

***Bidvest***



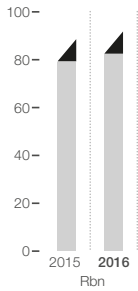
**THE BIDVEST GROUP LIMITED**

Reviewed provisional results for the year ended  
June 30 2016

+3,5%

**Turnover**

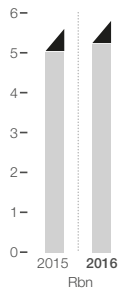
up to R91,8 billion  
(2015: R88,6 billion)



+3,0%

**Trading profit**

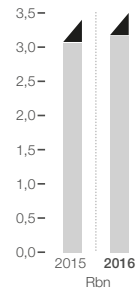
up to R5,8 billion  
(2015: R5,6 billion)



+3,6%

**Headline earnings**

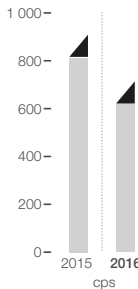
up to R3,5 billion  
(2015: R3,4 billion)



-21,5%\*

**Distribution per share**

down to 714 cents  
(2015: 909 cents)



+3,9%

**EBITDA**

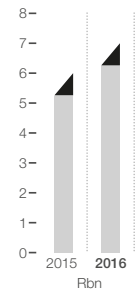
up to R7,3 billion  
(2015: R7,1 billion)



+17%

**Cash generated by operations**

up to R7,0 billion  
(2015: R6,0 billion)



\* post unbundling

## Salient features

- **Successful unbundling and listing of Bidcorp on May 30 2016 adds significant value to shareholders**
- **Divisional restructuring positions the Group well for growth**
- **Trading profit 3% higher at R5,8 billion**
- **Four of the seven divisions record increases in trading profits in a difficult economic environment**
- **Headline earnings per share (HEPS) from continuing operations increases by 2,5% to 1 054,1 cents**
- **Strong balance sheet maintained**
- **Cash generated 17% higher on a like-for-like basis, at R7 billion**
- **Final dividend declared of 232 cents per share**

Bidvest successfully unbundled its food service operations and separately listed Bid Corporation Limited (“Bidcorp”) on the JSE on May 30 2016. The unbundling transaction resulted in an accounting profit of R76,3 billion, which was distributed to shareholders by way of a dividend in specie on May 30 2016.

The food services business has been treated as a discontinued operation and comparatives have been re-presented accordingly, and the details thereof have been disclosed in the financial statements. The commentary in this announcement will focus on Bidvest’s continuing operations.

The successful and value enhancing unbundling has allowed Bidvest’s management team to move forward with a refocused platform from which to pursue growth. Bidvest will benefit from a greater visibility of its continued operations and their potential values.

During the financial year, Bidvest restructured into seven divisions: Automotive, Commercial Products, Electrical, Financial Services, Freight, Office & Print and Services. The Group continues to hold investments in Bidvest Namibia (52%) and Other Assets and Investments including Bidvest Properties, Adcock Ingram (38,4%), Comair (27,2%), Cullinan Holdings (19,5%), Ontime Automotive (100%) and the DH Mansfield Group (80%) in the United Kingdom, Mumbai Airport (6,75%) and other listed and unlisted investments.

## Condensed consolidated income statement for the year ended June 30

R'000

	2016 Reviewed	2015 Re-presented# Reviewed	% change
<b>Turnover</b>	<b>91 755 042</b>	88 628 961	3,5
<b>Revenue</b>	<b>68 241 101</b>	65 877 489	3,6
Cost of revenue	<b>(48 342 240)</b>	(46 912 138)	
Gross income	<b>19 898 861</b>	18 965 351	4,9
Operating expenses	<b>(14 602 043)</b>	(13 732 222)	6,3
Sales and distribution costs	<b>(9 361 693)</b>	(8 876 349)	
Administration expenses	<b>(3 683 769)</b>	(3 423 438)	
Other costs	<b>(1 556 581)</b>	(1 432 435)	
Other income	<b>299 967</b>	189 812	
Trading result	<b>5 596 785</b>	5 422 941	3,2
Income from investments	<b>156 694</b>	165 605	
<b>Trading profit</b>	<b>5 753 479</b>	5 588 546	3,0
Share-based payment expense	<b>(139 698)</b>	(138 785)	
Acquisition costs	<b>(8 416)</b>	(30 630)	
Net capital items	<b>(1 175 240)</b>	(55 105)	
<b>Operating profit</b>	<b>4 430 125</b>	5 364 026	(17,4)
Net finance charges	<b>(922 114)</b>	(811 336)	13,7
Finance income	<b>194 617</b>	75 757	
Finance charges	<b>(1 116 731)</b>	(887 093)	
Share of profit of associates	<b>149 983</b>	202 435	(25,9)
Profit before taxation	<b>3 657 994</b>	4 755 125	(23,1)
Taxation	<b>(1 215 487)</b>	(1 339 839)	(9,3)
Profit for the year from continuing operations	<b>2 442 507</b>	3 415 286	(28,5)
Profit after tax from discontinued operations	<b>79 253 352</b>	2 744 090	
<b>Profit for the year</b>	<b>81 695 859</b>	6 159 376	
Attributable to:			
Shareholders of the Company – continuing operations	<b>2 285 850</b>	3 165 796	
Shareholders of the Company – discontinued operations	<b>79 215 705</b>	2 732 610	
Non-controlling interest – continuing operations	<b>156 657</b>	249 490	
Non-controlling interest – discontinued operations	<b>37 647</b>	11 480	
	<b>81 695 859</b>	6 159 376	
Shares in issue			
Total#	<b>332 672</b>	328 666	
Weighted ('000)#	<b>330 036</b>	326 406	
Diluted weighted ('000)#	<b>331 210</b>	328 220	
Basic earnings per share (cents) – continuing operations	<b>692,6</b>	969,9	(28,6)
Diluted basic earnings per share (cents) – continuing operations	<b>690,2</b>	964,5	(28,4)
Headline earnings per share (cents) – continuing operations	<b>1 054,1</b>	1 028,9	2,5
Diluted headline earnings per share (cents) – continuing operations	<b>1 050,4</b>	1 023,2	2,7
Basic earnings per share (cents) – discontinued operations	<b>24 002,2</b>	837,2	2 767,0
Diluted basic earnings per share (cents) – discontinued operations	<b>23 917,0</b>	832,6	2 772,6
Dividends per share (cents)	<b>714,0</b>	909,0	(21,5)
Interim	<b>482,0</b>	426,0	13,1
Final	<b>232,0</b>	483,0	(52,0)
Dividend in specie per share (cents)	<b>27 818,0</b>	–	

# refer to re-presentation of comparative information in basis of presentation of condensed consolidated financial statements on page 14.

R'000

	2016 Reviewed	2015 Re-presented# Reviewed	% change
<b>Headline earnings</b>			
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	<b>2 285 850</b>	3 165 796	(27,8)
Impairment of property, plant and equipment; goodwill and intangible assets	<b>153 475</b>	5 046	
Property, plant and equipment	<b>34 995</b>	6 591	
Goodwill	<b>52 111</b>	–	
Intangible assets	<b>102 021</b>	–	
Tax relief	<b>(35 652)</b>	(1 545)	
Net loss (profit) on disposal of interests in subsidiaries and disposal and closure of businesses	<b>139 001</b>	(51 895)	
Loss (profit) on disposal and closure	<b>178 176</b>	(93 966)	
Tax charge	<b>(39 175)</b>	42 071	
Net loss on disposal, impairment and reversal of impairment of investments in associates	<b>810 759</b>	254 493	
Impairment of investments in associate	<b>760 764</b>	305 047	
Net loss (profit) on change in shareholding in associates	<b>49 995</b>	(59 284)	
Tax charge	<b>–</b>	8 730	
Net profit on disposal of property, plant and equipment and intangible assets	<b>2 265</b>	(47 406)	
Property, plant and equipment	<b>5 601</b>	(103 283)	
Intangible assets	<b>887</b>	–	
Tax charge	<b>(2 843)</b>	1 044	
Non-controlling interest	<b>(1 380)</b>	54 833	
Gain on a bargain purchase	<b>(9 310)</b>	–	
Non-headline items included in equity accounted earnings of associate companies	<b>96 961</b>	32 217	
<b>Headline earnings</b>	<b>3 479 001</b>	3 358 251	3,6

## Condensed consolidated statement of other comprehensive income for the year ended June 30

R'000

	2016 Reviewed	2015 Audited
<b>Profit for the year</b>	<b>81 695 859</b>	6 159 376
<b>Other comprehensive income</b>	<b>4 179 952</b>	(63 099)
<i>Items that may be reclassified subsequently to profit or loss</i>	<b>4 170 303</b>	(96 252)
Foreign currency translation reserve		
Exchange differences arising during the year	<b>4 170 535</b>	(116 419)
Available-for-sale financial assets		
Net fair value profit (loss) on available-for-sale financial assets	<b>(2 251)</b>	29 456
Cash flow hedges		
Net fair value loss arising during the year	<b>2 257</b>	(6 026)
Tax relief for the year	<b>(238)</b>	(3 263)
<i>Items that will not be reclassified subsequently to profit or loss</i>	<b>9 649</b>	33 153
Defined benefit obligations		
Net remeasurement of defined benefit obligations during the year	<b>14 796</b>	44 096
Taxation effects		
Tax relief (charge) for the year	<b>(5 147)</b>	(10 943)
<b>Total comprehensive income for the year</b>	<b>85 875 811</b>	6 096 277
<b>Attributable to</b>		
Shareholders of the Company	<b>85 658 403</b>	5 814 601
Non-controlling interest	<b>217 408</b>	281 676
	<b>85 875 811</b>	6 096 277

## Condensed consolidated statement of cash flows

for the year ended June 30

R'000

	2016 Reviewed	2015 Re-presented <sup>#</sup> Reviewed
<b>Cash flows from operating activities</b>	<b>3 148 537</b>	6 434 014
Operating profit	4 430 125	5 364 026
Dividends from associates	138 689	85 366
Acquisition costs	8 416	30 630
Depreciation and amortisation	1 586 940	1 474 441
Non-cash and other items	573 022	(195 336)
Cash generated by operations before changes in working capital	6 737 192	6 759 127
Changes in working capital	296 577	(724 931)
Cash generated by operations	7 033 769	6 034 196
Net finance charges paid	(851 371)	(679 190)
Taxation paid	(1 191 426)	(1 318 284)
Dividends paid by – Company	(3 149 552)	(1 767 532)
– subsidiaries	(128 194)	(172 864)
Net operating cash flows from discontinued operations	1 435 311	4 337 688
<b>Cash effects of investment activities</b>	<b>(5 646 310)</b>	(6 239 094)
Net additions to vehicle rental fleet	(77 995)	(87 364)
Net additions to property, plant and equipment	(2 404 062)	(1 619 488)
Net additions to intangible assets	(113 525)	(159 439)
Net acquisition of subsidiaries, businesses, associates and investments	(786 872)	(837 241)
Net investing cash flows from discontinued operations	(2 263 856)	(3 535 562)
<b>Cash effects of financing activities</b>	<b>1 577 560</b>	167 118
Proceeds from shares issued – Company	82 506	104 312
Disposal of treasury shares	1 265 277	540 385
Net borrowings raised (repaid)	(941 399)	869 743
Net financing cash flows from discontinued operations	1 171 176	(1 347 322)
Net increase (decrease) in cash and cash equivalents	(920 213)	362 038
Net cash and cash equivalents at the beginning of the year	5 818 512	5 560 585
Exchange rate adjustment from continuing operations	9 686	(5 498)
Exchange rate adjustment from discontinued operations	814 703	(98 613)
Cash disposed as part of Food unbundling	(3 016 462)	–
Net cash and cash equivalents at end of the year	2 706 226	5 818 512
Net cash and cash equivalents comprise:		
Cash and cash equivalents	3 911 927	7 812 877
Bank overdrafts shown as short-term portion of borrowings	(1 205 701)	(1 994 365)
	<b>2 706 226</b>	5 818 512

## Condensed consolidated statement of financial position as at June 30

R'000

	2016 Reviewed	2015 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>21 846 083</b>	43 094 009
Property, plant and equipment	9 700 907	18 301 434
Intangible assets	929 960	2 093 480
Goodwill	2 537 036	13 567 032
Deferred tax asset	618 192	877 623
Defined benefit pension surplus	180 035	146 954
Interest in associates	4 190 496	4 816 412
Investments	2 869 822	2 551 260
Banking and other advances	819 635	739 814
<b>Current assets</b>	<b>23 215 161</b>	46 767 197
Vehicle rental fleet	1 318 581	1 376 295
Inventories	7 996 103	14 843 572
Short-term portion of banking and other advances	878 627	547 740
Trade and other receivables	9 098 345	22 186 713
Taxation	11 578	–
Cash and cash equivalents	3 911 927	7 812 877
<b>Total assets</b>	<b>45 061 244</b>	89 861 206
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>	<b>19 746 080</b>	37 710 234
Attributable to shareholders of the Company	18 459 474	36 372 190
Non-controlling interest	1 286 606	1 338 044
<b>Non-current liabilities</b>	<b>7 459 037</b>	10 020 249
Deferred tax liability	882 847	1 033 660
Life assurance fund	24 761	26 733
Long-term portion of borrowings	6 138 900	7 124 985
Post-retirement obligations	79 128	283 920
Puttable non-controlling interest liabilities	49 167	939 430
Long-term portion of provisions	163 887	511 246
Long-term portion of operating lease liabilities	120 347	100 275
<b>Current liabilities</b>	<b>17 856 127</b>	42 130 723
Trade and other payables	11 016 386	29 546 008
Short-term portion of provisions	278 830	501 611
Vendors for acquisition	28 534	573 271
Taxation	–	401 850
Amounts owed to bank depositors	3 689 161	2 653 861
Short-term portion of borrowings	2 843 216	8 454 122
<b>Total equity and liabilities</b>	<b>45 061 244</b>	89 861 206
Net tangible asset value per share (cents)*	4 507	6 302
Net asset value per share (cents)*	5 549	11 067



## Condensed consolidated statement of changes in equity for the year ended June 30

R'000

	2016 Reviewed	2015 Audited
<b>Shareholders' interest</b>		
Issued share capital	<b>16 770</b>	16 758
Balance at the beginning of the year	<b>16 758</b>	16 562
Shares issued during the year	<b>12</b>	17
Capitalisation issue	<b>–</b>	179
Share premium arising on shares issued	<b>379 792</b>	297 298
Balance at the beginning of the year	<b>297 298</b>	193 182
Shares issued during the year	<b>82 580</b>	104 703
Capitalisation issue	<b>–</b>	(179)
Share issue costs	<b>(86)</b>	(408)
Foreign currency translation reserve	<b>393 429</b>	5 149 394
Balance at the beginning of the year	<b>5 149 394</b>	5 288 068
Arising during the year	<b>4 147 359</b>	(136 987)
Realisation of reserve on disposal and or unbundling of subsidiaries and or associates	<b>(8 903 324)</b>	(1 687)
Hedging reserve	<b>25 526</b>	25 383
Balance at the beginning of the year	<b>25 383</b>	29 041
Fair value gains arising during the year	<b>2 257</b>	(6 026)
Deferred tax recognised directly in reserve	<b>(238)</b>	2 368
Realisation of reserve on disposal and or unbundling of subsidiaries and or associates	<b>(1 876)</b>	–
Equity-settled share-based payment reserve	<b>67 002</b>	310 416
Balance at the beginning of the year	<b>310 416</b>	359 594
Arising during the year	<b>259 226</b>	228 177
Deferred tax recognised directly in reserve	<b>146 745</b>	106 911
Utilisation during the year	<b>(762 053)</b>	(428 422)
Realisation of reserve on disposal and or unbundling of subsidiaries and or associates	<b>3 205</b>	–
Transfer to retained earnings	<b>109 463</b>	44 156
Retained earnings	<b>17 108 032</b>	31 558 166
Balance at the beginning of the year	<b>31 558 166</b>	27 420 045
Attributable profit	<b>81 501 555</b>	5 898 406
Change in fair value of available-for-sale financial assets	<b>(2 244)</b>	23 825
Net remeasurment of defined benefit obligations during the year	<b>9 721</b>	33 015
Transfer of reserves as a result of changes in shareholding of subsidiaries	<b>(45 592)</b>	(5 437)
Remeasurment of put option liability	<b>(787)</b>	–
Dividends paid	<b>(3 149 552)</b>	(1 767 532)
Dividend in specie on unbundling of subsidiaries	<b>(92 533 240)</b>	–
Deferred tax direct in equity arising from dividend in specie	<b>(120 532)</b>	–
Transfer from equity-settled share-based payment reserve	<b>(109 463)</b>	(44 156)
Treasury shares	<b>468 923</b>	(985 225)
Balance at the beginning of the year	<b>(985 225)</b>	(1 525 610)
Shares disposed of with the unbundling of subsidiaries	<b>420 288</b>	–
Reduction in the value of treasury shares arising on receipt of unbundled shares	<b>(231 417)</b>	–
Shares disposed of in terms of share incentive scheme	<b>1 265 277</b>	540 385
	<b>18 459 474</b>	36 372 190
<b>Equity attributable to non-controlling interest</b>		
Balance at the beginning of the year	<b>1 338 044</b>	1 230 233
Movement in foreign currency translation reserve	<b>23 176</b>	20 568
Movement in equity-settled share-based payment reserve	<b>562</b>	460
Attributable profit	<b>194 304</b>	260 970
Net remeasurment of defined benefit obligations during the year	<b>(72)</b>	138
Dividends paid	<b>(141 302)</b>	(188 274)
Transactions with non-controlling interest	<b>(6 686)</b>	935 197
Transfer to puttable non-controlling interest liability	<b>(68 944)</b>	(926 685)
Transfer of reserves as a result of changes in shareholding of subsidiaries	<b>45 592</b>	5 437
Non-controlling interest of unbundled subsidiaries	<b>(98 068)</b>	–
	<b>1 286 606</b>	1 338 044
<b>Total equity</b>	<b>19 746 080</b>	37 710 234

## Condensed segmental analysis for the year ended June 30

R'000

	2016 Reviewed	2015 Re-presented* Reviewed	% change
<b>TURNOVER</b>			
<b>Bidvest South Africa</b>	<b>90 302 458</b>	87 390 798	3,3
Automotive	24 062 557	23 683 728	1,6
Commercial Products	5 920 546	4 168 360	42,0
Electrical	5 375 014	5 256 267	2,3
Financial Services	3 336 302	2 035 048	63,9
Freight	29 110 755	29 058 663	0,2
Office and Print Services	10 076 465 12 420 819	10 575 028 12 613 704	(4,7) (1,5)
<b>Bidvest Namibia</b>	<b>4 275 949</b>	4 085 868	4,7
<b>Bidvest Corporate</b>	<b>1 818 947</b>	1 538 558	18,2
Properties	411 938	360 019	14,4
Corporate and investments	1 407 009	1 178 539	19,4
	<b>96 397 354</b>	93 015 224	3,6
Inter Group eliminations	(4 642 312)	(4 386 263)	
	<b>91 755 042</b>	88 628 961	3,5
<b>TRADING PROFIT</b>			
<b>Bidvest South Africa</b>	<b>5 306 501</b>	5 146 464	3,1
Automotive	674 709	731 723	(7,8)
Commercial Products	474 764	334 705	41,8
Electrical	317 440	305 080	4,1
Financial Services	582 204	527 576	10,4
Freight	1 019 816	1 059 728	(3,8)
Office and Print Services	706 295 1 531 273	742 446 1 445 206	(4,9) 6,0
<b>Bidvest Namibia</b>	<b>296 662</b>	400 186	(25,9)
<b>Bidvest Corporate</b>	<b>150 316</b>	41 896	258,8
Properties	366 583	330 807	10,8
Corporate and Investments	(216 267)	(288 911)	25,1
	<b>5 753 479</b>	5 588 546	3,0

## Message to shareholders

### Highlights

The Group has delivered creditable trading results against the backdrop of challenging market conditions in the southern African region. The Commercial Products, Financial Services, Electrical and Services divisions delivered improved contributions, while the Freight division's trading profit was marginally lower than last year, largely as a result of declining commodity volumes due to the slow-down in the resources sector. Automotive has been negatively affected by the decline in vehicle sales, while Office and Print disposed of the Océ business and did not repeat a large export order in this financial year. Bidvest Namibia continues to be impacted by declining fish quotas.

Headline earnings per share (HEPS) for continuing operations increased by 2,5% to 1 054,1 cents (2015: 1 028,9 cents). The mark-to-market alignment of our listed associates and investments including the R595 million impairment of Adcock Ingram, reduced basic earnings per share (EPS) for continuing operations by 28,6% to 692,6 cents (2015: 969,9 cents).

### Financial overview

Revenue increased 3,6% to R68,2 billion (2015: R65,9 billion).

Gross profit margin increased to 21,7% (2015: 21,4%). This improvement is a consequence of portfolio mix benefits achieved by shedding low margin revenue through the disposal of the Cash-in-Transit business in 2015 and the acquisition of better margin businesses such as Novel and Plumblink in 2016. Operating expenses increased by 6,3%, while the operating expense ratio at 21,4% (2015: 20,8%) edged up slightly.

Trading profit rose by 3,0% to R5,8 billion (2015: R5,6 billion) and the trading profit margin was stable at 8,4%. The main contributors to the increase were the Commercial Products, Financial Services, Electrical and Services divisions, as well as Bidvest Properties.

Net finance charges were 13,7% higher at R922 million (2015: R811 million), with the increase largely attributable to the various acquisitions, an increased prime interest rate, as well as finance raised to acquire additional Adcock Ingram shares.

Profits from associate earnings reflected a decline of 25,9% after the write off of non-headline items in associates. Prior to these non-headline items, the share of profit from associates increased by 5%.

Headline earnings increased by 3,6% to R3,5 billion.

Cash generated by operations at R7,0 billion was, on a like-for-like basis, 17% higher than the R6,0 billion generated in the prior year. The Group released R296 million of working capital in 2016 compared to an absorption of R725 million in 2015. This reflects an excellent working capital management result.

Net debt decreased from R7,8 billion to R5,0 billion in the main as a consequence of the unbundling.

Bidvest remains well capitalised in line with its conservative approach to gearing, with EBITDA interest cover at 8,0 times (2015: 8,7 times). This is comfortably above the Group's conservative self-imposed target, providing ample capacity for further expansion.

## Message to shareholders *continued*

### Acquisitions

In the first half of the year, Plumblink was acquired in South Africa; and Novel Ford in Namibia. In the second half of the year, Bidvest Insurance acquired Glasscock & Associates.

After year-end, Bidvest announced the acquisition of 100% of Brandcorp, which will enable Bidvest to add various niche industrial and consumer products into its portfolio of existing services and offerings. The acquisition is very close to finalisation pending final Competition Tribunal approval. The Brandcorp portfolio will form part of the Bidvest's Commercial Products division.

At divisional level, we have continued to make a variety of bolt-on acquisitions such as Bidvest Insurance's purchase of FMI, a life insurance underwriting manager.

### Prospects

Bidvest's internal divisional restructuring and the unbundling of the food services unit, has positioned the Group well for its next growth phase. Bidvest's management teams, which are unchanged following the restructuring initiatives, remain focused on moving their respective divisions further up the value curve.

The Group's financial position remains sound, cash generation is strong and it retains adequate headroom to accommodate expansion opportunities. At corporate and operational level, management is assessing and implementing plans for real growth and pursuing selective local and international opportunities to complement the existing product and service offering. Our Other Assets and Investments will also be very closely scrutinised and decisions will be taken on the best way forward for these assets.

As one of South Africa's largest employers and a significant investor in the local economy, Bidvest shares the concerns that have been raised by business leadership relating to the ongoing disruption of some of our country's most important economic institutions. We appeal for a rapid resolution of this current state of affairs.

### Divisional review

#### Services

This is a large and diverse division operating in numerous areas of service. The business has operated well and remains resilient to the volatility of economic cycles recording an increase in operating profit of 6,0%. The Cash-In-Transit business that was sold in 2015 has been included in the prior-year results for seven months. Excellent results were posted by BidAir, Security, Cleaning and Bidtrack.

#### Freight

Global freight trade remained depressed, and as a consequence, volumes declined. This division's focus in 2016 has therefore been on innovation and flexibility in an effort to contain costs and enhance efficiencies. The 3,8% decline in trading profit is considered satisfactory given the significant decline in the movement of commodities – particularly minerals – out of the country. Grain imports assisted marginally in the last quarter. The continued import of grain will be positive for this division in the new financial year.

### **Office and Print**

Growth and spending within corporate South Africa remains constrained, which culminated in a 4,9% decline in trading profit for the year, after the delivery of pleasing results for the first half. The second half performance in the prior year included a significant once-off profit of an export contract and the inclusion of Océ, which was subsequently sold. Excellent results were reported in Konica Minolta, Silveray, Cecil Nurse, Kolok, and a number of the Paper and Print businesses, reflecting a double digit increase.

### **Automotive**

The Motor Retail and Car Rental divisions performed in line with a depressed motor retail market. The market was impacted by a general decline in demand, particularly in the luxury vehicle sector, as well as high vehicle inflation and severe margin pressure in new vehicles. The net result was a 7,8% decline in trading profit. The second-hand vehicle market is beginning to show more activity. This division includes a number of brands that have performed poorly and which the Group is in the process of exiting.

### **Financial Services**

Bidvest Bank and the Insurance division performed well. Bidvest Bank improved trading profit by 30%, and the insurance company performed satisfactorily, but was impacted by the decline in the mark-to-market profits of its equity portfolio. This division posted an overall increased trading profit of 10,4%.

### **Commercial Products**

The division produced outstanding results across the board. Of the 10 business units in the division, eight achieved strong double-digit increases in profit and, together with the Plumblink acquisition which exceeded management's expectation, delivered a 41,8% increase in trading profit. At the end of the financial year, Bidvest announced its intention to acquire 100% of Brandcorp, which is now in the final stages of Competition Tribunal approval. Cash generation was strong, considering that volumes are under pressure as a result of the continued subdued market conditions.

### **Electrical**

The division faced difficult trading conditions in its core industries – construction, mining and Government infrastructure spend. The increase in turnover of 2,3% improved margin, and an increase in trading profit of 4,1% is commendable. Management has been successful in diversifying its income streams into renewable energy (solar geysers) and retrofitting low power consumption lighting (LED technology), which has benefited the profit performance in the current year.

### **Bidvest Namibia (52% share)**

Macro-economic factors contributed to a disappointing overall performance, with the trading profit declining 25,9%, as fishing quotas were once again reduced. The size of the vessel fleet is being reduced and cost-reduction programmes have been put in place. The Commercial Products, Freight and Distribution businesses continue to suffer from the weak economy, while the recently acquired Novel Motors has performed in line with management expectations. All other businesses in this division showed a double-digit increase in performance.

## Message to shareholders *continued*

### **Bidvest Corporate and Investments**

Bidvest Properties performed well and continues to be of key strategic importance to the Group. Otime Automotive and the DH Mansfield Group, both in the UK, remained loss making and will be addressed in the 2017 financial year.

### **Directorate**

There were various changes to the board during the year. These included:

- Mr Alfred de Costa retired on November 23 2015
- Mrs Flora Nolwandle Mantashe resigned on September 23 2015
- Mr Donald Masson passed away on March 20 2016
- Mr Paul Baloyi resigned from the board on August 5 2016
- As a consequence of the unbundling, on May 16 2016:
  - Mr Brian Joffe retired as chief executive of Bidvest. Mr Joffe continues to serve on the board as a non-executive director
  - Mr Lindsay Ralphs was appointed as chief executive of Bidvest
  - Mr Bernard Berson resigned as executive director
  - Mr David Cleasby resigned as executive director
  - Mr Peter Meijer was appointed as an executive director and group financial director.

The board and management of Bidvest wish to thank these board members for their valued contribution over the past few years.

We pay tribute to Mr Brian Joffe who now has the distinction of having created two exceptional groups in one generation. We are intent on striving to perpetuate the business heritage that he has built.

For and on behalf of the board

**CWL Phalatse**

*Chairman*

**L Ralphs**

*Chief executive*

Johannesburg

August 29 2016

## Dividend declaration

In line with the Group dividend policy, the directors have declared a final gross cash dividend of 232 cents (197,2000 cents net of dividend withholding tax, where applicable) per ordinary share for the year ended June 30 2016 to those members registered on the record date, being Friday, September 23 2016. This brings the total dividend for the year to 714 cents per share (2015: 909 cents). The full dividend for the year needs to be viewed in the context of the interim dividend of 482 cents which was paid as part of the larger Group, prior to unbundling.

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	232
Net dividend amount per share	197,2000
Issued shares at declaration date	335 404 212
Declaration date	Monday, August 29 2016
Last day to trade cum dividend	Tuesday, September 20 2016
First day to trade ex dividend	Wednesday, September 21 2016
Record date	Friday, September 23 2016
Payment date	Monday, September 26 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, September 21 2016, and Friday, September 23 2016, both days inclusive.

For and on behalf of the board

### CA Brighten

*Company secretary*

Johannesburg

August 29 2016

## Basis of presentation of condensed consolidated financial statements

These condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and include disclosure as required by IAS 34 Interim Financial Reporting and the Companies Act of South Africa. 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 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 summarised preliminary 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.

### #Re-presentation of comparative information

Following the unbundling and separate listing of the Group's foodservices businesses as Bid Corporation Limited, the Group's condensed consolidated income statement, condensed consolidated statement of cash flows and condensed segmental analysis have been re-presented to take account of the effects of the application of IFRS 5 Non-current assets held for sale and discontinued operations. The Group's condensed consolidated statement of other comprehensive income, condensed consolidated statement of financial position and condensed consolidated statement of changes in equity are not required to be re-presented.

Included in the net assets unbundled were 3 614 487 Bidvest shares (treasury shares) held by Bid Corporation Limited. These shares have been treated as shares issued without a corresponding change in resources, in terms of IAS 33 Earnings per share, and the current and comparative total, weighted average and diluted weighted average number of shares in issue have been restated to include these shares for the basic, diluted basic, headline and diluted headline earnings per share calculations; and the net asset and net tangible assets values per share calculations.

In addition, during the year certain operations were reclassified between segments. The comparative year's segmental information has been re-presented to reflect these insignificant changes.

### Discontinued operations

On May 16 2016 the shareholders approved the unbundling and separate listing (unbundling) of the Group's foodservices businesses as Bid Corporation Limited (Bidcorp) via a distribution in specie. This unbundling was undertaken in order to implement a strategic decision to restructure the business operations and management focus of the Group and to provide shareholders with the opportunity to participate directly in the Group's foodservices operations.

The fair value of Bidcorp was determined with reference to the volume weighted average price of Bidcorp's trading on the JSE over the first ten days of trading, being 27 818 cents per share.

The contribution of discontinued (Bidcorp) operations included in the Group's results until the loss of control is detailed below:



**R'000**

	<b>2016</b>	<b>2015</b>
<b>INCOME STATEMENT – DISCONTINUED OPERATIONS</b>		
<b>Turnover</b>	<b>127 857 294</b>	116 310 181
<b>Revenue</b>	<b>127 857 294</b>	116 310 181
Cost of revenue	<b>(101 476 483)</b>	(92 677 768)
<b>Gross income</b>	<b>26 380 811</b>	23 632 413
Operating expenses	<b>(22 358 944)</b>	(19 721 546)
Sales and distribution expenses	<b>(16 281 954)</b>	(14 253 289)
Administration expenses	<b>(3 985 391)</b>	(3 359 646)
Other expenses	<b>(2 091 599)</b>	(2 108 611)
Other income	<b>181 401</b>	192 211
<b>Trading result</b>	<b>4 203 268</b>	4 103 078
Income (loss) from investments	<b>23 352</b>	(18 769)
<b>Trading profit</b>	<b>4 226 620</b>	4 084 309
Share-based payment expense	<b>(96 845)</b>	(89 852)
Acquisition costs	<b>(7 555)</b>	(43 611)
Net capital items	<b>25 531</b>	22 531
<b>Operating profit</b>	<b>4 147 751</b>	3 973 377
Net finance charges	<b>(281 169)</b>	(308 722)
Finance income	<b>45 779</b>	37 161
Finance charges	<b>(326 948)</b>	(345 883)
Share of profit of associates	<b>22 580</b>	15 634
<b>Profit before taxation</b>	<b>3 889 162</b>	3 680 289
Taxation	<b>(913 755)</b>	(936 199)
<b>Profit for the year from discontinued operations</b>	<b>2 975 407</b>	2 744 090
Net profit on unbundling	<b>76 277 945</b>	–
<b>Profit after taxation</b>	<b>79 253 352</b>	2 744 090
<b>Attributable to</b>		
Shareholders of the Company	<b>79 215 705</b>	2 732 610
Non-controlling interest	<b>37 647</b>	11 480
	<b>79 253 352</b>	2 744 090
<b>CASH FLOWS FROM DISCONTINUED OPERATIONS</b>		
Net operating cash flows from discontinued operations	<b>1 435 311</b>	4 337 688
Net investing cash flows from discontinued operations	<b>(2 263 856)</b>	(3 535 562)
Net financing cash flows from discontinued operations	<b>1 171 176</b>	(1 347 322)
<b>Net increase (decrease) in cash and cash equivalents from discontinued operations</b>	<b>342 631</b>	(545 196)
Effects of exchange rate fluctuations on cash and cash equivalents from discontinued operations	<b>814 703</b>	(98 614)
Cash disposed as part of Food unbundling	<b>(3 016 462)</b>	–
<b>Net increase (decrease) in cash and cash equivalents from discontinued operations</b>	<b>(1 859 128)</b>	(643 810)

## Basis of presentation of condensed consolidated financial statements continued

R'000

	2016
<b>NET PROFIT ON UNBUNDLING BIDCORP</b>	
<b>Net fair value of assets unbundled</b>	<b>(26 008 009)</b>
Property, plant and equipment	(11 750 945)
Intangible assets	(1 363 482)
Goodwill	(14 251 736)
Deferred taxation assets	(180 945)
Interest in associates	(128 680)
Investments	(379 625)
Inventories	(9 044 363)
Trade and other receivables	(17 462 210)
Cash and cash equivalents	(3 016 462)
Treasury shares	(420 288)
Borrowings	7 891 652
Post-retirement obligations	11 688
Puttable non-controlling interest liabilities	1 253 373
Long-term portion of provisions	831 997
Long-term portion of operating lease liabilities	13 755
Trade and other payables	20 955 904
Taxation	481 798
Vendors for acquisition	550 560
Non-controlling interest	98 068
Group's portion of net assets unbundled	(25 909 941)
Reserves realised on unbundling	8 920 305
Foreign currency translation reserve	8 921 634
Hedging reserve	1 876
Equity-settled share-based payment reserve	(3 205)
	(16 989 636)
Fair value of the foodservices businesses unbundled	93 302 744
<b>Profit on unbundling</b>	<b>76 313 108</b>
Transaction costs	(41 672)
Accelerated vesting of conditional share plan	(23 245)
Other transaction costs	(18 427)
<b>Profit on unbundling before taxation</b>	<b>76 271 436</b>
Tax relief	6 509
<b>Net profit on unbundling</b>	<b>76 277 945</b>

## Net acquisition of businesses, subsidiaries, associates and investments

The Group acquired 100% of the share capital of Plumblink SA Proprietary Limited (Plumblink) with effect from July 1 2015. Plumblink is a specialist plumbing and bathroom merchant currently operating from 61 branches strategically situated throughout South Africa. The acquisition forms part of the Bidvest Commercial Products segment and will enable the Group to expand its range of complementary products and services provided by Bidvest Commercial Products and, as a consequence, broaden the Group's base in the market place.

A 100% shareholding in International Capital Investments Proprietary Limited trading as Novel Motor Company and Lenkow Proprietary Limited (Novel) was acquired by the Group with effect July 31 2015. The acquisition forms part of the Bidvest Namibia segment and is in line with this segment's strategy to diversify its business portfolio. Novel Motor Company is a well-known vehicle dealership in Namibia.

A further 2,5 million Adcock Ingram Holdings Limited (Adcock) ordinary shares were acquired from Adcock's black economic empowerment (BEE) partners, Blue Falcon Trading 69 Proprietary Limited and the Mpho ea Bophelo Trust for a cash consideration of R52,00 per Adcock ordinary share in July 2015.

At the end of July 2015 the Group supported the new Adcock BEE scheme (Scheme) and sold 15% of its Adcock shareholding to Ad-izinyosi, a new broad-based empowerment entity, for a minimum price of R52,00 and a maximum price of R72,00 per Adcock ordinary share, to be settled on the fourth anniversary of the date that the Scheme became operative.

In addition to these transactions, the Group acquired a further 1,2 million shares, on the market, at an average price of R41,08 per share. Following these transactions the Group holds 38,4% of the net ordinary shares in issue in Adcock, but account for 45,0% of its results as a consequence of treating the sale of 15% of its holding in terms of the new Adcock BEE Scheme to Ad-izinyosi, as a deferred sale.

The Group also made a number of less significant acquisitions and disposals during the year. Certain of these acquisitions resulted in insignificant bargain purchase gains.

The acquisitions were funded from its existing cash resources.

## Basis of presentation of condensed consolidated financial statements

continued

The following table summarises the fair value of net assets acquired and liabilities assumed which have been included in these results from the respective acquisition and disposal dates.

### R'000

	Adcock	Plumblink	Novel	Other Acquisitions	Total	Disposals	Net Acquisitions
Property, plant and equipment		16 140	72 107	28 689	116 936	(61 143)	55 793
Deferred taxation		(20 685)	(2 679)	(2)	(23 366)	41 560	18 194
Interest in associates	183 490	–	–	57 562	241 052	(60 737)	180 315
Investments and advances		–	36	626 586	626 622	(645 077)	(18 455)
Inventories		109 198	152 862	2 590	264 650	(28 896)	235 754
Trade and other receivables		175 274	39 448	14 449	229 171	(144 325)	84 846
Cash and cash equivalents		(24 392)	22 991	18 885	17 484	(25 997)	(8 513)
Borrowings		(147 394)	(153 483)	8 653	(292 224)	13 152	(279 072)
Trade and other payables and provisions		(212 982)	(23 415)	(36 191)	(272 588)	11 917	(260 671)
Taxation		(3 680)	(1 360)	639	(4 401)	35	(4 366)
Intangible assets		132 306	214	–	132 520	(1 768)	130 752
	183 490	23 785	106 721	721 860	1 035 856	(901 279)	134 577
Non-controlling interest					84 943	–	84 943
Gain on bargain purchase price					(9 310)	–	(9 310)
Goodwill					423 090	–	423 090
Net assets acquired					1 534 579	(901 279)	633 300
<i>Settled as follows:</i>							
Cash and cash equivalents acquired/disposed of					(17 484)	25 997	8 513
Acquisition costs					8 416		8 416
Realisation of foreign currency translation reserve					–	(18 310)	(18 310)
Net loss on disposal of operations						188 997	188 997
Net change in vendors for acquisition					(34 044)		(34 044)
Net acquisition of businesses, subsidiaries, associates and investments					1 491 467	(704 595)	786 872

The Group funded these acquisitions from existing banking resources.

The acquisition of Plumblink contributed R1 528 million to revenue and R86 million to operating profit. Similarly, the Novel acquisition contributed R778 million to revenue and R45 million to operating profit and would have contributed R855 million to revenue and R51 million to operating profit, had the acquisition been effective July 1 2015.

## Subsequent events

The Group has entered into a binding agreement to acquire 100% of the shares of and equity loan claims against Brandcorp Holdings Proprietary Limited (Brandcorp). Brandcorp is a holding company of businesses involved in the distribution and reselling of a wide range of niche, high-quality industrial and consumer products in southern Africa. Brandcorp owns well-known brands across its individual businesses, as well as distribution rights (exclusive and otherwise) for leading local and international brands. The board considers the Brandcorp acquisition to present an attractive investment opportunity which is aligned with Bidvest's proven strategy of expanding its business operations through value accretive acquisitions. Brandcorp will form a part of Bidvest's Commercial Products division and it is expected that the Group will complement Brandcorp's offering, and opportunities exist for the Group and Brandcorp to leverage off each other's client base, expertise, resources and network to significantly grow revenue and earnings. The Brandcorp acquisition is still subject to regulatory and other conditions typical for a transaction of this nature.

## Fair value of financial instruments

The Group's investments of R2 870 million (2015: R2 551 million) include R89 million (2015: R431 million) recorded at cost, R1 846 million (2015: R1 273 million) recorded and measured at fair value using quoted prices (level 1) and R935 million (2015: R847 million) recorded and measured at fair value using factors not based on observable data (level 3). Level 3 investments are valued using discounted cash flows with a discount rate of 15,3% (2015: 15,3%). Fair value gains recognised in the income statement total R94 million (2015: R118 million) and other reductions of R7 million relate to net sales and net foreign exchange gains of R2 million recognised in the currency translation reserve.

The carrying values all financial assets and liabilities approximate their fair values, with the exception of borrowings of R8 965 million whose carrying value is R8 982 million.

## Independent review

The directors of the Company take full responsibility for the preparation of the condensed consolidated financial statements.

These condensed consolidated financial statements for the year ended June 30 2016 have been reviewed by Deloitte & Touche, our independent auditors, who have expressed an unmodified review conclusion. The external auditors have performed their review in accordance with International Standards on Review Engagements (ISRE) 2410. A copy of the auditor's review report is available for inspection at the Company's registered office.

## Preparer of the financial statements

These provisional condensed consolidated financial statements have been prepared under the supervision of HP Meijer (B. Compt. MBL), Group Financial Director, and were approved by the board of directors on August 26 2016.

## Administration

### The Bidvest Group Limited

("Bidvest" or "the Group" or "the Company")

Incorporated in the Republic of South Africa

### Directors

**Independent non-executive chairman:** *CWL Phalatse*

**Independent non-executive directors:** *DDB Band, EK Diack, AK Maditsi, S Masinga, NG Payne, T Slabbert*

**Non-executive director:** *B Joffe*

**Executive directors:** *LP Ralphs (Chief executive), AW Dawe, NT Madisa, GC McMahon, HP Meijer\* (Group financial director)*

*(\*Netherlands)*

### 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](http://www.bidvest.com)





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