Bidvest

Proudly tomorrow

The Bidvest Group Limited
Unaudited results for the half-year ended
December 31 2015

"... a great platform for an optimistic tomorrow."

Brian Joffe Group chief executive

1 Highlights
2 Condensed consolidated income statement
4 Condensed consolidated statement of other comprehensive income
5 Condensed consolidated statement of cash flows
6 Condensed consolidated statement of financial position
7 Condensed consolidated statement of changes in equity
8 Condensed segmental analysis
9 Message to shareholders
15 Basis of presentation of condensed consolidated financial statements
17 Administration

Bidvest

Highlights

+9,6% Turnover increased to R114,5 billion (2014: R104,4 billion)

+11,8% Trading result rose to R5,1 billion (2014: R4,6 billion)

+13,0% HEPS increased to 1 001,5 cents (2014: 886,3 cents)

+13,1% Distribution per share rose to 482,0 cents (2014: 426,0 cents)

+22,2% Net asset value per share up to 12 897 cents (2014: 10 557 cents)

Condensed consolidated income statement

for the

R'000	Half-year ended December 31 **2015 Unaudited**	2014 Unaudited	Percentage change	Year ended June 30 2015 Audited
Turnover	**114 446 512**	104 436 524	9,6	204 915 925
Revenue	**103 303 625**	92 613 034	11,5	182 164 453
Cost of revenue	**(79 800 409)**	(71 602 834)	11,4	(139 566 689)
Gross income	**23 503 216**	21 010 200	11,9	42 597 764
Operating expenses	**(18 526 079)**	(16 565 648)	11,8	(33 453 768)
Sales and distribution costs	**(12 986 993)**	(11 528 784)		(23 129 638)
Administration expenses	**(3 705 917)**	(3 420 111)		(6 783 084)
Other costs	**(1 833 169)**	(1 616 753)		(3 541 046)
Other income	**162 544**	150 831		382 023
Trading result	**5 139 681**	4 595 383	11,8	9 526 019
Income from investments	**17 708**	26 076		146 836
Trading profit	**5 157 389**	4 621 459	11,6	9 672 855
Share-based payment expense	**(112 668)**	(93 982)		(228 637)
Acquisition costs	**(5 379)**	(35 026)		(74 241)
Net capital items	**(233 559)**	(74 693)		(32 574)
Operating profit	**4 805 783**	4 417 758	8,8	9 337 403
Net finance charges	**(601 521)**	(578 844)	3,9	(1 120 058)
Finance income	**38 513**	39 814		112 918
Finance charges	**(640 034)**	(618 658)		(1 232 976)
Share of profit of associates	**98 403**	127 503	(22,8)	218 069
Profit before taxation	**4 302 665**	3 966 417	8,5	8 435 414
Taxation	**(1 192 902)**	(1 108 788)	7,6	(2 276 038)
Profit for the period	**3 109 763**	2 857 629	8,8	6 159 376
Attributable to:				
Shareholders of the Company	**3 029 104**	2 767 461	9,5	5 898 406
Non-controlling interest	**80 659**	90 168	(10,5)	260 970
	3 109 763	2 857 629	8,8	6 159 376
Shares in issue				
Total	**326 837**	324 324		325 052
Weighted ('000)	**325 399**	320 556		322 792
Diluted weighted ('000)	**327 182**	323 993		324 606
Basic earnings per share (cents)	**930,9**	863,3	7,8	1 827,3
Diluted basic earnings per share (cents)	**925,8**	854,2	8,4	1 817,2
Headline earnings per share (cents)	**1 001,5**	886,3	13,0	1 882,2
Diluted headline earnings per share (cents)	**996,0**	876,9	13,6	1 871,7
Distributions per share (cents)	**482,0**	426,0	13,1	909,0

R'000	Half-year ended December 31 **2015 Unaudited**	2014 Unaudited	Percentage change	Year ended June 30 2015 Audited
Headline earnings				
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:				
Profit attributable to shareholders of the Company	**3 029 104**	2 767 461	9,5	5 898 406
Impairment of property, plant and equipment; goodwill and intangible assets	**146**	1 518		94 792
Property, plant and equipment	**203**	2 108		11 740
Intangible assets	**–**	–		113 137
Tax relief	**(57)**	(590)		(30 085)
Net loss (profit) on disposal of interests in subsidiaries and disposal and closure of businesses	**5 685**	–		(52 855)
Loss (profit) on disposal and closure	**5 685**	–		(95 338)
Tax charge	**–**	–		42 483
Net loss on disposal, impairment and reversal of impairment of investments in associates	**230 080**	73 285		254 493
Impairment of investments in associates	**216 916**	118 127		305 047
Reversal of impairment of investments in associate	**–**	(33 328)		–
Net loss (profit) on change in shareholding in associates	**13 164**	(11 514)		(59 284)
Tax charge	**–**	–		8 730
Net profit on disposal of property, plant and equipment	**(4 807)**	(569)		(151 411)
Property, plant and equipment	**(2 409)**	(700)		(242 728)
Tax relief (charge)	**(4 231)**	131		36 484
Non-controlling interest	**1 833**	–		54 833
Non-headline items included in equity accounted earnings of associated companies	**(1 478)**	(758)		32 217
Headline earnings	**3 258 730**	2 840 937	14,7	6 075 642

Condensed consolidated statement of other comprehensive income

for the

R'000	Half-year ended December 31 2015 Unaudited	Half-year ended December 31 2014 Unaudited	Year ended June 30 2015 Audited
Profit for the period	**3 109 763**	2 857 629	6 159 376
Other comprehensive income (expense)	**4 064 909**	(438 291)	(63 099)
Items that may be classified subsequently to profit or loss	**4 064 909**	(438 291)	(96 252)
Foreign currency translation reserve			
Exchange differences arising during the period	**4 050 223**	(437 198)	(114 732)
Realisation of reserve on disposal of subsidiaries and associates	**–**	–	(1 687)
Available-for-sale financial assets			
Net fair value gain (loss) on available-for-sale financial assets	**(6 334)**	3 579	29 456
Cash flow hedges			
Fair value gains (losses) arising during the period	**28 992**	(6 801)	(6 026)
Taxation effects			
Tax relief (charge) for the period	**(7 972)**	2 129	(3 263)
Items that will not be reclassified subsequently to profit or loss	**–**	–	33 153
Defined benefit obligations			
Net remeasurement of defined benefit obligations during the period	**–**	–	44 096
Taxation effects			
Tax charge for the period	**–**	–	(10 943)
Total comprehensive income for the period	**7 174 672**	2 419 338	6 096 277
Attributable to			
Shareholders of the Company	**7 061 997**	2 316 347	5 814 601
Non-controlling interest	**112 675**	102 991	281 676
	7 174 672	2 419 338	6 096 277

Condensed consolidated statement of cash flows

for the

R'000	Half-year ended December 31 **2015 Unaudited**	2014 Unaudited	Year ended June 30 2015 Audited
Cash flows from operating activities	**(520 339)**	1 421 540	6 434 016
Operating profit	**4 805 783**	4 417 758	9 337 403
Dividends from associates	**88 327**	53 661	85 366
Acquisition costs	**5 379**	35 026	74 241
Depreciation and amortisation	**1 442 835**	1 345 490	2 539 847
Other non-cash items	**21 113**	124 605	(315 523)
Cash generated by operations before changes in working capital	**6 363 437**	5 976 540	11 721 334
Changes in working capital	**(3 481 570)**	(2 370 409)	(74 408)
Cash generated by operations	**2 881 867**	3 606 131	11 646 926
Net finance charges paid	**(592 449)**	(570 695)	(969 404)
Taxation paid	**(1 136 290)**	(1 112 511)	(2 287 700)
Dividends paid by – Company	**(1 572 605)**	(383 635)	(1 767 532)
– subsidiaries	**(100 862)**	(117 750)	(188 274)
Cash effects of investment activities	**(3 400 178)**	(3 931 826)	(6 239 094)
Net additions to vehicle rental fleet	**28 212**	(355 067)	(87 364)
Net additions to property, plant and equipment	**(2 655 152)**	(1 595 229)	(2 834 200)
Net additions to intangible assets	**(117 122)**	(142 386)	(278 447)
Net acquisition of subsidiaries, businesses, associates and investments	**(656 116)**	(1 839 144)	(3 039 083)
Cash effects of financing activities	**1 548 593**	(7 591)	167 116
Proceeds from shares issued	**82 506**	104 398	104 312
Net issue of treasury shares	**418 970**	382 795	540 385
Net borrowings raised (repaid)	**1 047 117**	(494 784)	(477 581)
Net increase (decrease) in cash and cash equivalents	**(2 371 924)**	(2 517 877)	362 038
Net cash and cash equivalents at beginning of the period	**5 818 512**	5 560 585	5 560 585
Exchange rate adjustment	**698 233**	(57 987)	(104 111)
Net cash and cash equivalents at end of the period	**4 144 821**	2 984 721	5 818 512
Net cash and cash equivalents comprise:			
Cash and cash equivalents	**6 298 693**	6 453 820	5 819 288
Bank overdrafts included in short-term portion of interest bearing borrowings	**(2 153 872)**	(3 469 099)	(776)
	4 144 821	2 984 721	5 818 512

Condensed consolidated statement of financial position

as at

R'000	December 31 2015 Unaudited	December 31 2014 Unaudited	June 30 2015 Audited
ASSETS			
Non-current assets	**49 152 075**	40 468 379	43 094 009
Property, plant and equipment	**21 053 008**	16 975 428	18 301 434
Intangible assets	**2 248 624**	2 216 557	2 093 480
Goodwill	**16 546 020**	13 269 182	13 567 032
Deferred tax assets	**922 814**	635 510	877 623
Defined benefit pension surplus	**146 954**	124 768	146 954
Interest in associates	**4 822 142**	3 926 101	4 816 412
Investments	**2 524 116**	2 381 866	2 551 260
Banking and other advances	**888 397**	938 967	739 814
Current assets	**52 656 498**	45 048 395	44 773 608
Vehicle rental fleet	**1 262 758**	1 697 958	1 376 295
Inventories	**18 045 879**	14 973 415	14 843 572
Short-term portion of banking and other advances	**705 957**	226 717	547 740
Trade and other receivables	**26 343 211**	21 696 485	22 186 713
Cash and cash equivalents	**6 298 693**	6 453 820	5 819 288
Total assets	**101 808 573**	85 516 774	87 867 617
EQUITY AND LIABILITIES			
Capital and reserves	**43 446 557**	35 450 544	37 710 234
Attributable to shareholders of the Company	**42 153 184**	34 237 585	36 372 190
Non-controlling interest	**1 293 373**	1 212 959	1 338 044
Non-current liabilities	**12 559 806**	11 321 753	10 020 249
Deferred tax liability	**1 071 514**	890 226	1 033 660
Life assurance fund	**25 861**	27 578	26 733
Long-term portion of borrowings	**9 086 978**	9 227 023	7 124 986
Post-retirement obligations	**298 149**	357 647	283 919
Puttable non-controlling interest liabilities	**1 084 404**	–	939 430
Long-term portion of provisions	**830 058**	642 805	511 246
Long-term portion of operating lease liabilities	**162 842**	176 474	100 275
Current liabilities	**45 802 210**	38 744 477	40 137 134
Trade and other payables	**31 305 906**	26 038 368	29 546 007
Short-term portion of provisions	**998 197**	861 090	501 611
Vendors for acquisition	**650 035**	1 807 958	573 271
Taxation	**480 696**	367 590	401 850
Short-term banking liabilities	**3 096 947**	2 061 776	2 653 862
Short-term portion of borrowings	**9 270 429**	7 607 695	6 460 533
Total equity and liabilities	**101 808 573**	85 516 774	87 867 617
Net tangible asset value per share (cents)	**7 147**	5 782	6 372
Net asset value per share (cents)	**12 897**	10 557	11 190

Condensed consolidated statement of changes in equity

for the

R'000	Half-year ended December 31 2015 Unaudited	Half-year ended December 31 2014 Unaudited	Year ended June 30 2015 Audited
Shareholders' interest			
Issued share capital	**16 770**	16 758	16 758
Balance at beginning of the period	**16 758**	16 562	16 562
Shares issued during the period	**12**	17	17
Capitalisation issue	**–**	179	179
Share premium arising on shares issued	**379 792**	297 384	297 298
Balance at beginning of the period	**297 298**	193 182	193 182
Shares issued during the period	**82 580**	104 703	104 688
Capitalisation issue	**–**	(179)	(164)
Share issue costs	**(86)**	(322)	(408)
Foreign currency translation reserve	**9 167 601**	4 838 047	5 149 394
Balance at beginning of the period	**5 149 394**	5 288 068	5 288 068
Realisation of foreign currency translation reserve on sale of subsidiaries and associates	**–**	–	(1 687)
Arising during the period	**4 018 207**	(450 021)	(136 987)
Hedging reserve	**46 403**	24 369	25 383
Balance at beginning of the period	**25 383**	29 041	29 041
Fair value gains (losses) arising during the period	**28 992**	(6 801)	(6 026)
Deferred tax recognised directly in reserve	**(7 972)**	2 129	2 368
Equity-settled share-based payment reserve	**117 734**	401 041	310 416
Balance at beginning of the period	**310 416**	359 594	359 594
Arising during the period	**112 433**	93 703	228 177
Deferred tax recognised directly in reserve	**39 891**	52 464	106 911
Utilisation during the period	**(345 006)**	(104 720)	(428 422)
Transfer from retained earnings	**–**	–	44 156
Retained earnings	**32 991 139**	29 802 801	31 558 166
Balance at beginning of the period	**31 558 166**	27 420 045	27 420 045
Attributable profit	**3 029 104**	2 767 461	5 898 406
Change in fair value of available-for-sale financial assets	**(6 334)**	3 579	23 825
Net remeasurement of defined benefit obligations during the period	**–**	–	33 015
Transfer of reserves as a result of changes in shareholding of subsidiaries	**(17 192)**	(4 649)	(5 437)
Dividends paid	**(1 572 605)**	(383 635)	(1 767 532)
Transfer to other reserves	**–**	–	(44 156)
Treasury shares	**(566 255)**	(1 142 815)	(985 225)
Balance at beginning of the period	**(985 225)**	(1 525 610)	(1 525 610)
Shares disposed of in terms of share incentive scheme	**418 970**	382 795	540 385
	42 153 184	34 237 585	36 372 190
Equity attributable to non-controlling interests of the Company			
Balance at beginning of the period	**1 338 044**	1 230 233	1 230 233
Movement in foreign currency translation reserve	**32 016**	12 823	20 568
Movement in equity-settled share-based payment reserve	**235**	279	460
Attributable profit	**80 659**	90 168	260 970
Net remeasurement of defined benefit obligations during the period	**–**	–	138
Dividends paid	**(100 862)**	(117 750)	(188 274)
Transactions with non-controlling interest	**(73 911)**	(7 443)	935 197
Transfer to puttable non-controlling interest liability	**–**	–	(926 685)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**17 192**	4 649	5 437
	1 293 373	1 212 959	1 338 044
Total equity	**43 446 557**	35 450 544	37 710 234

Condensed segmental analysis

for the

R'000	Half-year ended December 31 **2015 Unaudited**	2014# Unaudited	Percentage change	Year ended June 30 2015# Audited
TURNOVER				
Bidvest South Africa	**45 263 572**	43 881 623	3,1	87 390 798
Automotive	**12 149 439**	12 282 452	(1,1)	23 683 728
Commercial	**2 942 439**	2 163 529	36,0	4 168 360
Electrical	**2 682 768**	2 600 376	3,2	5 256 267
Financial Services	**1 509 218**	907 864	66,2	2 035 048
Freight	**14 673 677**	14 423 680	1,7	29 058 663
Office and Print	**5 151 281**	4 977 947	3,5	10 575 028
Services	**6 154 750**	6 525 775	(5,7)	12 613 704
Bidvest Namibia	**2 045 915**	2 049 033	(0,2)	4 085 868
Bidvest Foodservice	**68 223 647**	59 545 021	14,6	116 588 849
Australasia	**14 568 000**	14 869 713	(2,0)	28 187 109
United Kingdom	**30 367 309**	23 847 434	27,3	47 722 732
Europe	**14 432 427**	12 722 872	13,4	24 802 908
Emerging Markets	**8 855 911**	8 105 002	9,3	15 876 100
Bidvest Corporate	**923 723**	817 951	12,9	1 603 871
Properties	**244 245**	209 445	16,6	425 331
Corporate and Investments	**679 478**	608 506	11,7	1 178 540
	116 456 857	106 293 628	9,6	209 669 386
Inter Group eliminations	**(2 010 345)**	(1 857 104)		(4 753 461)
	114 446 512	104 436 524	9,6	204 915 925
TRADING PROFIT				
Bidvest South Africa	**2 657 183**	2 529 180	5,1	5 146 464
Automotive	**357 814**	384 735	(7,0)	731 723
Commercial	**250 894**	182 748	37,3	334 705
Electrical	**138 965**	121 915	14,0	305 080
Financial Services	**264 671**	253 591	4,4	527 576
Freight	**512 397**	566 893	(9,6)	1 059 728
Office and Print	**415 325**	333 133	24,7	742 446
Services	**717 117**	686 165	4,5	1 445 206
Bidvest Namibia	**120 662**	172 514	(30,1)	400 186
Bidvest Foodservice	**2 348 680**	1 912 490	22,8	3 986 144
Australasia	**751 935**	680 916	10,4	1 437 078
United Kingdom	**717 725**	521 489	37,6	1 087 877
Europe	**435 012**	341 078	27,5	806 163
Emerging Markets	**444 008**	369 007	20,3	655 026
Bidvest Corporate	**30 864**	7 275		140 061
Properties	**220 203**	193 216	14,0	396 992
Corporate and Investments	**(189 339)**	(185 941)		(256 931)
	5 157 389	4 621 459	11,6	9 672 855

#Refer to note on page 15

Message to shareholders

Highlights

The Group delivered solid trading results for the half-year ended December 31 2015, against the backdrop of challenging market conditions, particularly in the southern African region. Headline earnings per share (HEPS) increased by 13,0% to 1 001,5 cents per share (2014: 886,3 cents per share) with basic earnings per share (EPS) increasing by 7,8% to 930,9 cents per share (2014: 863,3 cents per share).

Bidvest Foodservice achieved real organic growth in local currencies in most businesses in an environment of zero food inflation. Trading results in rand overall were buoyed by currency depreciation.

Bidvest South Africa delivered an improved trading result despite tough economic conditions as a consequence of the fallout from declining commodity volumes and prices in Freight and weak consumer demand in Automotive. Some good performances were achieved in the Commercial, Electrical and Office and Print divisions. Bidvest Namibia recorded a further decline in trading profit impacted by poor Fishing and Freight results which outweighed the benefits of newly acquired Automotive business.

Financial overview

Turnover grew by 9,6% to R114,5 billion (2014: R104,4 billion). Major contributors to the increases were Bidvest Europe and Bidvest UK, reflecting organic growth and some assistance from currency effects on translation.

Gross profit percentage increased to 20,5% (2014: 20,1%) off the increase in turnover. Operating expenses remained well controlled, increasing by 5,5% on a like-for-like basis excluding the effects of foreign currency translation. Investment income declined slightly due to reduced fair value and mark-to-market gains on the portfolio investments.

The Group grew trading profit by 11,6% to R5,2 billion (2014: R4,6 billion). Trading profit margin improved marginally to 4,5%. The average rand exchange rate weakened against sterling and the euro, resulting in a 3,7% overall benefit to trading profit.

Net finance charges were 3,9% higher at R601,5 million (2014: R578,8 million), a consequence of higher working capital utilisation, some acquisitions and a rising interest rate environment in South Africa, both in respect of base rates as well as credit spreads. Bidvest remains well capitalised in line with its conservative approach to gearing, with trading profit interest cover at 8,6 times (2014: 8,0 times).

Associate earnings declined by 22,8% largely as a result of the decline in the fortunes of Comair Limited offset to some extent by the improved performance of Adcock Ingram Holdings Limited (Adcock).

Headline earnings increased by 14,7% to R3,3 billion with profit for the year up 9,5% to R3,0 billion. Headline earnings adjustments in the period totalled R229,6 million comprising mostly fair value impairments of the investment in associates. In line with management's valuation as at June 2015, Adcock was valued at R52 per share. As a consequence of the subsequent decline of the Adcock share price, this may require a non-cash and non-headline earnings impairment at year end.

The Group's financial position remains strong. Growth in total assets reflects the ongoing investments into infrastructure and the trading activity in inventories and receivables. Net debt has increased to R12,0 billion as compared to R7,8 billion at June 30 2015 (2014: R10,4 billion) driven by investment into property, plant and equipment and working capital utilisation. Normalised trading profit interest cover (excluding the finance costs of the Adcock investment) is 10,7 times (2014: 10,3 times) and is comfortably above the Group's conservative self-imposed targets, retaining adequate headroom to accommodate expansion opportunities.

Message to shareholders continued

Cash generated by operations before working capital changes increased 6,5% to R6,4 billion (2014: R6,0 billion). The Group absorbed R3,5 billion of working capital in 2015 compared to R2,4 billion in 2014, reflecting growth, the impact of the devaluation of the rand on replacement inventories, some acquisitions, pockets of inefficient asset management as well as impacts of currency translation. Net working capital days increased to 17,6 days (2014: 14,1 days).

Moody's Investor Service affirmed Bidvest's national long-term rating of A1.za with a stable outlook in January 2015.

Acquisitions

The Group made a number of small acquisitions, including Plumblink SA Proprietary Limited (Plumblink) in South Africa and Novel Ford in Namibia.

Prospects

Trading conditions in South Africa are likely to remain subdued in a low growth environment. Certain divisions have been realigned to cater for succession, and to streamline our service offering to customers. Management will strive to deliver real organic growth and pursue local and international opportunities to complement our existing product and service offering. Further acquisition opportunities in the industrial sector are being pursued. In respect of Adcock, good progress continues to be made on their path to normalised profitability and Bidvest remains optimistic about their medium-term prospects. Bidvest Namibia continues to face uncertainty around future horse mackerel quotas and the availability thereof, however initiatives are underway to finding more permanent solutions to the issue. Fixing areas of underperformance and diversifying the business base remain focus areas.

In the Food businesses, the ongoing focus of our wholesale segments remains on balancing the exposure between national and independent foodservice customers. Innovative technological foodservice solutions for customers as a value-add service continue to be rolled out across all businesses. The fresh product offering presents significant potential in most regions. Across all our businesses, opportunities to add new product ranges and expand local footprints, via both organic and acquisitive growth, will continue.

Management is conscious of the need to remain focused on improving asset management in order to maximise returns in our businesses, particularly in current economic environments. Our financial position remains sound, cash generation remains strong and we retain adequate headroom to accommodate expansion opportunities, both acquisitive and organic. Management remains alert to opportunities and is confident of delivering further growth in the period ahead.

Over many years, the Bidvest entrepreneurial and decentralised business model has proven its resilience through many economic cycles. The strength of the culture breeds accountability and confidence which allows the Group to deliver above-average returns to our shareholders. As the Group prepares itself for the next stage in its evolution, each management team is confident of being able to sustain "Proudly Tomorrow".

Subsequent events

Bidvest announced on October 7 2015 that it was in the process of formalising the restructure of its business operations and management focus.

Further to this announcement, and in order to provide shareholders with the opportunity to participate directly in Bidvest's Foodservice operations, Bidvest intends to unbundle and separately list the Foodservice business on the main board of the JSE. The successful completion of the proposed transaction will be subject to conditions precedent, including approval by shareholders and the relevant regulatory authorities. Shareholders are advised to continue to exercise caution when trading in Bidvest securities until a further announcement in this regard is made.

Divisional review

Bidvest Industrial

Bidvest South Africa

In challenging economic conditions the business achieved 3,1% turnover growth to R45,3 billion (2014: R43,9 billion) and a 5,1% rise in trading profit to R2,7 billion (2014: R2,5 billion). Performance was pleasing as a new divisional structure was rolled out.

The new combined Services division brings together the original Services division plus Travel and Aviation and Rental and Products divisions. The Office and Paperplus divisions are consolidated into a new Office and Print division, while the Industrial and Consumer Products divisions are combined into a single Commercial Products division. The Automotive, Electrical, Financial Services and Freight divisions remain unchanged.

Automotive

Satisfactory results were delivered in the context of severe market contraction. Turnover dipped to R12,2 billion (2014: R12,3 billion). Trading profit fell 7,0% to R357,8 million (2014: R384,7 million). Passenger vehicle sales and margins were under pressure. Expenses rose and credit extension tightened. The uptick in used vehicle trading was slower than expected. Two loss-making dealerships are being disposed of. The parts business continued to grow, as did service revenue. Rising interest rates and currency weakness are expected to create significant headwinds in the second half. Opportunities for selective expansion of McCarthy Pre-Owned will be pursued.

Commercial Products

The new, consolidated division recorded impressive results from both the Industrial and Consumer Products units. The combined entity drove turnover 36,0% higher to R2,9 billion (2014: R2,2 billion), with trading profit up 37,3% at R250,9 million (2014: R182,8 million). Trading profit in the new reporting period benefited from Plumblink's first contribution (acquired July 2015).

Home of Living Brands experienced volume growth at almost all top retailers in the customer mix. Independents face particular challenges, but a new approach by management resulted in overall volume improvements. Online sales grew and exports met expectations. Academy Brushware, Bidvest Afcom, Berzacks, Bidvest Materials Handling, Bidvest Buffalo Tapes and Yamaha all delivered solid results. Vulcan Catering and G Fox faced challenges. Plumblink bedded down well and opened eight new stores. A restructure was undertaken at Sanlic.

Electrical

A positive half-year result was achieved. Turnover rose 3,2% to R2,7 billion (2014: R2,6 billion). At R139,0 million, trading profit was up 14,0% (2014: R121,9 million). Margins and expenses were well managed. Cable volumes rose while market prices fell. Infrastructure and construction faced intense pressure. Volume and margin pressure is constant among mining customers. Subcontractor debtor stress remains a challenge. Eastern and southern Cape operations are being consolidated. The Voltex Lighting business restructure is underway. Atlas, Solid State and Waco did well. The Voltex MV/LV Solutions business is positioned for ongoing growth. Versalec disappointed but remains profitable with a strong order book.

Financial Services

Trading profit rose 4,4% to R264,7 million (2014: R253,6 million), buoyed by a strong Bidvest Bank performance. However, poor share portfolio performance within the Insurance business led to a negative mark-to-market adjustment of R41,3 million on the prior year.

Trading profit at **Bidvest Bank** rose 26,7% to R231,9 million (2014: R183,1 million). At R1,5 billion, new lending pay-outs were 451% up on the comparative period. Top-line income of R527,5 million was up 20% on strong contributions from foreign exchange, transactional banking and fleet and asset finance. Deposits were up 50,3% at R3,2 billion. Corporate advances, leased assets and trade finance showed pleasing growth. The bank is strongly cash generative, though cash surpluses fell from R2,0 billion to R1,4 billion as management maintained strong focus on higher returns.

Trading profit at **Bidvest Insurance** fell 53,6% to R32,7 million (2014: R70,5 million), though gross written premiums rose 7,2% to R148,0 million (2014: R138,1 million). Premiums were buoyed by the launch of the commercial channel and rising volumes from new product ranges, including Theft Buster and travel insurance.

Message to shareholders continued

Freight

Half-year results were disappointing. Turnover increased 1,7% to R14,7 billion (2014: R14,4 billion). Trading profit dropped 9,6% to R512,4 million (2014: R566,9 million). Big reductions in commodity volumes created substantial challenges. South African Bulk Terminals handled no maize volumes as drought crippled agricultural exports. However, Bidvest Tank Terminals achieved some growth and the Richards Bay fuel storage build made progress. Bidvest Panalpina Logistics also put in a good performance buoyed by automotive demand and warehousing growth. Port Operations experienced low activity levels in both its terminal and stevedoring operations. South African Container Depots was hit by lower import volumes as a consequence of rand weakness. Exports also fell. Low demand from mining customers severely impacted Bulk Connections. Naval volumes were well down.

Office and Print

The consolidated business, combining Office and Paperplus, achieved satisfactory results, with turnover 3,5% higher at R5,2 billion (2014: R5,0 billion) and trading profit up 24,7% at R415,3 million (2014: R333,1 million).

Lithotech was buoyed by export income and changes to its service mix. Bidvest Data created a competitive advantage from the shift to electronic communication. Bidvest Packaging maintained strong momentum after consolidation. Rotolabel achieved a pleasing turnaround, as did Silveray. Kolok performed strongly, with rand weakness contributing to its results. Performance at Waltons continued to disappoint. A strong performance was put in by Konica Minolta. Zonke Monitoring Systems again did well. Among the furniture businesses, Cecil Nurse performed exceptionally well and the furniture contribution was well above budget.

Services

A new-look Services business, combining the previous operations at Services, Rental and Products, and Travel and Aviation recorded acceptable results. Turnover fell 5,7% to R6,2 billion (2014: R6,5 billion) mainly as a result of the Cash-in-Transit business sale in February 2015. Trading profit, however, was up 4,5% at R717,1 million (2014: R686,2 million). Fine individual business performances were interspersed with some sluggish results. Expenses were well managed. Several new management teams made a promising start and new business clusters settled down well.

Facilities Management Services, the largest cluster in the business, produced reasonable results. Prestige is centralising its division into hubs with warehousing. Employment tax incentives underpinned good Prestige growth. Steiner was impacted by the weak rand, but achieved acceptable growth. Royal Mnandi disappointed. A restructure is under way.

Allied Services' growth was bolstered by pleasing results at Puréau and Execuflora. Puréau's bulk water and coffee sales were a highlight.

The security cluster achieved very positive results, and the Technical turnaround continued. BidTrack excelled. An enhanced sales team is in place.

Within Industrial Services, BidAir put in a stellar performance. Cargo volumes are well up. Results at TMS were flat and operating expenses moved higher. Vericon achieved profit growth and Laundries made some gains.

The travel cluster faced serious challenges, with the flagship Rennies brand under pressure.

Bidvest Namibia

Results again disappointed. Turnover was flat at R2,1 billion, but trading profit fell 30,1% to R120,7 million (2014: R172,5 million). Bidfish was impacted by poor performance at Trachurus, Comet (Angola) and Namsea. Freight and Logistics performed below expectation. Food and Distribution achieved some growth. Performance was flat at Industrial and Commercial. The recently acquired Automotive business became the second largest profit contributor after Bidfish. Another recent acquisition, Namibia Bureau de Change made a small contribution. The Glenryk brand was acquired.

Bidvest Foodservice

Food Group achieved strong results in challenging economic environments across all regions. Strategies put in place in recent years solidified. UK and Europe achieved strong growth. Australasia made a solid contribution, as did Emerging Markets.

Turnover rose 14,6% to R68,2 billion (2014: R59,5 billion), with trading profit 22,8% higher at R2,4 billion (2014: R1,9 billion).

Australasia

Turnover reported in Australasia fell 2,0% to R14,6 billion (2014: R14,9 billion), but the dip was more than offset by a pleasing 10,4% rise in trading profit to R751,9 million (2014: R680,9 million) as the mix changed.

Australia delivered a strong performance, growing the free-trade base while exiting some large logistics contracts. Expenses rose, but this was foreseen as the new Fresh Produce and Fresh Meat divisions operate off a higher expenses base. The new divisions were slow to build momentum, but look forward to second-half improvements.

New Zealand exceeded sales and profit expectations on the back of a strong second quarter. The core Foodservice, Fresh and Logistics divisions did well, while solid improvements were seen in Processing and Retail. A key focus was the use of specialist sales resources to support margins and drive growth in key categories.

UK

Foodservice performed very well, achieving good sales and profit growth. Margins were well managed. Turnover was up 27,3% at R30,4 billion (2014: R23,8 billion) and trading profit 37,6% higher at R717,7 million (2014: R521,5 million). Strategic focus remains on building an entrepreneurial culture while driving free-trade volumes. The south of England infrastructure programme is progressing well. Logistics had a difficult period impacted by excess capacity, delayed new contract start-ups and high vehicle expenses, yet achieved sales growth. A major long-term contract was won. Bidvest Fresh faced a tough six months as Seafood experienced operational challenges, though Oliver Kay did well.

Europe

A positive half-year result was achieved. Turnover rose 13,4% to R14,4 billion (2014: R12,7 billion) and at R435,0 million trading profit was up 27,5% (2014: R341,1 million). Deli XL Netherlands grew profit and sales. Lower Institutional volumes were offset by improvements in the free-trade sector. Deli XL Belgium put in a solid performance. Catering and Institutional did well. Horeca sales faced pressure. DAC Italy put in a pleasing performance as the business footprint grows nationally. Cash generation was robust. Farutex Poland exceeded budget for sales and profit. Strong growth was seen in the individual market. Czech Republic and Slovakia achieved good results. Foodservice optimised changes to the sales team and Retail surprised on the upside. Ice cream sales hit a 10-year high. Bidvest Baltics were impacted by the Russian food embargo and the slowdown in the Russian economy. Aktaes Turkey improved significantly against the prior year.

Emerging Markets

Emerging Markets increased turnover 9,3% to R8,9 billion (2014: R8,1 billion). Trading profit rose 20,3% to R444,0 million (2014: R369,0 million).

Bidvest Food Africa achieved net sales growth above food inflation, with improved trading profit. Bidvest Food Ingredients saw strong growth across most channels while Bidvest Foodservice did well in the independent and national account channels. Bidvest Bakery Solutions recorded continued growth in the retail and franchise sectors. Industrial sector sales and export business faced challenges. The business acquired full ownership of its Zambian operations.

Angliss Greater China again performed well. Shenzhen and Beijing showed exceptional sales growth. However, Hong Kong failed to meet expectations as tourism inflows slowed. Sales in China's second-tier cities grew steadily.

Angliss Singapore continued its rightsizing programme. Operational efficiencies and new synergies are evident.

At Bidvest Procurement Company, sales and customer support showed pleasing growth. Strong sales momentum is driven by new additions to the product mix and repeat orders.

In Brazil, sales and profit fell, though earnings were impacted by once-off distribution centre relocation costs. After adjustments for abnormal costs, profit eased higher in an extremely challenging economic environment.

Despite the economic slowdown in Chile, pleasing sales and trading profit growth were achieved. Margins and expenses were well managed, and the move to the new Santiago distribution centre was completed.

Across the Middle East, resilient businesses delivered healthy growth in a tough geopolitical environment, with margin management improvements evident in the UAE, Saudi Arabia and Bahrain. Sales growth was assisted by changes to the portfolio mix across all markets.

Message to shareholders continued

Bidvest Corporate

Ontime Automotive UK remained loss-making on the back of an extremely onerous contract. Activity levels at Technical Services were subdued. At Mansfield Rescue Recovery the mild winter resulted in lower job numbers and a trading loss was recorded. New efficiencies are being implemented as unprofitable contracts are renegotiated or exited. Bidvest Properties continued to develop its portfolio while assisting Bidvest operations to expand their infrastructure.

Directorate

At the annual general meeting (AGM), Mr AA da Costa retired from the board. The board and management of Bidvest wish to thank Mr da Costa for his contribution to the development of Bidvest.

CWL Phalatse
Chairman

B Joffe
Chief executive

Dividend declaration

In line with the Group dividend policy, the directors have declared a final gross cash dividend of 482,0 cents (409,7 cents net of dividend withholding tax, where applicable) per ordinary share for the six months ended December 31 2015 to those members registered on the record date, being Friday, April 8 2016.

The dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt.

Share code:	BVT
ISIN:	ZAE000117321
Company registration number:	1946/021180/06
Company tax reference number:	9550162714
Gross cash dividend amount per share:	482,0 cents
Net dividend amount per share:	409,7 cents
Issued shares at declaration date:	335 404 212
Declaration date:	Monday, February 29 2016
Last day to trade cum dividend:	Friday, April 1 2016
First day to trade ex dividend:	Monday, April 4 2016
Record date:	Friday, April 8 2016
Payment date:	Monday, April 11 2016

Share certificates may not be dematerialised or rematerialised between Monday, April 4 2016 and Friday, April 8 2016, both days inclusive.

For and on behalf of the board

CA Brighten – *Company Secretary*

Johannesburg

February 29 2016

Basis of presentation of condensed consolidated financial statements

Basis of presentation of condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council. They do not include all the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended June 30 2015.

In preparing these interim condensed consolidated financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended June 30 2015.

Significant accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended June 30 2015.

Comparatives[#]

During the period, certain operations were reclassified between segments as a result of an internal reporting restructure. The comparative period's segmental information has been amended to reflect these changes.

Net acquisition of businesses, subsidiaries, associates and investments

The Group made a number of small acquisitions and concluded certain minor disposals during the period.

The acquisitions were funded from its existing cash resources.

Unaudited results

These results have not been audited or reviewed by the Group's auditors. The interim condensed consolidated financial statements have been prepared under the supervision of the Group financial manager, NEJ Goodwin CA(SA), and were approved by the board of directors on February 26 2016.

[#]Refer to condensed segmental analysis on page 8

Basis of presentation of condensed consolidated financial statements
continued

Exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions during the periods:

	December 31		June 30
	2015	2014	2015
Rand/sterling			
Closing rate	**23,03**	18,04	19,33
Average rate	**20,86**	17,89	18,03
Rand/euro			
Closing rate	**16,95**	14,12	13,64
Average rate	**15,01**	14,16	13,74
Rand/Australian dollar			
Closing rate	**11,35**	9,48	9,41
Average rate	**9,84**	9,79	9,56

Supplementary pro forma information regarding the currency effects of the translation of foreign operations on the Group

The pro forma financial information has been compiled for illustrative purposes only and is the responsibility of the board. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows. The pro forma information has been compiled in terms of the JSE Listings Requirements and the Revised Guide on Pro Forma Information by SAICA.

The average rand exchange rate weakened against the major currencies in which the Group's foreign operations trade, namely sterling (17,89 in 2014 to 20,86 in 2015), the euro (14,16 in 2014 to 15,01 in 2015) and the Australian dollar (9,79 in 2014 to 9,84 in 2015). The illustrative information, detailed below, has been prepared on the basis of applying the 2014 average rand exchange rates to the 2015 foreign subsidiary income statements and recalculating the reported income of the Group for the period.

	For the half-year ended December 31		Illustrative 2015 at 2014 average exchange rates	
	Actual 2015	Actual 2014	**Recalculated 2015**	Percentage change
Turnover (Rm)	**114 446,5**	104 436,5	**108 233,9**	3,6
Trading profit (Rm)	**5 157,4**	4 621,5	**4 986,3**	7,9
Headline earnings (Rm)	**3 258,7**	2 840,9	**3 134,5**	10,3
HEPS (cps)	**1 001,5**	886,3	**963,3**	8,7

Administration

The Bidvest Group Limited
("Bidvest" or "the Group" or "the Company")
Incorporated in the Republic of South Africa

Directors
Chairman: *CWL Phalatse*
Independent non-executive: *PC Baloyi, DDB Band, EK Diack, AK Maditsi, S Masinga, D Masson, NG Payne, T Slabbert*
Executive directors: *B Joffe (chief executive), BL Berson*, DE Cleasby, AW Dawe, NT Madisa, GC McMahon, LP Ralphs*
*(*Australian)*

Company Secretary
CA Brighten

Transfer secretaries
Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107, South Africa
Telephone +27 (11) 370 5000 Telefax +27 (11) 688 7717

Sponsor
Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, South Africa, 2196

Registered office
Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose
Johannesburg, 2196, South Africa
PO Box 87274, Houghton, Johannesburg, 2041, South Africa

Registration number: 1946/021180/06
Share code: BVT
ISIN: ZAE000117321

Further information regarding our Group can be found on the Bidvest website:

www.bidvest.com

REGISTERED OFFICE SOUTH AFRICA
Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg, 2196, South Africa
Telephone: +27 (11) 772 8700 **Email:** info@bidvest.co.za
www.bidvest.com