 000	9 000	9 000	—	—	—
Uniworld Travel (Pty) Limited	*	100	100	—	—	—	—	—	—	—
World Travel (Pty) Limited	3 350	100	100	100	—	—	—	—	—	—
Freight forwarding, clearing, distribution warehousing and allied activities										
Arcade Car Parks Limited <sup>(12)</sup>	29 841	59	57	57	—	—	—	—	—	—
Arcade Traffic Management Limited <sup>(12)</sup>	11 285	59	57	57	—	—	—	—	—	—
Bidcorp Outsourced Services Limited <sup>(12)</sup>	245 039	59	57	57	—	—	—	—	—	—
Bidcorp Property Limited <sup>(12)</sup>	*	59	57	57	—	—	—	—	—	—

		Company's interests								
	Issued capital	Effective holdings				Shares	Indebtness			
	2004	2003	2002	2004	2003	2002	2004	2003	2002	
Major subsidiaries (continued)	R'000	%	%	%	R'000	R'000	R'000	R'000	R'000	R'000
Freight forwarding, clearing, distribution warehousing and allied activities (continued)										
Bidcorp Shipping Limited <sup>(12)</sup>	66 325	59	57	57	—	—	—	—	—	—
Bidfreight (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Bidfreight Intermodal (Pty) Limited	*	100	100	100	—	—	—	—	—	—
Bidfreight Terminals (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Bluff Mechanical Appliances (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Byrchington Limited <sup>(12)</sup>	34	59	57	57	—	—	—	—	—	—
Dart 3 Limited <sup>(12)</sup>	*	59	57	57	—	—	—	—	—	—
Dart 4 Limited <sup>(12)</sup>	*	59	57	57	—	—	—	—	—	—
Dart Line Limited <sup>(12)</sup>	*	59	57	57	—	—	—	—	—	—
Embassy Property Group Limited <sup>(12)</sup>	564	59	57	57	—	—	—	—	—	—
Ferryline Freight Limited <sup>(12)</sup>	1	59	57	57	—	—	—	—	—	—
Ferryline NV <sup>(3)</sup>	533	59	57	57	—	—	—	—	—	—
Ferryline Trailers Limited <sup>(12)</sup>	*	59	57	57	—	—	—	—	—	—
Freightbulk (Pty) Limited	*	100	100	100	652	652	—	108	108	—
Island View Storage Limited	6 300	100	100	100	366 392	366 357	366 357	—	—	—
Jacobs Transport Services Limited <sup>(12)</sup>	*	59	57	57	—	—	—	—	—	—
Jacobs VII Limited <sup>(12)</sup>	45 140	59	57	57	—	—	—	—	—	—
Luderitz Bay Shipping and Forwarding (Pty) Limited <sup>(9)</sup>	*	40	36	36	—	—	—	—	—	—
Manica (Zambia) Limited <sup>(13)</sup>	709	100	100	100	—	—	—	—	—	—
Manica Africa (Pty) Limited	3 088	100	100	100	—	—	—	—	—	—
Manica Botswana (Pty) Limited <sup>(4)</sup>	163	100	100	100	—	—	—	—	—	—
Manica Group Namibia (Pty) Limited <sup>(9)</sup>	275	62	56	56	—	—	—	—	—	—
Manica Zimbabwe Limited <sup>(14)</sup>	9 287	100	100	100	—	—	—	—	—	—
Namsof Fishing Enterprises (Pty) Limited <sup>(9)</sup>	100	31	28	28	—	—	—	—	—	—
Naval Servicos A Navegacao Limitada <sup>(8)</sup>	7	100	100	100	—	—	—	—	—	—
Ontime Automotive (Specialist Operations) Limited <sup>(12)</sup>	1	59	57	57	—	—	—	—	—	—
Ontime Automotive (Volume Distribution) Limited <sup>(12)</sup>	564	59	57	57	—	—	—	—	—	—
Ontime Automotive Limited <sup>(12)</sup>	338 550	59	57	57	—	—	—	—	—	—
Ontime Specialist Automotive Services Limited <sup>(12)</sup>	1	59	57	57	—	—	—	—	—	—
P&I Associates (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Renfreight (Pty) Limited	*	100	100	100	95 554	95 554	95 554	(108)	(108)	—
Rennie Murray and Company (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Rennies Cargo Terminals (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Rennies Distribution Services (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Rennies Property Holdings (Pty) Limited	10	100	100	100	—	—	—	—	—	—
Rennies Ships Agency (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Richards Bay Bulk Storage (Pty) Limited	500	100	100	100	—	—	—	—	—	—
Ropner Ship Management Limited <sup>(12)</sup>	*	59	57	57	—	—	—	—	—	—
Safcor Freight (Pty) Limited (trading as Safcor Panalpina incorporating Renfreight)	*	100	100	100	103 718	6 181	6 181	40 000	79 827	35 015
SARL A L'Heure <sup>(5)</sup>	606	59	57	57	—	—	—	—	—	—
Sally Bahamas Limited <sup>(2)</sup>	37	59	57	57	—	—	—	—	—	—
Ships Agents and Fish Exporters (Pty) Limited <sup>(9)</sup>	*	31	28	28	—	—	—	—	—	—
Safe Forwarding & Aircargo (Pty) Limited <sup>(9)</sup>	*	31	28	28	—	—	—	—	—	—
Skillion Limited <sup>(12)</sup>	11	59	57	57	—	—	—	—	—	—
Société Vendomoise de Transport de Vehicules SA <sup>(5)</sup>	*	59	57	57	—	—	—	—	—	—
South African Bulk Terminals Limited	2	100	100	100	50 253	50 253	50 253	—	—	—
South African Container Depots (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
South African Container Stevedores (Pty) Limited	*	70	70	—	—	—	—	—	—	—

## Interest in Subsidiaries, Joint Ventures and Associates (continued) for the year ended June 30

		Company's interests								
	Issued capital	Effective holdings			Shares			Indebtness		
	R'000	2004	2003	2002	2004	2003	2002	2004	2003	2002
Major subsidiaries (continued)		%	%	%	R'000	R'000	R'000	R'000	R'000	R'000
Freight forwarding, clearing, distribution warehousing and allied activities (continued)										
South African Stevedores Limited	25	100	100	100	11 269	11 269	11 369	-	3 676	-
Thames Europort Limited <sup>(12)</sup>	*	59	57	57	-	-	-	-	-	-
The Ropner Shipping Company Limited <sup>(12)</sup>	10 241	59	57	57	-	-	-	-	-	-
Walvis Bay Stevedoring Company (Pty) Limited <sup>(9)</sup>	*	37	33	33	-	-	-	-	-	-
Woker Freight Services (Pty) Limited <sup>(9)</sup>	29	62	56	56	-	-	-	-	-	-
Office furniture, supplies and related products										
Atomic Office Equipment (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Bid Commercial Products (UK) Limited <sup>(12)</sup>	*	100	100	-	-	-	-	-	-	-
Bid Information Exchange (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Bidoffice (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Bidoffice Corporate Furniture (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Bonanza Holdings (Pty) Limited	*	100	100	100	-	-	-	5 869	-	-
Budget Desks and Chairs (Pty) Limited#	*	100	100	100	4 601	4 601	4 601	-	-	-
Carfri Investments (Pty) Limited	*	50	50	50	-	-	-	-	-	-
Cecil Nurse (Pty) Limited#	*	100	100	100	-	-	-	-	-	(149)
Contract Office Products (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Dauphin Office Seating SA (Pty) Limited	*	71	71	71	1 329	1 329	1 329	-	-	-
Email Connection (Pty) Limited	*	51	51	-	-	-	-	-	-	-
Hortors Stationery (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Kolok (Namibia) (Pty) Limited <sup>(9)</sup>	*	100	100	100	-	-	-	-	-	-
Kolok (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Kolok Africa (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Kolok (Botswana) (Pty) Limited <sup>(4)</sup>	*	100	-	-	-	-	-	-	-	-
Lithotech France S.A. <sup>(6)</sup>	108 336	100	100	-	-	-	-	-	-	-
Lithotech Limited	473	100	100	100	135 874	135 874	135 874	-	-	10 000
Minolco (Namibia) (Pty) Limited <sup>(9)</sup>	*	100	100	100	-	-	-	-	-	-
Minolco (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Nuclear Corporate Furniture (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Offurn Clearance House (Pty) Limited	*	60	60	-	1 962	1 962	1 962	-	-	-
Ozalid South Africa (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Pago Designs (Pty) Limited	*	100	100	100	3 644	3 644	3 644	600	600	600
Seating (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
South African Diaries (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Statmark (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Stenochair Limited <sup>(12)</sup>	10	50	50	50	-	-	-	-	-	-
Visual Information Systems (Pty) Limited	*	100	100	96	-	-	-	-	-	-
Waltons Stationery Company (Pty) Limited#	31	100	100	100	31	31	31	(31)	(31)	-
Packaging closures, fastening systems and stationery products										
Afcom Group Limited	343	100	100	100	12 412	12 412	65 832	31 587	31 587	31 587
African Commerce Developing Company (Pty) Limited#	151	100	100	100	-	-	-	-	-	-
Bidpac (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Buffalo Executape (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Buffalo Tapes (Pty) Limited	*	100	100	100	-	-	-	-	-	-
G E Hudson (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Globe Stationery Manufacturers (Pty) Limited#	*	100	100	100	-	-	-	-	-	-
Ram Fasteners (Pty) Limited	*	100	100	100	3 319	3 319	3 319	12 697	13 605	13 747
Silveray Stationery Company (Pty) Limited#	11	100	100	100	7 017	7 017	7 017	-	52 058	46 846
Tension Envelope (Pty) Limited	*	100	100	100	-	-	-	-	-	-

		Company's interests								
	Issued capital	Effective holdings			Shares			Indebtness		
	R'000	2004	2003	2002	2004	2003	2002	2004	2003	2002
Major subsidiaries (continued)		%	%	%	R'000	R'000	R'000	R'000	R'000	R'000
Linen rental, laundry and cleaning services										
Airport Handling Services (Pty) Limited	*	40	40	—	—	—	—	—	—	—
Bidserv (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Bidair Services (Pty) Limited#	*	100	100	—	—	—	—	—	—	—
Bidserv Integrated Service Solutions (Pty) Limited#	*	100	100	—	—	—	—	—	—	—
Bidvest Zambia (Pty) Limited <sup>(13)</sup>	*	100	100	100	—	—	—	—	—	—
Bosnandi Laundry (Pty) Limited	*	51	51	51	—	—	—	—	—	—
Boston Laundry and Dry Cleaners (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Clockwork Clothing (Pty) Limited	*	100	100	100	—	—	—	32 916	42 883	42 883
Commercial Sundry Supplies (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Dinatla Property Services (Pty) Limited	30	50	50	50	908	908	1 817	—	—	3 500
Execu-Clean (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Execuflora (Pty) Limited#	*	100	—	—	—	—	—	—	—	—
Express Air Services (Pty) Limited	1	100	100	100	—	—	—	18 100	43 100	43 100
Eyethu Property Services (Pty) Limited	*	40	40	80	—	—	—	—	—	—
First Garment Rental (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Giant Clothing Limited <sup>(7)</sup>	10	100	100	100	6 114	6 114	6 114	—	—	—
Giant Workwear (Pty) Limited	3	100	100	100	3	3	3	(3)	(3 )	(3)
Global Payment Technologies (Pty) Limited	*	80	—	—	—	—	—	—	—	—
Hi-Tech Cleaning Services (Pty) Limited <sup>(4)</sup>	121	50	50	50	—	—	—	—	—	—
Hlwekisa Property Services (Pty) Limited	*	40	40	80	—	—	—	—	—	—
Ingenico S.A. (Pty) Limited	*	100	—	—	—	—	—	—	—	—
International Payment Systems (Pty) Limited	*	100	—	—	53 188	—	2 068	—	—	—
Ibhayi Property Services (Pty) Limited	*	45	45	90	—	—	—	—	—	—
IC Plant Hire and Logistics (Pty) Limited	*	100	100	100	—	—	—	—	—	—
Indlovu Property Services (Pty) Limited	*	100	100	—	—	—	—	—	—	—
Ingulule Property Services (Pty) Limited	*	50	50	100	—	—	—	—	—	—
Langa Status Property Services (Pty) Limited	*	48	48	96	—	—	—	—	—	—
Magnum Shield Security Services (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Master Guard Fabric Protection Africa (Pty) Limited	*	50	50	—	16	16	—	—	—	—
Masterguard Security Systems (Pty) Limited#	*	100	100	—	—	—	—	—	—	—
Meliszwa Property Services (Pty) Limited	*	26	26	26	—	—	—	—	—	—
Montana Laundries (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Myexpress Co (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Nomtsalane Property Services (Pty) Limited	*	50	50	50	—	—	—	—	—	—
Palesa Garden and Maintenance Services (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Phepile Electronics (Pty) Limited	*	50	50	100	—	—	—	—	—	—
Prestige Cleaning Services (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Product Protection Services (Pty) Limited	*	100	100	—	—	—	—	—	—	—
Provicom Electronics (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Pureau Fresh Water Company (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
QMS Consulting (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Rochester Midlands Industries SA (Pty) Limited	*	50	50	50	167	167	167	—	—	—
Setsebi Property Services (Pty) Limited	*	48	48	96	—	—	—	—	—	—
Steiner Hygiene (Pty) Limited#	*	100	100	100	—	—	—	—	—	—
Specialised Property Solutions (Pty) Limited#	*	100	100	—	—	—	—	—	—	—
Thaba Strategic Services (Western Cape) (Pty) Limited	*	50	50	—	—	—	—	—	—	—
Thubelihle Property Services (Pty) Limited	*	40	40	80	—	—	—	—	—	—
TMS Group (Pty) Limited#	*	100	100	100	—	—	—	—	—	—

## Interest in Subsidiaries, Joint Ventures and Associates (continued) for the year ended June 30

		Issued capital R'000	Effective holdings			Company's interests			Indebtness		
			2004 %	2003 %	2002 %	2004 R'000	2003 R'000	2002 R'000	2004 R'000	2003 R'000	2002 R'000
Major subsidiaries (continued)											
Linen rental, laundry and cleaning services											
(continued)											
TMS Shezi Industrial Services (Pty) Limited	*		50	50	100	-	-	-	32	32	-
Top Turf (Pty) Limited#	*		100	-	-	-	-	-	-	-	-
Umoja Property Solutions (Pty) Limited	*		100	100	100	-	-	-	-	-	-
Uzizo Supplies (Pty) Limited	*		100	100	-	-	-	-	-	-	-
Vericon Outsourcing (Pty) Limited#	*		100	100	-	-	-	-	-	-	-
Electrical, security and related products											
Bellco Electrical Company (Pty) Limited	200		100	100	100	-	-	-	-	-	-
Berzack Brothers (Pty) Limited	4 300		100	100	100	-	-	-	-	-	-
Berzack Brothers (Johannesburg) (Pty) Limited	200		100	100	100	-	-	-	-	-	-
Bloch & Levitan (Pty) Limited	50		100	100	100	-	-	-	-	-	-
Eastman Staples Limited <sup>(12)</sup>	*		50	50	50	-	-	-	-	-	-
Sanlic International (Pty) Limited	*		100	100	100	-	-	-	-	-	-
Sato Labelling (Pty) Limited	*		100	100	100	-	-	-	-	-	-
Voltex (Pty) Limited	9		100	100	100	-	-	-	-	-	-
Voltex Holdings Limited	6 630		100	100	100	245 972	245 972	245 889	-	54 877	-
Motor retail and related services											
Atkinson-Oates Motors Limited	3 626		100	-	-	-	-	-	-	-	-
Autohaus Centurion (Pty) Limited	1 870		49	-	-	-	-	-	-	-	-
Budget Rent-a-Car Namibia (Pty) Limited <sup>(9)</sup>	*		100	-	-	-	-	-	-	-	-
Budget Rent-a-Car Botswana (Pty) Limited <sup>(4)</sup>	*		100	-	-	-	-	-	-	-	-
Kunene Motor Holdings Limited	*		60	-	-	-	-	-	-	-	-
McCarthy Assurance Brokers (Pty) Limited	*		100	-	-	-	-	-	-	-	-
McCarthy Limited	1 183 907		100	-	-	720 759	-	-	-	-	-
McCarthy On-Line (Pty) Limited	5 960		100	-	-	-	-	-	-	-	-
McLife Assurance Company Limited	10 000		100	-	-	-	-	-	-	-	-
McProp Properties (Pty) Limited	90		100	-	-	-	-	-	-	-	-
McSure Limited	10 000		100	-	-	-	-	-	-	-	-
Uthingo Motors (Pty) Limited	*		100	-	-	-	-	-	-	-	-
Group services, investment, property and dormant companies											
BB Investment Company (Pty) Limited	*		100	100	100	-	-	-	-	-	-
Bid Commercial Products (Pty) Limited	*		100	100	100	-	-	-	291 760	289 770	-
Bid Corporate Services (IOM) Limited <sup>(6)</sup>	990		100	100	100	-	-	-	-	-	-
Bid Corporate Services (Pty) Limited#	*		100	100	100	-	-	-	52	52	52
Bid Corporation (Pty) Limited	*		100	100	100	-	-	-	1 255 155	1 295 633	1 524 409
Bid Foodservice Products Division Limited <sup>(12)</sup>	*		100	-	-	-	-	-	-	-	-
Bid Foodservice (UK) Limited <sup>(12)</sup>	2 821 250		100	-	-	-	-	-	-	-	-
Bid Industrial Holdings (Pty) Limited	*		100	100	100	-	-	-	278 371	385 948	437 897
Bid Property Holdings (Pty) Limited	*		100	100	100	-	-	-	29 005	-	3 080
Bid Services Division (Pty) Limited	*		100	100	100	-	-	-	505 258	500 614	500 000
Bidcorp plc <sup>(12)</sup>	559 984		59	57	57	-	-	-	-	-	-
Bidcorp Finance Limited <sup>(6)</sup>	*		100	81	81	-	-	-	-	-	-
Bidvest plc <sup>(6)</sup>	54 450		100	81	81	-	-	-	-	-	-
Bidvest (UK) Limited <sup>(12)</sup>	*		100	81	81	-	-	-	-	-	-
Bidvest Network Solutions (Pty) Limited	*		100	100	100	-	-	-	-	-	-
MyMarketdot Com (Pty) Limited#	*		100	100	100	-	-	-	-	-	-
Pencil Park (Pty) Limited	*		100	100	100	-	-	-	50	50	50
Primeinvest 5 (Pty) Limited	*		100	100	100	-	-	-	328 001	185 374	186 181
Silveray Properties (Pty) Limited	*		100	100	100	8 833	8 833	8 833	7 468	7 389	5 586
Other						367 514	325 217	312 481	(70 855)	(45 881)	(13 013)
						2 233 940	1 320 124	1 363 134	2 961 263	3 404 440	3 160 715

	Issued capital	Effective holdings			Company's interests			Indebtness		
	R'000	2004	2003	2002	2004	2003	2002	2004	2003	2002
Major joint ventures		%	%	%	R'000	R'000	R'000	R'000	R'000	R'000
Aeromaritime International Management Services (Pty) Limited <sup>(c)</sup>	4	50	50	50	–	–	–	–	–	–
Connex Travel (Pty) Limited <sup>(b)</sup>	100	47	47	47	–	–	–	–	–	–
Ensimbini Terminals (Pty) Limited <sup>(c)</sup>	2	50	50	50	4 540	4 540	4 541	–	–	–
Harvey World Travel Southern Africa (Pty) Limited <sup>(b)</sup>	*	50	50	50	–	–	–	–	–	–
Manica Malawi Limited <sup>(7)(c)</sup>	275	50	50	50	–	–	–	–	–	–
Master Currency (Pty) Limited <sup>(b)</sup>	1	45	45	45	–	–	–	–	–	–
Phakama Print (Pty) Limited <sup>(d)</sup>	*	40	40	40	–	–	–	–	–	–
Ubuhle be Dauphin Office Seating (Pty) Limited <sup>(d)</sup>	*	28	28	28	–	–	–	–	–	–
Voltex Swaziland (Pty) Limited <sup>(11)(g)</sup>	*	50	50	50	–	–	–	–	–	–
Voltsing Electrical (Pty) Limited <sup>(g)</sup>	*	49	49	49	–	–	–	–	–	–
Other					–	–	16 745	–	–	(11 254)
					4 540	4 540	21 286	–	–	(11 254)
Major associates										
Compu-clearing Outsourcing Limited <sup>(c)</sup>	468	21	21	21	8 806	8 806	8 806	–	–	–
Ditulo Office (Pty) Limited <sup>(d)</sup>	*	40	40	40	–	–	–	–	–	–
Enviroserv Holdings Limited <sup>(f)</sup>	1 056	24	24	27	39 565	39 565	42 085	–	–	–
Foster's Motor Group Limited <sup>(h)</sup>	1	50	–	–	–	–	–	–	–	–
Imperial McCarthy (Pty) Limited <sup>(h)</sup>	618	50	–	–	–	–	–	–	–	–
Sebenza Forwarding and Shipping Consultancy (Pty) Limited <sup>(c)</sup>	*	45	45	45	5 011	5 011	5 011	–	–	–
Transpaco Limited <sup>(e)</sup>	327	26	23	21	8 620	8 620	8 168	–	–	–
Vuka Catering Suppliers (Pty) Limited <sup>(a)</sup>	*	25	25	25	48	48	48	–	–	–
Yeastpro (Pty) Limited (April 30 year end) <sup>(a)</sup>	100	25	25	25	32 381	32 381	32 381	–	–	–
Other					200	839	68 237	–	668	936
					94 631	95 270	164 736	–	668	936

Amounts owing by or to subsidiaries and joint ventures are unsecured, interest free and have no fixed terms of repayment

\* less than R1000

#trading as agent

Country of incorporation if not South Africa

<sup>(1)</sup>Australia

<sup>(2)</sup>Bahamas

<sup>(3)</sup>Belgium

<sup>(4)</sup>Botswana

<sup>(5)</sup>France

<sup>(6)</sup>Isle of Man

<sup>(7)</sup>Malawi

<sup>(8)</sup>Mozambique

<sup>(9)</sup>Namibia

<sup>(10)</sup>New Zealand

<sup>(11)</sup>Swaziland

<sup>(12)</sup>United Kingdom

<sup>(13)</sup>Zambia

<sup>(14)</sup>Zimbabwe

Nature of business of joint ventures and associates

<sup>(a)</sup>Catering supplies, food and allied products

<sup>(b)</sup>Financial and related services

<sup>(c)</sup>Freight forwarding, clearing, distribution, warehousing and allied activities

<sup>(d)</sup>Office furniture, supplies and related products

<sup>(e)</sup>Packaging closures, fastening systems and stationery products

<sup>(f)</sup>Linen rental, laundry and cleaning services

<sup>(g)</sup>Electrical, security and related products

<sup>(h)</sup>Motor retail and related services

## Fourteen Year Financial History

		13 year compound growth rates % per annum	2004	2003	2002	2001	2000
Extracts from financial statements (R'000)							
Revenue	44,9	51 262 212	47 073 375	41 950 388	29 415 011	26 427 620	
Trading income	39,0	2 555 652	2 244 121	2 012 611	1 422 212	1 215 222	
Attributable income	41,5	1 540 824	1 337 673	1 231 041	1 035 466	884 148	
Shareholders' interest		6 056 612	5 412 659	5 563 617	3 860 494	3 028 819	
Net debt		730 628	–	–	–	–	
Cash generated by operations		3 760 849	2 666 695	2 751 675	1 558 774	1 282 688	
Total assets		17 949 024	14 571 382	15 117 104	9 741 970	8 134 879	
Wealth created		9 690 138	9 032 794	7 441 092	5 079 614	4 515 614	
Share statistics							
Headline earnings per share (cents) <sup>(1)</sup>	26,6	546,7	464,5	432,8	365,2	309,7	
Distribution per share (cents) <sup>(2)</sup>	26,7	250,2	220,0	190,0	169,2	150,3	
Distribution cover (times) <sup>(2)</sup>		2,2	2,1	2,3	2,2	2,1	
Distribution yield (%)		4,8	5,1	4,1	3,4	3,2	
Net tangible asset value per share (cents)	21,2	1 356	1 561	1 569	1 186	1 046	
Share price (cents)							
high		5 620	4 800	5 200	5 200	6 550	
low		4 100	3 970	3 980	4 075	3 620	
closing (June 30)	25,3	5 250	4 300	4 600	5 010	4 680	
Market capitalisation (Rm's) <sup>(5)</sup>	37,2	16 570	13 462	14 345	14 821	13 555	
Volumes traded (000's)		160 233	156 731	125 566	99 096	104 122	
Volume traded as % of weighted number of shares		53,3	50,9	42,0	34,0	36,1	
Ratios and statistics							
Return on total shareholders' interest (%)		28,5	24,0	31,9	34,2	29,6	
Return on average funds employed (%) <sup>(3)</sup>		53,8	48,9	56,8	43,6	41,7	
Trading income margin (%)		5,0	4,8	4,8	4,8	4,6	
Current asset ratio		1,1	1,3	1,2	1,2	1,1	
Quick asset ratio		0,8	1,0	0,9	0,9	0,8	
Number of employees		81 931	70 754	66 879	54 251	50 941	
Number of shares in issue (000's) <sup>(6)</sup>		302 156	302 679	311 217	295 821	289 638	
Number of weighted shares in issue <sup>(6)</sup>		300 643	308 116	299 089	291 599	288 554	

<sup>(1)</sup> Based on weighted average number of shares in issue.

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

<sup>(3)</sup> Return  
income before interest and taxation.

<sup>(4)</sup> The comparative figures have been restated to account for the various changes in accounting policies over the period.

<sup>(5)</sup> Market capitalisation includes treasury shares held by a subsidiary company.

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



1999	1998	1997	1996	1995	1994	1993	1992	1991
14 646 145	7 432 920	5 069 948	4 166 682	3 432 155	2 560 707	775 206	595 994	411 694
712 230	493 051	276 843	216 111	165 243	115 622	68 461	58 075	35 377
659 573	400 872	214 249	165 577	123 751	88 602	35 745	25 071	16 898
2 985 433	2 803 898	1 758 311	802 451	602 358	499 657	430 522	134 156	107 064
–	–	–	–	–	–	–	46 121	–
859 256	491 126	297 814	277 035	113 811	125 146	45 708	59 691	23 216
7 680 848	4 101 777	3 251 061	1 583 321	1 188 202	980 743	747 401	388 563	321 639
2 692 295	1 610 681	899 879	696 702	524 636	412 828	224 924	175 299	104 350
243,0	171,2	124,9	102,6	77,8	58,1	38,1	28,0	25,6
127,3	101,3	70,8	56,1	43,0	30,2	21,0	16,4	11,5
1,9	1,7	1,8	1,8	1,8	1,9	1,8	1,7	2,2
2,5	2,2	2,0	2,2	2,3	2,1	2,7	4,1	4,1
1 042	1 135	771	438	343	292	258	136	111
5 400	5 980	3 535	2 956	2 000	1 470	780	400	283
2 910	3 250	2 275	1 838	1 450	780	343	250	180
5 040	4 525	3 500	2 590	1 875	1 470	780	400	280
14 436	11 181	7 968	4 681	3 294	2 502	1 301	391	271
89 262	64 413	26 456	13 997	8 140	11 061	1 186	4 877	1 247
32,9	27,5	14,2	7,8	4,7	6,5	1,1	5,0	1,8
23,5	22,8	26,7	27,5	24,8	20,6	26,6	23,4	68,6
40,4	37,2	53,9	57,6	58,8	48,9	29,0	28,2	37,9
4,9	6,6	5,5	5,2	4,8	4,5	8,8	9,7	8,6
1,2	2,8	2,0	2,0	1,9	1,8	2,0	2,5	1,7
0,9	2,1	1,5	1,5	1,5	1,4	1,5	1,4	1,0
50 132	31 420	30 001	21 506	14 970	14 117	4 749	4 784	2 226
286 418	247 095	228 027	183 041	175 701	171 131	166 775	98 552	96 266
271 483	234 090	186 779	179 895	173 306	169 121	105 217	97 028	69 092

## Major Shareholders

as at June 30 2004

### Owner list

Major shareholders holding in excess of 1% of the issued capital of the Company, as per the share register and information supplied by nominee companies:

	%
Public Investment Commissioners (SA)	15,1
Dinatla Investment Holdings (Pty) Limited	14,3
Old Mutual Life Assurance Company (SA) Limited	5,2
Sanlam Lewensversekering Limited	4,6
BB Investment Company (Pty) Limited	4,3
Investment Solutions Limited	2,3
Liberty Group Limited	2,0
Fedlife Assurance Limited	1,9
Eskom Pension Fund	1,4
Sentinel Mining Industry Retirement Fund	1,3
JDL Holdings (Pty) Limited	1,1
Metlife	1,1
Momentum Life Assurance Limited	1,0
Total	55,6

### Manager list

Major fund managers investing in excess of 1% of the issued capital of the Company, as per the share register and information supplied by nominee companies:

	%
Old Mutual Asset Managers (South Africa) (Pty) Limited	11,4
RMB Asset Management (Pty) Limited	10,7
Investec Asset Management (Pty) Limited	9,0
Sanlam Investment Management (Pty) Limited	8,9
Stanlib Asset Management Limited	5,7
Coronation Fund Managers (Pty) Limited	4,0
The Boston Company Asset Management Limited	1,7
Metropolitan Asset Managers Limited	1,6
African Harvest Fund Managers Limited	1,4
Prudential Asset Management Limited	1,2
Quaystone Limited	1,1
Investec Securities Limited	1,0
Total	57,7

## Analysis of Shareholders

as at June 30 2004

### Effective empowerment holdings

The Dinatla BEE consortium effectively owns 14,9%, other empowerment institutions and the Public Investment Commissioners 20,9%, with a further 15,0% being controlled by BEE asset managers. The Dinatla transaction was at the holding company level, including both the local and offshore operations of Bidvest. If the Dinatla BEE consortium had bought into the South African operations only, at the same transaction value, the total percentage BEE direct and indirect ownership would be in excess of 50%. As a listed company it is not possible to identify the gender of shareholders other than the direct woman's ownership of 8,7% via Dinalta.

Type of shareholder	Number of shares	%
Pension funds	116 146 234	36,8
Corporate holdings	59 448 267	18,8
Insurance companies	38 820 616	12,3
Unit trusts	31 245 862	9,9
Private investors	26 196 026	8,3
Other managed funds	26 511 640	8,4
Overseas banks	3 787 378	1,2
Treasury shares	13 458 744	4,3
	315 614 767	100,0

### Location of beneficial shareholders

South African private investors	26 196 026	8,3
South African registered funds	241 242 373	76,4
Foreign registered funds	34 717 624	11,0
Treasury shares	13 458 744	4,3
	315 614 767	100,0

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 10 000	11 300	91,4	9 850 438	3,1
10 001 – 50 000	552	4,4	13 284 190	4,2
50 001 – 100 000	193	1,6	13 572 417	4,3
100 001 – 500 000	245	2,0	50 407 826	16,0
500 001 – 1 000 000	28	0,2	18 851 135	6,0
1 000 001 – 5 000 000	32	0,3	68 401 997	21,7
Above 50 000 000	11	0,1	141 246 764	44,7
	12 361	100,0	315 614 767	100,0

## Management Directory

### CORPORATE SERVICES



#### BID CORPORATE SERVICES

Chief Executive	B Joffe
Group Financial Director	P Nyman
Group Commercial Director	M Dube
Group Financial Manager	N Goodwin
Group Company Secretary	M David
Group Corporate Finance, Communications and Bidvest Academy	J Hochfeld
Group Corporate Finance and Investor Relations	D Cleasby
Group Services	D Koff
Group Export	P Hofmann
Group Credit	H Zinman
Group Internal Audit	B Smith
Group Accounting	Y Strydom
	J Wilson
Group Purchasing	R Govender
Group Taxation	C Kourie
	S Diss
Bidvest Isle of Man	J Unsworth
Bidvest United Kingdom	S Bender



#### mymarket.com

Managing Director	P Katz
General Manager	T Piccione
Sales Manager	S Danker
IT Developer	D Joffe
Financial Manager	J Kramer



#### Bidvest Network Solutions

Managing Director	G Griffiths
Financial Director	M Wright
Sales and Marketing Director	B Bester
Operations Director	J Liebenberg



#### Bid Property Holdings

Managing Director	I Menashe
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### THE SERVICES DIVISION



#### BIDFREIGHT

Chairman	D Rosevear
Financial Director	M Steele
Commercial Director	T Kunene
Divisional Financial Manager	D van Staden
Divisional Accountant	E Brown
Internal Audit	P Premchand
	S Gregersen

#### Bidfreight Terminals

Managing Director	A Dawe
Financial Director	M Steyn
Commercial Director	T Kunene
Business Development Director	A Lax

#### Bluff Mechanical Appliance

Managing Director	I Geldart
Financial Director	W Pillay
Engineering Director	A Bedingham
Operations Director	B Deghaye

#### Island View Storage

Managing Director	K Ehlers
Financial Director	D Liesegang
Operations Director	G Brooks
Technical Director	L Redhead

#### Bidfreight Port Operations

*(incorporating Rennies Cargo Terminals  
and South African Stevedores)*

Managing Director	J Roux
Financial Director	R Sukdeo
Commercial Director	R Carson

#### Rennies Distribution Services

*(including Bidfreight International Logistics  
and Rennies Textile Logistics)*

Managing Director	R Sheldrake
Commercial Director	S Smith
Marketing Director	R Ford
Operations Director	E Govender
	T Shevel
	T Wilkinson

#### South African Container Depots

*(including Bidfreight Intermodal)*

Managing Director	G Peinke
Financial Director	S Coetzee
Business Development Director	G Popple
Information Systems Director	T Afnan-Holmes
Regional Directors	Cape Town
	Durban
	Gauteng
	R Buchanan
	M Martin
	D Trotter

#### South African Bulk Terminals

Managing Director	K Smith
Financial Director	G Schafer

#### Naval

Managing Director	L Goncalves
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#### International Forwarding

#### Safcor Panalpina

*(incorporating Renfreight)*

Chairman	P Womersley
Managing Director	P Williams
Financial Director	N Thompson
Commercial Director	D Logan

**Safcor Panalpina (continued)**

Human Resources Director		S McSweeney
Sales and Marketing Director		B Thoresson
IT Director		J Tennant
Commercial Director		T Kunene
Regional Director	Western Cape	S Goslett
General Manager Finance		G White
General Manager Seafreight		B Alison
Regional Director	KwaZulu-Natal	J Cummins
General Manager – Airfreight		T Barron
– Seafreight Imports		E Kings
– Seafreight Exports		K Milne
Branch Manager	Richards Bay	L Mulder
<b>GAUTENG AIRFREIGHT</b>		
Regional Director		M du Preez
General Manager		W Hoddinott
General Manager Logistics		A Verploegh
<b>GAUTENG SEAFREIGHT</b>		
Regional Director		C Speed-Andrews
Branch Manager	Pretoria	D Zietsman
Regional Director	Eastern Cape	D Rothman
Branch Manager	Port Elizabeth	R Jesson
<b>Sebenza Forwarding &amp; Shipping Consultancy</b>		
Managing Director – Acting		N Mogorosi
General Manager		F van Wyk
Financial Manager		C Madden

**Marine****Rennies Ships Agency**

Chairman		P Steyn
Managing Director		L Smith
Financial Director		C Mountjoy
Liner Director		D Reddy
Marketing Director		A Kee
Alternate Director		I Klynsmith
Port Operations Directors	Cape	J Whittington
	KwaZulu-Natal	G Stevenson
Directors		M Atter
		R Hill

**Rennie Murray**

Managing Director		T Edwards
Directors	Durban	G Baker
	Johannesburg	R Breckwoldt
	Cape Town	G Huggins

**P & I Associates**

Managing Director		A Reid
Administration Manager		S Naidu
Claims Manager		A Bonnin
Directors	Richards Bay	D Wood
	Cape Town and	C Flockhart
	Saldanha Bay	

**Freightbulk**

Managing Director		C Glen
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**Manica Africa**

Chairman		P Steyn
Directors		M Hodgson
		M Gunther

**Manica Malawi**

Managing Director		A Chitsime
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**Manica Zambia**

General Manager		D Doyle
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**Manica Zimbabwe**

Managing Director		A Kamhunga
Director		G Davies

**Manica Namibia**

Chairman		P Steyn
Managing Director		T Templin
Financial Director		J Lotheringen

**Namsof Fishing Enterprises**

Managing Director		J Arnold
Financial Director		P Greeff

**Bidcorp Plc**

Chief Executive		R Graham
Company Secretary		P Scott
Group Accountant		M Rayner

**Dartline**

Managing Director		R Herman
Finance Director		G Lacey
Operations Director		S Hutty
Sales Director		N Pank
Director	Zeebrugge	H Walgraeve

**Ontime Automotive**

Managing Director		G Brinklow
Finance Director		S McLaughlan

## Management Directory (continued)

### VOLUME DISTRIBUTION

Managing Director	I Spry
Financial Director	J Fowler

### SVTV

Managing Director	A Tullec
Financial Controller	M Georget

### SPECIALIST OPERATIONS

Director: Specialist Transport	A Foxwell
General Manager: Technical Services	P Lynne

### Property and outsourced services

Managing Director	D Winduss
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### BIDSERV

Chairman	L Ralphs
Financial Director	P Meijer
Commercial Director	L Jacobs
Group Financial Manager	B Teixeira

### Cleaning Services

### Prestige Group

Managing Director	J Taylor
Financial Director	B Gosai
Operations Director	D Otto
Marketing and Sales Director	J du Toit
Human Resources Director	P Roux
Divisional Finance Director	A Still
Divisional Finance Executive	M Kruger
Divisional Sales and Marketing Director	S Bell
Divisional Managing Directors: Operations	
Southern Division	H Liebenberg
Gauteng North	C Maguire
Gauteng South	C Labuschagne
Hospitality and Healthcare	P van der Westhuizen
Operations	KwaZulu-Natal Cape Coastal
Specialised Property Solutions	
General Manager Operations	Bloemfontein East Rand
Execu-clean	A Maritz
Hospitality	KwaZulu-Natal
Healthcare	Johannesburg Pretoria KwaZulu-Natal
Healthcare and Hospitality	Western Cape
General Manager Human Resources	Gauteng
General Manager Operations	KZN Central Mpumalanga – Highveld

### Prestige Group (continued)

	Mpumalanga – Lowveld	M van der Merwe
	North Rand	P Moreau
	Free State / KZN	K Daniels
	Northwest	M Marais
	Port Elizabeth (Eastern Cape)	A Fulton
	Pretoria	C Basson
	Pietersburg / Polokwane	R Ramazan
	South Rand	V Vassilev
General Manager Procurement and Technical		E Matthews
General Manager Training		L Steyn
General Manager Operations	Vaal Welkom Cape Town	D de Klerk C Strydom J Fleischer
Divisional Sales Director: Corporate General Manager Operations:		C Erwee
Healthcare		C Goss
Hospitality	Johannesburg Pretoria Richards Bay Rustenburg	J Brown J Weiffenbach T van Zyl M Medallie
Divisional Sales Director:		T Valentine
Hospitality Division		J Kalkwarf
Healthcare Division		W Bowen
	Gauteng North and South Division Southern Division	J Nel
	KZN Division	V Singh
Sales Director	Cape Coastal Division	S Fulton
Specialised Property Solutions General Managers Operations	Cape Johannesburg and Vaal Pretoria and East Rand KwaZulu-Natal	A Hepburn W Butterworth C Venter
Sales		P Melvin
Pest Control		A Dippenaar
Finance Manager		F Coetzer
Support Centre		A Pretorius
General Managers		
IT		R Shepherd
Quality and Safety:		C Barratt
Finance Manager		L Casaleiro
Finance Managers	Gauteng North and South Division Southern Division Cape Coastal Division	D van der Walt E Steyn V Chetty

**Prestige Group (continued)**

Hospitality and Healthcare Division	I Neermal
Support Centre	M Nel
Finance Manager Credit Control:	M de Swardt
Support Centre	
Divisional Manager: HiTech	M van Rooyen
	Botswana
	Kimberley
	Ngodwana
	Evander
	G Macleod
	L Wessels
	T Nel

**TMS Group**

Managing Director	M Dreyer
Financial Director	D Kahts
Group Operations Director	J Venter
General Managers	J Huisamen
	T Overbeck
	L Moreno

**Hygiene Services****Steiner Hygiene**

Managing Director	N Smith
Financial Director	G Megaw
Sales and Marketing Director	R van Rooyen
Regional Managing Directors	Gauteng and KZN
	Cape and
	Free State
	North and
	North West
Regional Sales Directors	Gauteng and KZN
	Cape and
	Free State
	North and
	North West
Regional Operations Directors	Gauteng and KZN
	North and
	North West
Regional Financial Directors	Gauteng
	North and
	North West
Branch Managers	Aeroporto
	Benrose
	Bloemfontein
	Brackenfell
	Durban
	East London
	Ermelo
	George
	Kimberley
	Montague Gardens
	N'Dabeni
	Nelspruit
	Newcastle
	Pietermaritzburg
	Polokwane
	K du Plessis
	M Markram
	B Beck
	C Basson
	A Botha
	W Schultz
	G Rudman
	T van der
	Westhuizen
	F Mynhardt
	T Buttress
	L Stijlen
	C Moffet
	B Lawrence
	I Konstandakellis
	D Straub

**Steiner Hygiene (continued)**

Port Elizabeth	L Hague
Potchefstroom	D Palm
Pretoria West	M van Tonder
Rustenburg	P Müller
Vereeniging	A Retief
Welkom	D van Dijk

**Puréau Fresh Water Company**

Divisional Managing Director	Johannesburg	R Tyack
National Sales Manager	Johannesburg	W Breetzke
Branch Managers	East Rand	A Duvenhage
	North Rand	R Barnard
	Pretoria	B Coetzee
	Durban	C Murray
	Durban	T Smith

**Clockwork Clothing**

Managing Director	S Xenophon
Financial Director	A Muir
Director	R Sparks
Sales Manager	F Marais

**Commercial Sundries**

Managing Director	S Xenophon
Financial Director	A Muir
Branch Managers	Johannesburg
	Cape Town
	Durban
	Pietersburg
	H Aysel
	C Henstock
	R Prins

**G. Fox & Company**

Managing Director	S Xenophon
Financial Manager	L Kallophen
Sales Manager	B Booysen
Operations Manager	R Cohen

**Security Services****Magnum Shield Security**

Managing Director	D Mitchell
Human Resources Director	V Monyamane
Divisional Managing Director	Inland
	KZN and
	Eastern Cape
Divisional Directors	Pretoria
	Gauteng East
	Gauteng North
	KwaZulu-Natal
	Eastern Cape
	Western Cape
	K Vos
	B McGeary
	J Nell
	W Stols
	R Clarke
	C Inman
	C Lonn
	C Peel

**Strategic Corporate Solutions**

Divisional Managing Director	I Veldman
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## Management Directory (continued)

### CES / Masterguard Security

Managing Director	C Humphrey
Divisional Managing Director	P Swanepoel

### Vericon

Managing Director	C Humphrey
Divisional Managing Director	G Gericke

### International Payment Systems

Managing Director	G Chamberlain
Sales and Marketing Director	T Chamberlain
Financial Manager	S van Huyssteen
Operations Manager	A de Oliveira

### Provicom Electronics

Managing Director	S van Aswegen
Financial Director	A Shiba
Divisional Director: Marketing	S Nel
Divisional Directors	Johannesburg
	Durban
	Port Elizabeth
General Manager	Cape Town
	G Trompeter

### Laundry Services

### Boston Launderers / First Garment Rental / Montana Laundries

Managing Director	A Fainman
Financial Director	M van Niekerk
Operations Director	L Volans
Factory Manager	Spartan
General Managers	Durban
	Isando
	Sun City
	Port Elizabeth
	Cape Town
	Zambia
	Montana Spartan
	W Frade

### Green Services

Managing Director	K Wakeford
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### Execuflo

Managing Director	K Wakeford
Sales Director	R Strang
Production Director	T Watts
Operations Manager	B Meyer

### Top Turf

Managing Director	D Kirkby
Business Unit Manager:	
Contracting	J Ferguson
Maintenance	G Johnstone
	Mauritius
	P Kirkby

### Top Turf (continued)

Irrigation	North West	B Manson
		J Kirkby
Golf Courses		M Hildebrand
Ekslusiewe Tuine		B Wium
Financial Manager		D Reyneke
Human Resources Manager		E Naude

### Aviation Services

### Fedex

Managing Director	C Pretorius
Financial Director	B Forgey
Commercial Executive	N Terry
Operations Executive	S Campbell

### Express Air Services

Managing Director	F Wolmarans
Financial Director	A Howie
Marketing Director	B van Wyk
Divisional Operations Director	N Harris

### Airport Handling Services

Managing Director	P Bergs
Financial Director	J Clapham
Business Development Director	T Tiedemann



### RENNIES FINANCIAL SERVICES

Chief Executive	L Boyle
Financial Director	N Steingold
Commercial Executive	V Kgomoewana
Legal Adviser	D Blackstone

### Travel Services

### Rennies Travel

Chief Executive	L Boyle
Financial Director	L Ledwaba
Human Resources Director	K Morobe
Retail Operations Directors	Inland Region
	Coastal Region
	N Esnouf
	C Holmes
Travel Services Director	K Harris
Commercial Director	R Lawlor
Premier Club Airport Lounges	C Sunker

### NAMIBIA

Managing Director	H Schultz
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### ZIMBABWE

Operations Director	L Valler
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### MALAWI

General Manager	S Chikaunda
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**Concorde Travel**

Managing Director: Carlson Wagonlit	A Lunz
Financial Director	C Mitchley
Information Systems Director	D Tagari
Human Resources Director	D McCartney
Operations Directors	M Martins
	A Gray

**Connex Travel**

Managing Director	K Makhetha
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**Travelwise**

Managing Director	Botswana	F MacDonald
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**Uniwold Travel**

Managing Director	C Martin
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**Namibia Bureau De Change**

J Kurnow

**World Travel**

Operations Director	B Langner
Sales and Marketing Director	I Manning

**Harvey World Travel**

General Manager	B Lutman
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**Travel Connections**

Joint Managing Directors	G Zilk
	L Preston

**Prestige Travel**

Managing Director	D Reynolds
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**Master Currency**

Executive Chairman	Z Combi
Managing Director	A Jacobson
Financial Director	M Frankel

**Bid Financial Services**

Financial Manager	L Allsop
Marketing Manager	C von Guillaume

**Banking****Rennies Bank**

Managing Director	D Walker
General Managers: Treasury	G Bower
Retail Operations	C Macfarlane
Risk	A Louw
Finance	L de Waal
Operational Support	J Murtagh

**THE FOODSERVICE PRODUCTS DIVISION****BIDVEST UNITED KINGDOM****3663 First For Foodservice**

Chief Executive	F Barnes
Finance Director	I Uren
Managing Directors:	A Fisher
Multi-Temperature, Frozen and Chilled Logistics	R O'Keefe
Buying and Trading Director	A Selley
Sales Director	I Crawford
IT Director	A Kemp
Regional Directors	J Scott
	S Rich
	B Rowland
	A Tiplady
	K Jackson
	D Sibley
	M Flatley
	L Webb
Director of Sales for National Accounts	C Jones
Directors of Finance: Logistics	M Tyler
Multi-Temperature	A Brogan
Frozen Division	J Ridley
Central Finance	M Blank
Director of Systems	M Dickinson
Director of Client Relations	M Holmes
Director of Quality	D Morgan
Director of Operations Services	P de Ternant
Director of MoD Supply	D Bell
Director of Marketing	A Roberts
Director of Buying	E Williamson
Operations Directors	North
	South
Director of Business Systems	P Lewis-Burling
Director of Catering Equipment	C Carter
Director of Business Development for Multi-Temperature Division	G Coetzee
Director of Client Services for National Accounts	N Wemyss
National Sales Manager Frozen and Chilled	C Lewis-Burling
Director of Business Development for National Accounts	I Whittingham
Swithenbank Foods	T Ball
Regional Director	M Flatley
Director of Business Development	T Ball
The Barton Meat Company	J Barton
Managing Director	J Lund
Commercial Director	T Ball
Director of Business Development	L Taylor
mymarket.com	
Commercial Director	



## Management Directory (continued)



### BIDVEST AUSTRALASIA

Managing Director B Berson

#### Bidvest First For Foodservice

Managing Director		K Bielby
National Marketing Manager		A Fechner
National Business Development Manager		P Jamieson
National Accounts Manager		L Vorano
National Purchasing Manager		J Long
Management Information Systems		A Stainlay
Finance Manager		B Plit
Financial Controller	Central	R Romano
	North	A Daniel
	South	P Wright
National Credit		B Boreham
BRANCHES	Adelaide	R Simpson
	Albury	T Lewis
	Brisbane	M West
	Cairns	P North
	Canberra	M Moullakis
	Central Coast	T Johnston
	Geelong	R Barnes
	Gold Coast	I McLeod
	Dymel Distributors	G Sobey
	Gold Coast	
	Hervey Bay	R Peterson
	Melbourne	J Lequertier
	Newcastle	S Collins
	Perth	C Woodward
	Sunshine Coast	C Crouch
	Sydney	A Harman
	Stephensons	L Redfern
	Townsville	R Kippin
	RWA Central Coast and New Castle	C Fechner
	Macmont Hospitality	K Rogers
	Wollongong	I Burnes
	QSR	R Wainer

#### Crean First For Foodservice

Managing Director		N Boswell
General Finance Manager		P Ballantine
General Manager Business Development		A Crean
IT Manager		M Dorward
BRANCHES	Auckland	P Struckmann
	Christchurch	G McGale
	Dunedin	B McPhee
	Hamilton	G McGregor
	Hawkes Bay	K Lovett
	Invercargill	R Oosterbroek
	Nelson	R Bell
	Palmerston North	P Box
	Queenstown	J Swain

#### Crean First For Foodservice (continued)

Rotorua	K Buckthought
Timaru	G Parkin
Wellington	D Magrath
Whangarei	I Haynes



### CATERPLUS

Chairman	C Kretzmann
Financial Director	T Scruse
Human Resources Director	M Lockley
Commercial Director	S Mahlalela
Manager – First for Service	A Craig

#### Catering Supplies Division

Managing Director	J Araujo
Financial Manager	P Roberts
Procurement Manager	J Vermeulen

#### Catersales

Managing Director	E Eagar
Administration	P Fourie
Operations	J Lazenby
Sales	K Ross

#### CCW Catering Supplies

General Manager	Empangeni	L Govender
Administration		R Kvalsvisg
Managing Director	Pietermaritzburg	N Yeats
Administration		N Munro
Sales		M Meyer
Buying		R Govender

#### Chipkins Catering Supplies

General Manager	Bloemfontein	R Ramos
Administration		D Bam
Buying		M Malherbe
Managing Director	Cape Town	E Webster
Administration		C Fourie
Sales		S Horwitz
Managing Director	Durban	R Lowe
Administration		C Palmer
Buying		S Naicker
Sales		B Mathura
Managing Director	East London	R Sneddon
Administration		R Hechter
Operations		P Zwane
Managing Director	Johannesburg	J Uys
Buying		J Inglis
Operations		P Evans
Sales		P Barrett
General Manager	Mpumalanga	R Lyon
Administration		H van Houten
General Manager	Polokwane	C Lee
Administration		L Broekman
Operations		J Phungo

**Chipkins Catering Supplies (continued)**

Managing Director	Port Elizabeth	A McLeod
Administration		P Gouws
Sales/Operations		F Bekker

**D & R Lowe**

Managing Director		C McCormack
Administration		A Coleman
Operations		S Uys
Sales		N Papachrysastomou

**First Foods Distributors**

Managing Director		D Smit
Administration		F Ball
Buying		R Brink
Sales		C Webb

**Lou's Wholesalers**

Managing Director		H Dorfling
Administration		J le Roux
Sales		D Fos
Operations		L Sibanda

**M&M Quality Choice**

Managing Director		F da Silva
Administration		L Bronkhorst
Sales		C Danilowitz
Operations		R Oberholster

**Nelpack**

Managing Director		B Moore
Administration		E Kay
Operations		W Neetling

**Pyramid Catering Supplies**

Managing Director		B Saharin
Administration		A Ramsaroop
Buying		R Jankiepersadh
Sales		B Govender

**RFS Catering Supplies**

General Manager		R van Vlaanderen
Administration		J van Zyl
Buying		N Jattiem
Sales		J Blakeson

**Frozen Foods Division**

Managing Director		B Varcoe
Financial Manager		M Smith
Human Resources		P Kashe

**Caterplus Botswana**

General Manager	Gaborone	B Pieterse
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**Blue Marine**

General Managers	Cape Town	Z Ferreira
	Durban	C Murray-Rawbone
	Johannesburg	K Köhler
	Namibia	L Geyser

**East Cape Foods**

General Manager	Port Elizabeth	A Roberts
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**Seaworld**

General Managers	Bloemfontein	A Rheeder
	Cape Town	L Fouche
	Durban	S Naidoo
	Johannesburg	R Seaward
	Nelspruit	A Brower
	Polokwane	N Myburgh

**Speciality Division****Patleys**

Managing Director		M Notrica
Administration		H Angove
Marketing		P Wessels
Sales	Johannesburg	C de Smidt
General Manager	Cape Town	C Schoeman
Sales		M Gliddon
General Manager	Durban	P Whitton
Sales		E Tuback
General Manager	Port Elizabeth	E Mossop
Sales		S Crouse

**Catering Equipment Division****Vulcan-caars**

Managing Director		M Crawford
Financial		R Lucas
Production		R Barros
Distribution		A Walker
Exports		R McMurray
Information Systems		M Hoff

**BRANCHES**

	Cape Town	T van der Merwe
	Pietermaritzburg	C Bradfield
	East London	J Wright
	Johannesburg	M Neilson
	Port Elizabeth	E Hewitt

**COMBINED FOODS**

Chairman		C Kretzmann
Financial Director		T Scruse
Human Resources Director		M Lockley
Commercial Director		S Mahlalela
Manager – First for Service		A Craig

## Management Directory (continued)

### Bidbake

Managing Director		W Bright
Financial Director		K Jacobs
Administration Director		D Greyling
Procurement Manager		B Forbes
Logistics Director		B Singh
Human Resources Manager		M Moonsamy

### BRANCHES

Branch Manager	Free State	H de Fries
Branch Manager	Western Cape	K Goddaer
Administration		R Hitchins
Sales		L Gareis
Branch Manager	KwaZulu-Natal	T Quintal
Administration		V Govender
Sales		A Smit
Purchasing		S Ramadu
Operations		S Pillay
Branch Manager	Gauteng	G Scheepers
Administration		A Snyders
Sales		P Davison
Credit Manager		B Tozer
Branch Manager	Mpumalanga	J Wolter
Administration		P O'Bryan
Operations		C Flynn
Branch Manager	Polokwane	T Aspelng
Branch Manager	Eastern Cape	B MacLean
Sales		P Kyriakides

### NCP Yeast

Operations Director	Durban	J du Plessis
Engineering Manager	Durban	J van Rensburg
Financial Manager	Durban	A Singh
Production Manager	Durban	F Mohammed

### Chipkins Bakery Supplies

Technical Director		E Kohlöffel
Operations Director Baking Products		G Goschen
Factory Manager		C Arderne
Marketing Director Baking Products		A Duursema
Marketing Director Consumer Products		J Oosthuizen

### Crown National

Managing Director		C Singer
Financial Director		A Jochens
Commercial Director		H Hunkin
National Key Accounts Director		R Maasdorp
Shipping Director		G Fasser

### Crown Food Ingredients Division

Managing Director		J Morris
Product Director		G Keeling
Operations Director		J Visser
Planning Director		J Philogene

### Continental Spice Works

Managing Director		H Seitz
Commercial Director		H Pheiffer

### Equipment Division

Director		M Jacob
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### Natural Casings Division

General Manager		K Geldenhuys
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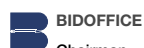
### BRANCHES

Managing Directors	Western Cape	A Cleghorn
	KwaZulu-Natal	M Critien
	Northern Region	J Dyssel
General Managers	Free State	N Le Grange
	Mpumalanga	J Matthasen
	Eastern Cape	P Roos

### Modpak

General Manager		I McBride
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### THE COMMERCIAL PRODUCTS DIVISION



Chairman		L Chimes
Financial Director		C Rostowsky
Finance		M Rubin
Internal Auditor		D Conradie
Commercial Director		M Finger

### Stationery Division

### Contract Office Products

Managing Director		H Magid
Financial Director		N George
Operations Director		B Eisenstein
Sales Director		H Elison

### Kolok

Managing Director		A Thompson
Financial Director		P Kleynhans
Marketing Director		M Ebrahim
Operations Director		E Cassim
Business Unit Managers		L Nauschutz
		L Stevens
		K Ruthnum
		V Barnard
Internal Sales		B Pullock
Branch Managers	KwaZulu-Natal	M Roets
	Namibia	R Abels
	Western Cape	

**Kolok Africa**

Managing Director	R Smith
Production Director	D Lino
Operations Director	M Mathebula
Financial Manager	C Pettitt

**Statmark**

Managing Director	H Servas
Financial Manager	E Kleynhans
Sales Manager	G Reid

**Waltons Stationery**

Managing Director		J Farrell
Financial Director		F Reyneke
IT Manager		L Slotow
Procurement Director		P Cronje
Managing Director	East London	G Cohen
Managing Director	Free State	D Gallagher
Sales Director		R Schoonees
Managing Director	Gauteng	D Pewsey
Financial Director		E Choonara
Procurement Director		E Kleynhans
Sales Director		G Logan
Empowerment Project Director		L Aloni
Managing Director	KwaZulu-Natal	M Frizelle
Sales Director		T Kane-Berman
Managing Director	Namibia	J van Tonder
Financial Director		K Nel
Managing Director	Port Elizabeth	D Hugo
Financial Director		P Knight
Managing Director	Western Cape	R Bowes
Sales Director		K Spence

**Atomic**

Managing Director	N Mentoer
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**Hortors**

Managing Director	E Bungay
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**Import Division**

Managing Director	R Sepp
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**SA Diaries**

Managing Director	P Honeyman
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**Waltons Promotional Gifts**

Managing Director	C Bedser
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**Office Furniture Division****Cecil Nurse**

Managing Director		R Bergh
Financial Director		W du Plessis
Managing Directors	East London	R Lindesay
	Free State	E Coetzee
	KwaZulu-Natal	G Bolton
	Port Elizabeth	R Pudney
	Western Cape	H Meyer
Branch Managers	Germiston	V Mendes
	Nelspruit	D Phaal
	Pretoria	D Nel

**Dauphin**

Managing Director	I Galloway
Financial Manager	J Allen
Sales Director	J Chalmers

**Nuclear**

General Manager	C van Wyk
Financial Manager	B Murray

**Budget Desks & Chairs**

Managing Director	G Diamond
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**Seating***(incorporating Pago)*

Managing Director	S Gerber
Financial Director	L Snyman
Export Director	T Dotzler
Marketing Manager	S Amri
Production Manager	D Moody

**Office Furniture Clearance House**

Managing Director	N Kopelowitz
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**Office Automation Division****Minolco**

Managing Director	A Griffith
Financial Director	I Keshwar
Administration Director	M Holahan
Technical Director	A Barbosa
Director – fax and lasers	P Enslin

**Océ**

Managing Director	K Dix-Peek
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## Management Directory (continued)

### Printing and Related Division

Managing Director	N Birch
Financial Director	C Adendorff

### Lithotech Manufacturing

Managing Directors	Cape	N Speres
	Epping	G McWilliams
	Johannesburg	D Lewis
	Pinetown	M Barrett

### Listing Direct

Managing Director	D Lewis
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### Lithotech Labels

Managing Director	R Evans
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### Hi-maur Labelling Systems

Managing Director	T Ruppig
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### Ozalid

Managing Director	T Ruppig
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### Lithotech Afric Mail

General Manager	I Sinclair
Managing Director	H Mentz

### Visual Information Systems

Managing Director	D Gilfillan
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### Lithotech Consulting

Managing Director	D Gilfillan
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### Expressed Solutions

Managing Director	D Gilfillan
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### Lithotech Sales

Managing Directors	Johannesburg	J Neethling
	Pretoria	J Neethling
	KwaZulu-Natal	P Hayes
	Cape	F Lundie
	East London	C Saunders
General Managers	Port Elizabeth	B van den Berg
	Bloemfontein	W Watson

### Lithotech Corporate

Managing Director	J Neethling
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### Lithotech Exports

Manager	N Gurriah
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### Phakama Print

Managing Director	P Fick
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### E-mail Connection

Managing Director	H Rabinowitz
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### Lithotech France SA

Deputy Managing Director	J Guiter
Financial Manager	S Cantenot
Industrial Manager	P Clarke
Human Resources Manager	M Beaugars
Marketing Services Manager	P Stochlinn

### Lithotech International (UK)

Managing Director	D Randall
Financial Director	S Youngs
Sales & Marketing Director	S Finnerty



### BIDPAC

Chairman	A Salomon
Internal Audit	B Kerkhoff
Credit Management	E Jenkinson
Commercial Director	S Kgaka

### Packaging Closures

### Afcom-GE Hudson Ramset

Managing Director	H Greenstein
Financial	C Levin
Administration	B Kerkhoff
Information Systems	W Pienaar
Fastening	C Beeby
Packaging	M Hilson
Strapping	K Oliver
	B Smith
	F Hoppert
	R Trent
Stretchfilm	W Coetzer
Labels	J East
Ramset	B Campbell
Human Resources	M Berthelot
Accounting	

### PRODUCTION

Strapping	F Fremouw
Collated Nails and Staples	F Oudmayer
	A Craukamp
	W Molautsi
	D Stojic

### Ti-Strap

### Workshop

### BRANCH DISTRIBUTION

Bloemfontein	W Coetzer
Cape Town	P Sykes
	D McVean-Nicol
Durban	K Oliver
	D Poovan
East London	K Guess
Nelspruit	A de Beer
Port Elizabeth	H Nel
Pretoria	T Nel
Tzaneen	C Alberts
Markwell	N Smit



**Buffalo Executape**

Managing Director	T Girnun
Financial	C van der Westhuizen
Production	T Isaacs
Sales	A Nel
Operations	S Sewpersad
Information Systems	R Vincent

## Stationery Products

**Silveray Stationery Company**

Financial	P Haripersad
National Sales	J Wheatley
Information Systems	V Hoare
Retail	J Feldman
Divisional Sales	S Zimmerman
	L Tippet

## PRODUCTION

Mobeni	D Foure
Globe	J Davis

## BRANCH DISTRIBUTION

Bloemfontein	E Maree
Cape Town	G Baines
Durban	H Yunus
East London	J Trefusis-Paynter
Johannesburg	T Harman
	J Millinger
Port Elizabeth	J Kinnell

**VOLTEx**

Chairman	MC Berzack
Executive Directors	R Berzack
	C Esterhuizen
	S Green
	E Immermann
	D Mare
	P Huffer
Alternate	N Chiba

## Electric Distribution

**North East Region**

Regional Manager	T Flaherty
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## BRANCHES

Electric Centre	Pretoria	E Sam
Globe Electrical	Witbank	C Stols
Keens Electrical	Montana	A Roberston
	Olympus	H Dewrance
	Pretoria	M Cameron

## VOLTEx Electrical

Centurion	P Schuurman
Hazyview	Y Brandt
Lydenburg	J Hamman
Nelspruit	H Schoeman
	L van Heerden

**North West Region**

Regional Manager	C Alley
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## BRANCHES

Electric Centre	Phalaborwa	R Schutte
	Tzaneen	H Steyn
Electrostar	Potchefstroom	P Potgieter
Globe Electrical	Polokwane	J Spykerman
Keens Electrical	Klerksdorp	A Goosen
	Rustenburg	C Heyneke

**Gauteng**

Regional Manager	D Blumgart
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## BRANCHES

Electric Centre	East Rand	I Baig
	West Rand	A Lightfoot
		C Myburgh
	Midrand	A Boshoff
Globe Electrical	Benrose	A Botha
	Kempton Park	S Reynolds
	Kensington	K Smith
Keens Electrical	Springfield	G Cunningham
		A Lambey
Litecor Electrical	Alberton	M Terblanche
	Randburg	A Baig
	Reuven	K Pearman
		T Turnbull
Voltex Electrical	Bramley	G Jacks
		J Murphy
	Newcastle	S Kruger
	Vereeniging	J Niemand

**KwaZulu-Natal**

Regional Manager	K Draper
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## BRANCHES

Electric Centre	Durban	K Draper
Litecor Electrical	Avoca	K Thulasaie
	Durban	G Paterson
Voltex Electrical	Hillcrest	R Maharaj
	Pinetown	G Elliott
	Pietermaritzburg	R Ramdhin
	Richards Bay	S Ross
Sanlic	Durban	N van Loggerenberg
Waco Industries	Durban	N van Loggerenberg

## Management Directory (continued)

### Free State

Regional Manager G Grant

#### BRANCHES

Globe Electrical	Welkom	D Kruger
Litecor Electrical	Bloemfontein	B Benade
		C Thompson
	Kimberley	E Johnston
Voltex Transmission and Distribution	Bloemfontein	J Cilliers

### Western Cape

Regional Manager D Barrie-Smith

#### BRANCHES

Belco Electrical	Cape Town	P Huffer
		H Ward
Club-bok	Cape Town	K Theunissen
Crew Electrical	Cape Town	S Raad
Electric Centre	Worcester	R Ruthenberg
Globe Electrical	Windhoek and Oshakati	H Lingner
H & T Electrical	Paarl	J Arendse
	Strand	V Grovers
Leonard & Company	Parow	D Collins
Litecor Electrical	Upington	L Collett
Voltex	Cape Town	W Smith
		A Gamba
	Wetton	I Saunders
Atlas Cable Supplies	Cape Town	F Powell
		B Taylor

### Eastern Cape

Regional Manager C Boltar

#### BRANCHES

Electric Centre	Umtata	E Witbooi
Voltex Coland	East London	C Pillay
Voltex	George	H Stanley
	Jefferys Bay	K Wierzba
	Knysna	R Scholtz
	Port Elizabeth	A van der Vyver
	Uitenhage	S Glennie

#### Specialist Division

### Atlas Cable Supplies

General Manager C McDonald

#### BRANCH

Alrode	C McDonald
Cape Town	F Powell
	B Taylor
	L Oordt
Polokwane	K de Kock

### Association Cables

BRANCH Alrode M Rall

### Cabstrut

General Manager J Louw

BRANCHES	Cape Town	A Bodechtel
	Durban	F Jacobs
	Johannesburg	K Beattie
		K Rose
	Pretoria	E Tshabalala

### Northern Region Specialist Division

Regional Manager M van Schalkwyk

#### BRANCHES

Atlas Cable Supplies	Polokwane	K de Kock
Voltex	Rayton	M Herbst
		G van Staden

### Sanlic International

General Manager B Human

BRANCHES	Cape Town	I McLeod
	Johannesburg	B van Dyk
	Pretoria	V Vermeulen
	Warehouse	N McCabe

### Voltex Lighting

General Manager D Donald

BRANCHES	Cape Town	R Lowe
	Johannesburg	D Donald

### Transmission and Distribution

BRANCHES	Alrode	G du Plooy
	Bloemfontein	K Cilliers
	Durban	G Brimecombe
	EDT East London	R Swart

### Waco Industries

General Manager J Lipson

BRANCHES	Bloemfontein	E Ackerman
	Cape Town	R Human
	Cleveland	J Lipson
		G Pachai
		R Love
	Port Elizabeth	P Louw
Waco Illumination	Doornfontein	G Norman
	Port Elizabeth	P Louw

Berzack Brothers  
Chairman  
Executive Directors

MC Berzack  
M Berzack  
R Berzack  
C Gordon  
P Magid

BRANCHES	Cape Town	E Huisamen
	Durban	M Berzack
		L Pevsner
	Johannesburg	R Berzack
		C Gordon
		P Magid
	Port Elizabeth	T Allen

#### **Bloch & Levitan**

Regional Manager J Lourens

BRANCHES	Cape Town	A Eksteen
	Durban	R Schnoor
	Johannesburg	J Lourens

#### **Sato Labelling Systems**

BRANCH Johannesburg R Berzack

#### **Eastman Staples**

Head Office United Kingdom C Werb

#### **Joint Ventures**

Voltex Swaziland H Nissiotis

Voltsing Roodepoort G Singh

#### **AUTOMOTIVE DIVISION**



#### **MCCARTHY LIMITED**

Chief Executive	B Pretorius
Financial Director	E Roden
Human Resources Director	R Parkhurst
Financial Manager	C Rein

#### **Franchise Managing Directors:**

McCarthy VW/Audi	C Bailey
McCarthy DaimlerChrysler	G Damp
McCarthy Delta	A Foxcroft
McCarthy Land Rover/Volvo	T Herbert
McCarthy Nissan/Fiat/Alfa	G Jooste
McCarthy BMW (Forsdicks)	G Payet
McCarthy Peugeot	E Richardson
McCarthy Toyota	T Sorour

#### **Managing Directors:**

Budget Rent a Car	T Langley
Burchmores Car Auctions	D Jacobson
McCarthy Insurance Services	T Alison
McCarthy On-Line	L Botha
Yamaha Distributors	J Robertson

#### **General Managers:**

Procurement	R Bester
McCarthy Fleet Services	A Dalais
Club McCarthy	S Govender
McCarthy Finance	D Howell
Used Vehicles	C Henderson

## Shareholders' Diary

<b>Financial year-end</b>	June 30	
<b>Annual general meeting</b>	November	
<b>Report and accounts</b>		
Interim report for the half year ending December 31	February	
Preliminary announcement of annual results	August	
Annual report	October	
<b>Distributions</b>	<b>Declaration</b>	<b>Payment</b>
Interim distribution	February	March
Final distribution	August	September

## Administration

### THE BIDVEST GROUP LIMITED

Incorporated in the Republic of South Africa  
 Registration number: 1946/021180/06  
 Share code: BVT  
 ISIN: ZAE000008132

### REGISTERED OFFICE

Bidvest House  
 18 Crescent Drive  
 Melrose Arch  
 Melrose, 2196  
 Johannesburg, South Africa

PO Box 87274  
 Houghton, 2041  
 Johannesburg, South Africa

Telephone: +27 (11) 772 8700  
 Telefax: +27 (11) 772 8970  
 e-mail: [info@bidvest.co.za](mailto:info@bidvest.co.za)  
 Website: [www.bidvest.com](http://www.bidvest.com)

### SECRETARY

MA David

### AUDITORS

KPMG Inc

### LEGAL ADVISORS

Edward Nathan & Friedland (Pty) Limited  
 Ashurst Morris Crisp  
 Maitland & Co

### BANKERS

The Standard Bank of South Africa Limited  
 Standard Bank London Limited  
 Nedcor Bank Limited  
 Investec Bank Limited  
 HSBC Bank plc  
 FirstRand Group Limited  
 Commonwealth Bank of Australia Limited  
 Barclays Bank Limited  
 ASB Bank Limited  
 ABSA Bank Limited

### SHARE TRANSFER SECRETARIES

Ultra Registrars (Pty) Limited  
 11 Diagonal Street  
 Johannesburg, 2001

### SPONSORS

Investec Securities Limited  
 Deutsche Securities SA (Pty) Limited

### GROUP CORPORATE FINANCE AND INVESTOR RELATIONS

e-mail: [investor@bidvest.co.za](mailto:investor@bidvest.co.za)  
 D Cleasby

### GROUP CORPORATE FINANCE, COMMUNICATIONS AND BIDVEST ACADEMY

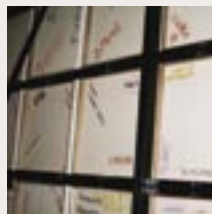
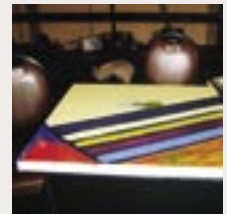
J Hochfeld

At a management conference in April 2004, three hundred senior Bidvest managers were challenged to create a painting measuring 16,5 m x 3 m and consisting of 88 canvases.

One hour and 17 minutes later palettes were laid down. The canvases were carefully arranged, and the big picture began to take shape. The completed image was mesmerising. Awash with vivid colour and captivating shapes the effect was breathtaking.

The painting has since become a visual metaphor for The Bidvest Group. Our philosophy of decentralised management, incentivisation and a sense of personal ownership has proved once again that empowered people achieve great things.

This is Bidvest – creating value and building strength from diversity.





[www.bidvest.com](http://www.bidvest.com)