

Results for the half year ended December 31 2009

infinite possibilities ... with one vision



Revenue
R56,1bn
-6,5%

Trading profit
R2,6bn
+0,1%

Headline earnings per share
495,0 cents
+9,0%

Cash generated by operations
R3,0bn
+229,7%

Distribution per share
207,0 cents
+9,0%

Consolidated income statement

for the	Half year ended			Year ended	
	2009	2008	Percentage	2007	2009
R'000	Unaudited	Unaudited	change	Unaudited	Audited
Revenue	56 113 097	59 990 887	(6,5)	53 884 531	112 427 831
Cost of revenue	(44 610 298)	(48 232 631)		(43 711 260)	(89 482 780)
Gross income	11 502 799	11 752 256	(2,1)	10 173 271	22 945 051
Other income	180 418	181 066		197 842	198 815
Operating expenses	(9 066 804)	(9 318 599)		(7 913 027)	(18 007 297)
Sales and distribution costs	(6 182 358)	(6 205 722)		(5 223 674)	(12 726 832)
Administration expenses	(2 043 773)	(2 237 292)		(1 993 116)	(3 955 068)
Other costs	(840 673)	(875 585)		(696 237)	(1 325 397)
Trading profit	2 616 413	2 614 723	0,1	2 458 086	5 136 569
Acquisition costs	(53 416)	—		—	—
Non-trading items	—	(165 338)		—	(164 240)
Net capital items	(10 450)	209 357		(46 544)	(37 701)
Operating profit	2 552 547	2 658 742	(4,0)	2 411 542	4 934 628
Net finance charges	(385 599)	(562 891)		(445 468)	(1 029 243)
Finance income	36 323	58 222		49 311	40 982
Finance charges	(421 922)	(621 113)		(494 779)	(1 070 225)
Share of profit of associates	26 383	29 320		59 081	49 238
Dividends received	16 997	26 238		24 388	29 298
Share of current year earnings	9 686	3 082		34 693	19 940
Profit before taxation	2 193 331	2 125 171	3,2	2 025 155	3 954 623
Taxation	(597 135)	(477 456)		(525 576)	(1 046 344)
Profit for the period	1 596 196	1 647 715	(3,1)	1 499 579	2 908 279
Attributable to:					
Shareholders of the Company	1 543 407	1 594 074	(3,2)	1 480 024	2 802 386
Minority shareholders	52 789	53 641		19 555	105 893
	1 596 196	1 647 715	(3,1)	1 499 579	2 908 279
Shares in issue	312 213	300 514		303 283	301 462
Weighted ('000)	314 675	302 932		310 195	303 109
Basic earnings per share (cents)	494,3	530,4	(6,8)	488,0	923,6
Diluted basic earnings per share (cents)	490,5	526,2	(6,8)	477,1	924,5
Headline earnings per share (cents)	495,0	454,0	9,0	498,1	930,0
Diluted headline earnings per share (cents)	491,1	450,3	9,0	487,0	924,9
Distribution per share (cents)*	207,0	190,0	9,0	220,0	380,0
HEADLINE EARNINGS					
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:					
Profit attributable to shareholders of the Company	1 543 407	1 594 074	(3,2)	1 480 024	2 802 386
Impairment of property, plant and equipment, goodwill and intangibles	7 009	61 989		—	34 952
Property, plant and equipment	9 304	73 901		—	16 361
Goodwill	310	6 204		—	19 910
Intangible assets	(2 605)	(18 116)		—	(1 319)
Tax relief	—	—		—	—
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	5 636	70 616		50 829	110 770
Loss on disposal and closure	5 636	98 079		73 327	138 272
Tax relief	—	(27 463)		(22 498)	(27 502)
Profit on disposal, and impairment of investments in associates	(25 900)	(366 633)		(16 782)	(181 709)
Impairment (reversal of impairment) of investments in associate	(25 900)	—		—	200 000
Net profit on disposal of associates	—	(391 751)		(23 308)	(391 138)
Tax charge	—	25 118		6 526	9 429
Net loss (profit) on disposal of property, plant and equipment and intangibles	15 192	4 227		(3 475)	37 561
Property, plant and equipment	21 100	4 227		(3 475)	54 685
Tax relief	(5 908)	—		—	(17 124)
Negative goodwill recognised in profit	—	(17)		—	(389)
Headline earnings	1 545 344	1 364 256	13,3	1 510 596	2 803 571
Exchange rates					
The following exchange rates were used in the conversion of foreign interests and foreign transactions during the periods:					
Rand/Sterling	11,81	13,70		13,69	15,89
Average rate	12,57	15,21		14,14	14,64
Rand/Euro	—	—		—	—
Closing rate	10,62	13,33		10,04	11,05
Average rate	11,15	12,42		9,80	12,35
Rand/Australian dollar	6,62	6,54		6,01	6,34
Closing rate	6,67	6,81		6,04	6,67

Consolidated cash flow statement

for the	Half year ended			Year ended	
	2009	2008	Percentage	2007	2009
R'000	Unaudited	Unaudited	change	Unaudited	Audited
Cash flows from operating activities	1 627 867	(1 149 360)	(1 178 167)	3 322 584	
Operating profit (including dividends from associates)	2 569 244	2 684 980		2 435 930	4 963 926
Depreciation and amortisation	941 028	745 314		703 767	1 744 350
Other non-cash items	(54 996)	(107 985)		39 662	171 384
Cash generated by operations before changes in working capital	3 455 274	3 322 309		3 179 359	6 879 660
Changes in working capital	(431 553)	(2 405 069)		(2 527 161)	(130 792)
Cash generated by operations	3 023 721	917 240	652 198	6 748 868	
Net finance charges paid	(379 615)	(562 892)		(367 145)	(1 024 829)
Taxation paid	(405 681)	(650 677)		(691 432)	(1 223 496)
Distributions by – Company	(598 337)	(833 646)		(761 148)	(1 144 096)
– subsidiaries	(12 221)	(19 385)		(10 640)	(33 863)
Cash effects of investment activities	(3 344 728)	(906 487)	(2 322 441)	(1 862 306)	
Net additions to vehicle rental fleet	(250 982)	(24 806)		(124 055)	(157 177)
Net additions to property, plant and equipment	(1 378 628)	(1 058 677)		(976 278)	(1 960 676)
Net additions to intangible assets	(49 764)	(70 378)		(179 652)	(182 635)
Net disposal (acquisition) of subsidiaries, businesses, associates and investments	(1 665 354)	247 374		(1 042 456)	438 182
Cash effects of financing activities	2 134 237	1 611 329	3 427 558	(1 035 300)	
Proceeds from shares issued – Company	1 084 013	36 131		—	51 116
– subsidiaries	305 480	—		—	—
Net issue (purchase) of treasury shares	(6 173)	(49 384)		63 783	(6 371)
Net borrowings raised (repaid)	951 998	182 484		1 713 393	(322 868)
Net increase (decrease) in bank overdrafts	(201 081)	1 442 098		1 650 182	(757 177)
Net increase (decrease) in cash and cash equivalents	417 376	(444 518)		(73 250)	424 978
Net cash and cash equivalents at the beginning of the period	3 212 425	3 038 618		2 374 442	3 038 618
Exchange rate adjustment	(165 026)	(105 504)		(10 603)	(251 171)
Net cash and cash equivalents at end of period	3 464 775	2 488 596	2 290 589	3 212 425	

Consolidated statement of financial position

as at	December 31		June 30	
R'000	2009	2008	2007	2009
	Unaudited	Unaudited	Unaudited	Audited
ASSETS	19 367 912	17 017 052	14 613 196	16 119 562
Non-current assets	10 465 714	9 632 011	8 175 995	9 409 702
Property, plant and equipment	6 593 493	5 29 638	4 04 857	5 12 286
Intangible assets	5 673 794	3 996 419	3 912 432	3 966 950
Goodwill	309 094	412 199	396 104	378 603
Deferred tax asset	115 392	120 200	—	120 985
Defined benefit pension surplus	579 242	640 862	664 517	449 889
Interest in associates	1 069 888	1 252 488	712 766	908 884
Investments	498 295	433 255	346 525	372 263
Banking and other advances	—	—	—	—
Current assets	23 044 858	24 754 750	22 234 444	22 364 822
Vehicle rental fleet	858 987	679 058	613 049	684 205
Inventories	7 860 914	8 731 101	7 876 548	7 443 252
Short-term portion of banking and other advances	227 384	438 103	277 764	279 862
Trade and other receivables	10 632 798	12 417 892	11 176 944	10 745 078
Cash and cash equivalents	3 464 775	2 488 596	2 290 589	3 212 425
Total assets	42 412 770	41 771 802	36 847 640	38 484 384
EQUITY AND LIABILITIES	16 356 030	13 538 700	11 538 793	14 297 627
Capital and reserves	15 733 685	13 192 736	11 287 679	13 929 132
Attributable to shareholders of the Company	622 345	345 964	251 114	368 495
Minority shareholders	5 712 260	5 770 660	4 975 618	4 155 520
Non-current liabilities	220 665	204 555	324 263	255 402
Deferred tax liability	16 916	26 491	41 127	20 672
Long-term portion of borrowings	4 609 758	4 493 441	3 824 403	2 990 232
Post-retirement obligations	439 581	496 697	383 574	460 803
Long-term portion of banking liabilities	—	222	6 450	—
Long-term portion of provisions	211 145	361 377	244 705	218 972
Long-term portion of operating lease liabilities	214 195	187 877	151 096	209 439
Current liabilities	20 344 480	22 462 442	20 333 229	20 031 237
Trade and other payables	14 049 947	15 233 696	13 787 079	14 570 716
Short-term portion of provisions	286 461	437 001	236 917	297 080
Vendors for acquisition	—	—	7 049	15 629
Taxation	449 310	302 269	218 249	262 080
Short-term portion of banking liabilities	848 548	590 570	275 013	591 200
Short-term portion of borrowings	4 710 214	5 898 906	5 808 922	4 294 532
Total equity and liabilities	42 412 770	41 771 802	36 847 640	38 484 384
Number of shares in issue	317 196	300 887	304 171	304 995
Net tangible asset value per share (cents)	2 965	2 880	2 292	3 098
Net asset value per share (cents)	4 960	4 385	3 711	4 567

Consolidated statement of changes in equity

for the	Half year ended			Year ended	
R'000	2009	2008	2007	2009	2009
	Unaudited	Unaudited	Unaudited	Audited	Audited
Capital and reserves attributable to shareholders of the Company	15 855	15 044	15 209	15 249	
Issued share capital	15 249	15 029	15 143	15 029	
balance at beginning of period	609	40	—	56	
shares issued during the period	—	—	—	—	
capitalisation issue	(3)	(25)	66	166	
net movement in treasury shares	(1 722 642)	(2 303 068)	(880 088)	(2 251 264)	
Share premium arising on shares issued	(2 251 264)	(1 456 154)	(1 82 657)	(1 456 154)	
balance at beginning of the period	1 137 071	36 091	—	51 060	
shares issued during the period	—	—	—	—	
capitalisation issue	(598 337)	(833 646)	(761 148)	(839 525)	
refund of share premium to shareholders	(6 170)	(49 359)	63 717	(6 371)	
net movement in treasury shares	(3 942)	—	—	(108)	
share issue costs	—	—	—	—	
Foreign currency translation reserve	326 614	924 664	1 007 131	691 746	
balance at beginning of period	691 746	1 968 975	1 158 151	1 968 975	
arising during the current period	(365 132)	(1 044 311)	(151 020)	(1 277 229)	
Statutory reserves	10 093	7 984	13 398	13 033	
balance at beginning of period	13 033	13 049	16 691	13 049	
transfer from (to) retained earnings	(2 940)	(5 065)	(3 293)	(16)	
Equity-settled share-based payment reserve	<				

Comment

Commendable results were delivered for the half year ended December 31 2009 in generally tough economic conditions. Headline earnings per share (HEPS) increased by 9,0% to 495,0 cents per share. However, basic earnings per share declined by 6,8% to 494,3 cents per share as a result of the inclusion of net capital profits of R209,4 million in the comparative interim period. The results includes those of the acquired Nowaco group with effect from July 1 2009.

Trading conditions in southern Africa, with the exception of Namibia, were challenging. Bidvest Asia Pacific returned a strong result. Bidvest Europe held up relatively well in difficult economic conditions.

The group's balance sheet remains strong, enhanced by a R2,0 billion reduction in seasonal working capital absorption. As a result, finance charges are materially lower. Exposure to the short end of the funding market in South Africa's falling interest rate environment was also beneficial. Working capital management improved across the Group following concerted efforts by management assisted by lower trading volumes. The risk of debtor delinquencies remains an area of critical focus.

The average rand exchange rate was stronger versus sterling and the euro. This had a negative impact on translation of foreign operations equivalent to 2,9% of HEPS.

Financial overview

Revenue fell 6,5% to R56,1 billion (2008: R59,9 billion). Significantly lower import demand constrained performance in Sefcor Panalpina, while the strong rand negatively impacted the translation of the international operations. Deflation in South Africa as a consequence of the strong currency was well managed but impacted trading margins. Many operations achieved market-share gains, particularly those in Asia Pacific. Operating expenses were well controlled across the group, reflecting a decline on the prior year. The overall trading margin improved to 4,7% (2008: 4,4%).

Headline earnings were impacted by abnormal charges of R53,4 million relating to the acquisition costs of our new eastern European businesses, Nowaco and Farutex. Previously, these once off acquisition costs would have been capitalised to the cost of the investment, but under the revised IFRS 3 accounting standard are now included as an expense in headline earnings. If HEPS were to be adjusted for the impact of these once off acquisition costs, HEPS would have been up 12,8%.

Our balance sheet remains appropriately capitalised. Net debt declined to R5,8 billion (2008: R7,9 billion), driven by lower seasonal working capital absorption, despite debt funding of R1,7 billion assumed for the Nowaco Group acquisition. Interest cover at 6,8 times reflects an improvement over 2008 with adequate borrowing capacity. Net debt to equity at 37,2% reflects significant improvement (2008: 56,7%). Net finance charges declined 31,5% to R385,6 million. Bidvest's conservative attitude to gearing remains appropriate in the current climate. Fitch Ratings affirmed the Group rating at A+ with a stable outlook while Moody's rated the Group at A1.za with a stable outlook.

Acquisition of Nowaco Group

The Nowaco Group is the number one delivered wholesaler to the foodservice and independent retail markets in central and eastern Europe. Nowaco focuses on the Czech Republic and Slovakia while Farutex serves the Polish market. The allocation of intangibles post the €250,0 million acquisition, have not been audited and accounting for the acquisition has been determined on a provisional basis in terms of IFRS 3. The Nowaco Group contributed R2,1 billion to revenue and R31,8 million to profit, after expensing R53,4 million of acquisition costs.

Nowaco Group management have integrated themselves seamlessly into the Group and results are in line with pre-acquisition expectations despite tougher economic conditions in eastern Europe.

Divisional review

Bidfreight

Bidfreight generated revenue of R8,0 billion (2008: R10,7 billion), significantly lower than the prior year. Trading profit of R375,6 million (2008: R365,5 million) was 2,8% above the prior year, a commendable result considering the revenue decline.

The terminals business did well. Depressed billings in international forwarding and clearing arising out of lower import volumes and depressed automotive activity and an operational loss at Manica held back overall performance. Corrective action has been taken at Manica. A retrenchment programme has been concluded at Sefcor Panalpina and associated costs fully expensed.

Trading profit was up on prior year at Island View Storage. Chemical imports softened and petroleum throughput weakened, however exports rose. SA Bulk Terminals performed well despite increased competitor activity. Depressed demand hit revenue and trading profit at SACD Freight. Marine did well in a very challenging shipping environment. Bidfreight Port Operations put in an exceptional performance, with steel, forest products and bulk volumes all showing healthy improvements. Both trading profit and volumes were well up at Bulk Connections due to increased exports of sized coal and manganese. Though activity levels were low, Rennies Distribution Services performed well achieving cost savings. Naval performed well in a difficult environment in Mozambique.

Bidserv

Bidserv's results were below expectation and reflect the impact and extent of the recession in South Africa. Trading profit fell 21,3% to R385,3 million (2008: R489,4 million) while revenue dipped by 3,5% to R3,5 billion (2008: R3,6 billion). Banking, Travel, Aviation Services and product-related businesses were most impacted. Cash flow and debtor's collections improved across all businesses.

Prestige produced pleasing results in difficult markets. Good expense management contributed to a small rise in profits. New management at Steiner Group achieved excellent results. Trading profit fell in the laundry business as a result of lower hotel occupancies. Security operations performed well overall. The newly acquired vehicle tracking business met expectations.

Bid Travel Services was affected by the corporate travel slowdown and low hotel occupancies. Trading profit at TMS declined on the back of certain rationalisation costs. New management has refocused the business. Market share gains continued. The Industrial Products division was hit by falling demand for workwear and equipment. Expenses were well managed. The Office Automation division produced reasonably good results, with a noticeable pickup in product demand.

Results at Global Payment Technologies were behind last year, but improved demand from its banking customers is anticipated. Bidair was heavily impacted by the scaling back of airline operations and loss of contracts. Trading profit at Green Services was up on prior year, despite declining revenue.

Transaction values fell steeply at Bidvest Bank and Master Currency, as lower interest rates and rand stability impacted results. Improved demand is expected into the second half.

Bidvest Europe

Trading profit rose 12,8% to R447,1 million (2008: R396,3 million). Revenue was down 2,4% to R18,9 billion (2008: R19,3 billion), principally due to the 17,4% appreciation of the average rand versus sterling. In spite of the barrage of negative economic data, results at the Benelux businesses were in line with expectation. Performance in the Middle East was flat. UK operations showed resilience despite strong margin pressure. Newly acquired Nowaco in Czech Republic and Slovakia and Farutex in Poland lived up to expectations.

Trading profit at 3663 First for Foodservice in the UK was slightly ahead of budget while sales were 3% ahead of forecast. Logistics achieved significant productivity improvements in some areas. Overall protection of gross margin remains a focus area as food inflation ticks higher. Another focus area is management of debtors following six successive quarters of recession. Working capital is well controlled and inventory tightly managed.

At Deli XL Netherlands trading profit was well down as recession hit the hospitality sector hard. The Netherlands business has bought 60% of fresh produce supplier Stavasius. In Belgium, trading profit was up on last year. Cash generation improved. Both sales and trading profit have reduced slightly at Horeca Trade. Hotel occupancy is soft, so is confidence following Dubai's debt restructure. Despite being in the start-up phase, sales and profits were reasonably in line with budget at the Al Diyafa JV in Saudi Arabia.

Nowaco's revenue and trading profit exceeded target. Loss of a major quasi-logistics contract impacted revenue at Farutex, though replacement sales are being secured as trade to hotels and restaurants picks up.

Bidvest Asia Pacific

The division put in an exceptional performance as strong results from Australia and New Zealand were supported by the businesses performance in greater China and Singapore. Revenue was up 1,4% to R8,9 billion (2008: R8,8 billion). Trading profit increased by 29,8% to R370,9 million (2008: R285,7 million).

The Australian economy has held up well and Bidvest Australia continued its run of pleasing results. Most sales gains were driven by growth in market share. The flagship foodservice division put in a particularly pleasing performance. Expense control was rigorous by all divisions. As the period progressed, trading conditions toughened and food deflation became evident. A Sydney produce and meat wholesaler has been acquired, which will be a platform for entry into the Fresh market. Some items of capital expenditure were accelerated to take advantage of government's tax stimulus package.

Bidvest New Zealand achieved very good results in a poor economic environment. Trading profit rose, driven by growth in a declining market and improved trading terms. Logistics put in a strong showing as did Foodservice, which achieved record results. The Fresh business performed well and national roll-out is substantially complete. The business's largest tender ever was secured for the supply of a wide range of products to the Defence Forces and the Corrections Department.

Angliss Greater China benefited from the rebounding Asian economies. The core Hong Kong business put in an especially pleasing performance, achieving market share gains. Mainland China operations are all profitable and looking to expand.

Sales and trading profit exceeded expectations at Angliss Singapore. Performance was assisted by recovery in the poultry market while a restructured foodservice division took advantage of improved pricing and an improved regional economic outlook.

Bidfood

Overall results were flat. Revenue was 2,3% lower at R2,6 billion (2008: R2,7 billion). Trading profit at R214,1 million was 1,6% lower (2008: R217,6 million).

Caterplus was impacted by intense pressure on restaurants, hotels and conferencing. Industrial catering volumes also fell, though the rate of decline is easing. Management remains strongly focused on debtor's risk and expense control while competing aggressively for growth. Margins have stabilised, though pressure remains intense. The FIFA draw in Cape Town provided a snapshot of the 2010 FIFA World Cup™ effect at work. Hotel occupancy for the week approached 100% with many restaurants full. This gives rise to cautious optimism that a turning point is close.

Comprehensive planning enabled Speciality to maximise trading opportunities during the festive period. A firmer rand was helpful from a margin management perspective, but contributed to deflation. Stockholding was reduced as inventory control was rigorous. The strategy of growing Speciality's distribution to small convenience outlets is on track.

Bidfood Ingredients recorded pleasing results. Revenue was impacted by lower sales of commodity products. Trading profit moved materially higher. The Crown National Group's results were adversely impacted by deflation. The Chipkins Bakery Group continued the upward momentum of the previous year, while NCP Yeast performed well.

Bid Industrial and Commercial Products

Disappointing results were recorded as trading conditions deteriorated. Trading profit fell 47,6% to R170,2 million while revenue contracted by 12,8% to R4,3 billion.

Electrical Wholesaling had a tough six months, with trading profit down, though margins were maintained. Expenses and stockholdings were cut. Cash flows stayed positive. Voltex was impacted by the tailing off of large projects, including 2010 FIFA World Cup™-related contracts. Voltex Solutions is still building momentum.

Significant income flow from smart energy solutions is not expected until the third quarter of 2010. Copper prices are higher, but volatility is expected.

Stationery and furniture experienced a big fall in trading profit, flat revenue, margin squeeze and expenses pressure. Waltons is in the process of implementing changes to its distribution model to align costs with international norms. Waltons new filing division – launched after the Optiplan acquisition – met expectations. Expenses were well managed at Contract Office Products. Kolok achieved revenue growth despite tough trading conditions. Expenses were contained and trading profit rose. CN Business Furniture, Seating and Dauphin were hit badly by market conditions and recorded operating losses.

Packaging and Catering equipment suffered only a small dip in trading profit off slightly lower revenue. Afcom GE Hudson faced volatile trading conditions, but trading improved in the second quarter. Buffalo Executape was under pressure but will improve going forward. At Vulcan an encouraging second quarter resulted in improved trading profit.

Bidpaper Plus

Results were generally satisfactory and were bolstered by a strong, but late rush for product over the festive season. Revenue of R1,1 billion was flat (2008: R1,0 billion) on prior year. Trading profit of R135,1 million (2008: R130,3 million) was up 4,3%.

The business built up inventory ahead of the festive season and back-to-school campaign which assisted in meeting demand. Cash generation was pleasing, but expenses moved higher in relation to inflation and cost of power. Product mix changes influenced overall margin.

Demand for manufactured print products was sluggish. Excess capacity in the market resulted in margin squeeze, though cost increases were well contained. Stationery distribution recovered well after a slow start. Personalisation and mail continued to perform well. Print sales and distribution benefited from export project success. Labels and packaging achieved a modest profit, with Rotolabel performing strongly. Alternative products achieved strong growth off a relatively small base.

Bid Auto

The encouraging recovery by Bid Auto reflects restructuring efficiencies at the core McCarthy motor retail business. Revenue of R8,7 billion was marginally below expectation. Trading profit of R278,4 million was up 29,9% on prior year (2008 R214,4 million).

Though new unit volumes were below those of the prior year, demand for used vehicles improved. Margins on both new and used vehicles were better than expected, resulting in improved returns, particularly in the used vehicle department. Parts and service revenue remained solid. Motor retail produced encouraging trading results significantly above prior year. Profit at most dealerships rose while the number of loss-makers fell. The underlying trend in new vehicle sales reflects modest growth, though challenging trading conditions are expected to persist.

Car and van rental revenue remained under pressure as a result of reduced rates and lower volumes. Average daily revenue and fleet utilisation were below expectations. An improvement in profitability is expected arising out the anticipated activity surrounding the 2010 FIFA World Cup™.

Financial Services revenue fell as a result of the decline in vehicle volumes, though penetration levels were at record levels which resulted in pleasing trading results. The equity portfolio performed well and reflects a significant turnaround from the losses reported in the previous year. In December, the McCarthy Finance joint venture with Wesbank recorded its highest monthly revenue since October 2007, signalling improved credit availability.

Trading conditions at Yamaha Distributors remained tough as the demand for leisure products remained weak. Relative stability of the Rand contributed to some margin restoration. Heavy equipment was impacted by a significant falloff in infrastructural demand. Restructuring of the business will now be aggressively pursued. Fleet services delivered lower results as the effects of the slowdown and higher impairment charges negatively impacted trading profit. Cash generation in the period was excellent.

Arresting the slide in new vehicle net profit is a priority along with plans to entrench Bid Auto's leadership in used vehicle retailing. Consolidation and multi-franchising will continue at poorly performing dealerships. Headcount has fallen as a result of rationalisation and implementation of a cost-reduction strategy, but in 2010 talent retention will receive greater attention.

Bidvest Namibia

The business, which in October was successfully listed on the Namibian Stock Exchange, achieved trading profit of R150,0 million (2008: R126,0 million), up 19,0% on prior year. Revenue moved 10,3% higher to R949,4 million (2008: R860,4 million). Performance was down in the commercial businesses as customers scaled back demand. Manica Namibia delivered good results on the back of strong demand for freight and agency services. Fishing operations in the Bidfish division performed well, despite the strength of the Namibian dollar against the US dollar. Excellent catch rates and a recovery in selling prices boosted trading profit.

Corporate

Corporate continued to explore acquisition opportunities. A strategic review is under consideration as to the positioning of the “Bidvest” brand.

Bidvest Property Holdings continued to successfully manage and grow its strategic portfolio. A number of Group opportunities are being pursued despite very challenging market conditions. The restructured Overtime Automotive in the UK delivered an improved result in a challenging automotive market.

Prospects

The adverse economic conditions created by the global financial crisis would appear to have abated somewhat, however, the return to previous levels of activity still appears to be some way off. Opportunity has been taken to reassess many businesses and their cost structures in view of the new economic reality and decisive action has been taken. The Group remains committed to its decentralised business model which has proven resilient over a sustained period of economic upheaval.

Our balance sheet remains strong with conservative gearing, the businesses are well resourced and we have the capacity and desire to seek out further strategic acquisition opportunities.

The hosting of a successful 2010 FIFA World Cup™ is an opportunity both for Bidvest and South Africa. Our exposure to the potential that will accrue to the hospitality industry should provide meaningful benefit to the Group. Much of the direct exposure has already been contracted.

We are excited by the potential that the acquisitions of Nowaco and Farutex businesses offer, not only in their home countries but as the springboard to growth in other geographies. The UK business is benefiting from the hard decisions taken previously, however, the economy remains flat with no significant recovery prospects evident. Our European businesses are holding their own but economic conditions remain soft.

Our businesses in the Asia Pacific region are confident of growth in the period ahead. Focus will be on increasing revenue, margin enhancement and improved operational efficiencies which will further their leading market positions. They are well placed for further expansion through acquisitions and market-share gains.

South Africa appears to be on the cusp of economic recovery however the rate thereof remains uncertain. Improved fundamentals of a lower interest rate environment and improved consumer demand will assist. Our businesses are well placed to benefit from the anticipated upturn.

Our focus remains on delivering acceptable returns from funds employed. Working capital management continues to receive the necessary attention, however, some absorption will be evident as trading volumes tick up. We remain confident of an improved trading performance in the current environment to ensure ongoing value creation.

For and on behalf of the Board

MC Ramaphosa	B Joffe
<i>Chairman</i>	<i>Chief Executive</i>

Distribution

Notice is hereby given that an interim cash distribution by way of capital reduction out of share premium of 207,0 (2009: 190,0) cents per share, in lieu of a dividend, has been awarded to members recorded in the register of the Company at the close of business on Friday, March 26 2010.

The salient dates applicable to the cash distribution are as follows:

Last day to trade cum distribution	Thursday, March 18 2010
Shares trade ex distribution	Friday, March 19 2010
Record date	Friday, March 26 2010
Payment date	Monday, March 29 2010

Share certificates may not be rematerialised or dematerialised during the period Friday, March 19 2010 to Friday, March 26 2010, both days inclusive.

In terms of the requirements of the Companies Act, the directors confirm that after the payment of the distribution, the Company will be able to pay its debts as they become due in the ordinary course of business and its consolidated assets, fairly valued, will exceed its consolidated liabilities.

The impact of the distribution on the Company as at December 31 2009, is a reduction of equity attributable to ordinary shareholders and cash and cash equivalents of R656,6 million and a reduction in the net asset value and tangible net asset value of 207,0 cents per share to 4 753 cents and 2 758 cents respectively.

For and on behalf of the board

CA Brighton
<i>Company secretary</i>
Johannesburg
March 1 2010

<p>The Bidvest Group Limited</p> <p>Incorporated in the Republic of South Africa (“Bidvest” or “the Group” or “the Company”)</p> <p>Directors</p> <p><i>Chairman:</i> MC Ramaphosa</p> <p><i>Independent non-executive:</i> DDB Band, LG Boyle*, S Koseff, NP Mageza, D Masson, JL Pamensky, NG Payne, Adv FDP Tlakula</p> <p><i>Non-executive:</i> AA Da Costa (alternate LJ Mokoena), MBN Dube, RM Kunene, T Slabbert</p> <p><i>Executive:</i> B Joffe (Chief executive), FJ Barnes*, BL Berson**, MC Berzack, DE Cleasby, AW Dawe, LI Jacobs, P Nyman, SG Pretorius, LP Ralphs, AC Salomon (*British **Australian)</p> <p>Company Secretary</p> <p>CA Brighton</p> <p>Transfer secretaries</p> <p>Link Market Services South Africa (Pty) Limited, 11 Diagonal Street, Johannesburg 2001, South Africa PO Box 4844, Johannesburg 2000, South Africa</p> <p>Registered office</p> <p>Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg 2196, South Africa PO Box 87274, Houghton, Johannesburg 2041, South Africa</p> <p>Registration number 1946/021180/06</p> <p>Share code: BVT ISIN: ZAE000117321</p>	<p>PROUDLY</p>  <p>BIDVest</p>
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