Bidvest

2020

financial year interim results

UNAUDITED FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION

for the six months ended 31 December 2019

Salient **features**

Trading profit grew by 19.8% to

R4.0 billion

Trading profit margin improved 81bps to

9.2%

Strong balance sheet maintained with 1.1x net debt/EBITDA

Operational cash generated up 32.7% to

R5.5 billion

Normalised HEPS of

610.9 cents

per share

ROFE up to

24.8%

Unchanged interim dividend of

282 cents

per share

Acquiring UK's number 1 hygiene business, PHS, for

GBP495 million

Message to **shareholders**

Introduction

Bidvest is a leading business-to-business services, trading and distribution group, operating through six divisions: Services, Freight, Branded Products, Commercial Products, Financial Services and Automotive. The Group owns a significant Bidvest occupied property portfolio. Bidvest strategically increased its stake in Adcock Ingram ("Adcock") to 52.3%, resulting in it being consolidated from 1 August 2019 into Branded Products. Bidvest continues to hold non-core investments in, Comair (27.2%) and Mumbai International Airport (6.75%) (MIAL).

Highlights

Trading profit increased by 19.8% to R4.0 billion, off revenue growth of 9.2%, enhanced by the consolidation of Adcock.

During the six months to December 2019, Bidvest's domestic operations held their own in a tough trading environment characterised by low business confidence and constrained consumer demand culminating in lower volumes. Offshore service businesses performed well. Our services businesses, comprising the Services, Freight and Financial Services divisions, grew trading profit by 6.5%.

Exceptional cost management and good capital discipline resulted in improved margins. Post working capital, cash generated by operations increased almost three-fold to R3.8 billion.

The balance sheet remains strong. Return on Funds Employed (ROFE) improved from 22.8% to 24.8%. ROIC of 16.3% is well above the Group's weighted cost of capital.

The impact of accounting for Adcock as an associate for one month and consolidating it from 1 August 2019, was neutral on headline earnings.

In December we announced the acquisition of PHS, the largest hygiene service provider in the UK and Spain, for GBP495 million. This is in line with Bidvest's strategic intent to expand internationally in niche, asset light annuity businesses that will benefit from Bidvest's capabilities and expertise.

The Group declared an interim dividend of 282 cents per share, in line with prior year.

Normalised HEPS is a measurement used by management to assess the underlying business performance. The Group delivered a slightly improved result, as reflected in *pro forma* normalised HEPS[(1)] of 636.5 cents. The non-cash impact of IFRS 16 (4.1%) and Bidvest's share of Comair's impairment of the SAA settlement (5.8%) represents the differential to the reported 10.5% decline in HEPS.

[(1)] *Normalised HEPS, which excludes acquisition costs, amortisation of acquired customer contracts and includes an adjustment for Bidvest's share of Comair's SAA impairment, is a measurement management uses to assess the underlying business performance.*

Message to **shareholders** (continued)

Financial overview

Group revenue grew 9.2% to R43.7 billion (H1 2019: R40.0 billion). Adcock was consolidated for five months. On a comparable basis, the bolt-on acquisitions and rate increases more than offset the lower activity and pricing pressures experienced in certain activities.

Gross profit margin increased 120bps to 30.5%, mainly due to mix changes. Continued, strong focus on cost containment limited the growth in expenses to only 2.7% up, excluding the impact of Adcock's consolidation and IFRS 16.

Trading profit grew by 19.8% and the trading margin increased by 81 basis points to 9.2%. Services' offshore operations performed very well, and a resilient result was delivered by the South African businesses. Freight handled increased bulk and liquid commodity volumes but this was more than offset by lower agricultural exports, specifically yellow maize, and reduced cargo volumes. Branded Products' result was good considering the significant challenges in this sector and was bolstered by Adcock's consolidation. The results from Financial Services and Automotive were pleasing while that of Commercial Products were somewhat disappointing. Properties delivered solid growth in trading profit.

The adoption of IFRS 16 had a modest positive impact on trading profit, however, the resulting higher interest charge of R228.8 million had a net adverse impact of R87.2 million, or 3.9% on attributable income and 4.1% on headline earnings.

Net capital items contributed losses of R300.1 million, relative to a gain of R112.5 million in the prior year. The net negative adjustments to the investment values of Adcock and Comair compared to gains in the prior period. The balance of the charge relates to the losses on the disposal and closure of businesses, in particular The Mansfield Group.

Net finance charges were 7.3% higher at R562.5 million (H1 2019: R524.0 million), excluding the impact of IFRS 16. Additional borrowings were raised to fund acquisitions. The Group's average cost of funding remained flat at 6.5% pre-tax.

Share of losses from associates resulted from the loss incurred by Comair, compared to a profit in the prior period, as well as the impairment of the full outstanding SAA settlement. Adcock was accounted for as an associate for one month compared to six months previously.

The Group's effective tax rate, excluding capital items and share of associates, remained broadly flat at 27.9% (H1 2019: 27.7%).

Basic earnings per share decreased by 27.7% to 476.9 cents (H1 2019: 660.0 cents) mainly due to the contraction in the share prices of associates compared to material share price increases in the prior year.

Bidvest continues to maintain a conservative approach to gearing and net debt levels are considered acceptable at R10.0 billion (H1 2019: R8.9 billion). A stable net debt to EBITDA metric at 1.1x (H1 2019: 1.1x) and EBITDA interest cover of 8.2 times (H1 2019: 8.2 times), are both comfortably above the Group's conservative targets, providing ample capacity for further expansion. Lease liabilities totalling R5.2 billion are excluded from the above. In October 2019, Bidvest successfully raised two long-term bonds, totalling R1.5 billion, which were significantly oversubscribed, at attractive rates.

Cash generated by operations at R3.8 billion, was higher than the R1.1 billion generated in the prior period. The Group absorbed R1.8 billion of working capital in the current period compared to R3.1 billion in the prior period. The main impact, year on year, was from a decrease in trade receivables and deposit growth, in excess of advances in Bidvest Bank.

Corporate action

On 24 December 2019, Bidvest announced the acquisition of PHS Group ("PHS") for an enterprise value consideration of GBP495 million, approximately R9.1 billion. Bidvest will fully fund the acquisition through committed third-party GBP denominated debt. PHS is the number one hygiene service provider in the United Kingdom (UK) and also holds top positions in the Republic of Ireland (Ireland) and Spain. It offers a comprehensive range of hygiene services as well complementary services such as consumable supplies, laundry and rental of textiles and dust control mats. The acquisition of PHS is in line with Bidvest's stated strategic intent to expand its presence beyond South Africa in niche, asset light annuity income businesses that will benefit from Bidvest's capabilities and expertise. The transaction is expected to be completed mid-2020, subject to fulfilment of certain conditions precedent.

Services acquired Future Cleaning, a commercial and office cleaning business in the UK, effective 1 July 2019, and the minorities were bought out in Compendium and Pureau. The acquisition of Eqstra, announced on 15 July 2019, is yet to become effective as we await Prudential Authority approval. The Group's flagship R1.0 billion liquid petroleum gas (LPG) storage project remains within budget and on time. The disposal of our stake in MIAL is progressing.

Prospects

The core competencies and drivers of the Bidvest business remain firmly intact. The diverse portfolio of businesses and extensive reach allow the Group to weather challenging times. Our basic-need services and everyday essential product ranges enable the Group to support and add value to all its stakeholders. Innovation to disrupt ourselves, and the industries in which we operate, remains a core focus alongside disciplined asset management and cost control.

We anticipate the economic conditions experienced during the interim period to persist for the remainder of the financial year. Bidvest remains well positioned to participate in pockets of activity and opportunities while creating value for its extensive stakeholder base.

Bidvest will, however, continue to carefully consider strategic investments in South Africa and internationally to generate sustainable profits for the long term, particularly in those sectors where we can capitalise on structural growth drivers including out-of-home hygiene, urbanisation, health and wellness awareness and outsourcing. The announced acquisition of PHS is consistent with this approach.

The Group remains cognisant of making growth decisions for capital investment in long-dated relevant infrastructure assets backed by take-or-pay contracts, such as the LPG storage project in Richards Bay. This thinking has also led to a decision to establish a smaller inland LPG storage terminal, which was recently approved.

The funding for the acquisitions of PHS and Eqstra will utilise a meaningful portion of the financial headroom that exists on the Group's balance sheet today. The resulting gearing ratio will, however, remain comfortably below bank covenants. Strong cash generation and a robust balance sheet will continue to support the Group's strategy of growth in its existing markets, as well as continuing to acquire bolt-on businesses. This will also enable Bidvest to pursue expansion internationally in the chosen niche areas of Services and Commercial Products.

Message to **shareholders** (continued)

Divisional review

Services

Trading profit rose 15.4% to R1.2 billion. Noonan delivered an exceptional result in underlying currency, driven mainly by margin uplift, with the recently acquired Future Cleaning adding scale and capabilities. New business wins are expected to continue over the coming months. The South African operating environment remains very price sensitive and stagnant with a noticeable increase in churn across the portfolio. The Security and Aviation cluster performed very well. Allied Services delivered a good result, bolstered by the Aquazania (purified water supplier) acquisition made last year, while Facilities Management performed admirably despite the loss of the significant Kusile catering contract. The corporate travel businesses performed poorly due to downtrading and very limited rebate deals despite robust cost base management. The leisure travel activities performed well.

Branded Products

The newly named, Branded Products division, which includes Adcock, grew trading profit by. 75.7% to R988.9 million. Bidvest's 52.3% shareholding in Adcock was consolidated into this division for five months during the period under review. Adcock's interim results reflected a reasonable performance in the difficult trading conditions and constrained consumer environment. Strict cost control and a relentless focus on customer service, resulted in 0.9% and 1.0% revenue and trading profit growth.

Excluding Adcock, trading profit was down 4.1%. The division's data, print, packaging and office furniture businesses held their own in this demanding environment. The consumer products businesses were more severely affected, and reflected the depressed retail sector. Notable achievements were that comparable overall margins for the division were maintained and expense management was exceptional during the period.

Freight

Freight handled increased bulk and liquid commodity volumes, but lower agricultural exports, specifically yellow maize, and general cargo volumes offset this, culminating in a 9.3% contraction in trading profit to R645.6 million. Bidvest Tank Terminals and Bulk Connections performed well and increased trading profits, but most other businesses reported lower profits than this time last year. The LPG storage facility is on track, with pressure testing of the new storage tanks successfully concluded in January 2020. Full commissioning is scheduled over the coming months. Bidvest Panalpina Logistics ("BPL") has joined forces with a new international forwarding and clearing partner, EMO Trans, following the acquisition of Panalpina by DSV. Effective 1 January 2020, BPL was rebranded Bidvest International Logistics. UK-based On-Time Automotive is in the process of being sold.

Commercial Products

The division has been restructured and now includes the former Electrical division and King Pie while Home of Living Brands and Cellini were transferred to Branded Products. Revenue grew by 3.0% while trading profit declined 9.7%. The key challenge was margin management which more than neutralised very well managed operating costs. The Trade, Catering, Warehousing and General Industrial clusters performed well, while DIY/Tools/Workwear and Packaging were hampered by very tough operating conditions. Plumblink delivered another excellent result. The speciality electrical businesses benefited from the shift to alternative energy sources and vertical integration while the commodity trading activities were subdued. The business noted pockets of infrastructure and low-cost housing activity. Poor factory recoveries in Academy Brushware and G Fox and margin erosion in Matus resulted in disappointing results.

Financial Services

Bidvest Financial Services' trading profit increased 13.9% to R276.6 million. This is after investment income, which was significantly higher than last year. Bidvest Bank delivered a slightly improved result, but the insurance businesses remain under pressure. Strong gross written premium growth continued in FMI but the new business strain together with pressure in the short-term insurance market resulted in lower profits. FinGlobal delivered a pleasing result. The Bank's balance sheet is robust with deposits growing faster than loans and advances. Leasing assets declined on a net basis as the Transnet Heavy Commercial Vehicle contract is slow in rolling out. The Bidvest Bank management team is intently focused on its future growth, which includes expanding the Fleet Finance and maintenance and foreign exchange offerings, whilst continuing a deposit funding model.

Automotive

The South African automotive market remains depressed and highly competitive across all segments of the sector. An excellent turn-around in Bidvest Car Rental as well as efficiencies and cost control resulted in a pleasing 16.5% growth in trading profit to R379.0 million. Rightsizing of the dealership footprint and continued cost containment has led to marginal gross margin growth in McCarthy, even though there is continued pressure on margins in both the new and used vehicle markets. The Namibian businesses have improved, albeit off a low base. Bidvest Car Rental grew rental days, achieved rate increases and improved fleet utilisation, ending the half year with a significantly higher trading profit.

Bidvest Properties and Corporate

Bidvest Properties delivered another strong result with trading profit up 4.6% to R294.8 million. The portfolio comprises 130 properties across South Africa and Namibia with an estimated market value of about R8.3 billion. The Mansfield Group was sold and discussions are ongoing to dispose of small remaining fishing-related businesses.

Directorate

In accordance with the section 3.59 of the JSE Listings Requirements, the board of directors of the Group advised shareholders that Ms T Slabbert, Mr NG Payne and Mr AW Dawe retired as non-executive directors of the Group, with effect from 28 November 2019. With effect from 25 October 2019, Ms Z Siyotula and Mr MJD Ruck were appointed as independent non-executive directors.

Mr BF Mohale was appointed chairman of the board and Mr EK Diack reverted to the lead independent director, effective 29 November 2019.

For and on behalf of the board

BF Mohale
Chairman

LP Ralphs
Chief executive

Johannesburg

2 March 2020

Message to **shareholders** (continued)

Dividend declaration

In line with the Group dividend policy, the directors have declared an interim gross cash dividend of 282 cents (225.6 cents net of dividend withholding tax, where applicable) per ordinary share for the six months ended 31 December 2019 to those members registered on the record date, being Friday, 27 March 2020.

The dividend has been declared from income reserves. A dividend withholding tax of 20% 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:	282
Net dividend amount per share:	225.6000
Issued shares at declaration date:	340 274 346
Declaration date:	Monday, 2 March 2020
Last day to trade *cum* dividend:	Tuesday, 24 March 2020
First day to trade *ex*-dividend:	Wednesday, 25 March 2020
Record date:	Friday, 27 March 2020
Payment date:	Monday, 30 March 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 March 2020, and Friday, 27 March 2020, both days inclusive.

For and on behalf of the board

Ilze Roux
Company Secretary

Condensed consolidated income **statement**

for the half-year ended 31 December 2019

R000s	2019 Unaudited	IFRS 16 adjustment Unaudited	2019 ^ *Pro forma* Unaudited	2018 Unaudited	% change	% change *Pro forma*	Year ended 30 June 2019 Audited
	Half-year ended 31 December						
Revenue	**43 677 636**	–	**43 677 636**	40 002 674	9.2	9.2	77 152 384
Cost of revenue	**(30 345 538)**	–	**(30 345 538)**	(28 291 821)	7.3	7.3	(54 142 671)
Gross profit	**13 332 098**	–	**13 332 098**	11 710 853	13.8	13.8	23 009 713
Operating expenses	**(9 475 506)**	(99 630)	**(9 575 136)**	(8 596 279)	10.2	11.4	(16 952 252)
Other income	**125 845**	–	**125 845**	137 833			310 208
Income from investments	**17 386**	–	**17 386**	86 538			368 258
Trading profit	**3 999 823**	(99 630)	**3 900 193**	3 338 945	19.8	16.8	6 735 927
Share-based payment expense	**(117 497)**	–	**(117 497)**	(92 483)			(190 109)
Acquisition costs and customer contracts amortisation	**(43 318)**	–	**(43 318)**	(25 194)			(65 858)
Operating profit	**3 839 008**	(99 630)	**3 739 378**	3 221 268	19.2	16.1	6 479 960
Net capital items#	**(300 080)**	–	**(300 080)**	112 479			(787 102)
Net finance charges	**(791 262)**	228 782	**(562 480)**	(524 025)	51.0	7.3	(1 054 933)
Finance income	**67 707**	–	**67 707**	87 181			180 461
Finance charges	**(858 969)**	228 782	**(630 187)**	(611 206)			(1 235 394)
Share of profit of associates and joint ventures	**(97 267)**	(5 837)	**(103 104)**	198 429	(149.0)	(152.0)	583 198
Current period earnings	**(91 639)**	(5 837)	**(97 476)**	201 081	(145.6)	(148.5)	592 104
Net capital items	**(5 628)**	–	**(5 628)**	(2 652)			(8 906)
Profit before taxation	**2 650 399**	123 315	**2 773 714**	3 008 151	(11.9)	(7.8)	5 221 123
Taxation	**(840 364)**	(36 163)	**(876 527)**	(751 221)	11.9	16.7	(1 417 193)
Profit for the period	**1 810 035**	87 152	**1 897 187**	2 256 930			3 803 930
Attributable to:							
Shareholders of the Company	**1 615 766**	86 837	**1 702 603**	2 223 239	(27.3)	(23.4)	3 775 282
Non-controlling interest	**194 269**	315	**194 584**	33 691	476.6	477.6	28 648
	1 810 035	87 152	**1 897 187**	2 256 930	(19.8)	(15.9)	3 803 930
Basic earnings per share (cents)	**476.9**		**502.5**	660.0	(27.7)	(23.9)	1 119.4
Diluted basic earnings per share (cents)	**475.8**		**501.3**	657.5	(27.6)	(23.8)	1 116.4
Supplementary Information							
Headline earnings per share (cents)	**563.2**		**588.9**	629.1	(10.5)	(6.4)	1 352.1
Diluted headline earnings per share (cents)	**561.9**		**587.5**	626.7	(10.3)	(6.3)	1 348.4
Normalised headline earnings per share* (cents)	**610.9**		**636.5**	635.7	(3.9)	0.1	1 320.0
Shares in issue							
Total ('000)	**339 679**		**339 679**	337 072			338 382
Weighted ('000)	**338 826**		**338 826**	336 843			337 245
Diluted weighted ('000)	**339 621**		**339 621**	338 125			338 164
Dividends per share (cents)	**282.0**		**282.0**	282.0	0.0	0.0	600.0

** Normalised headline earnings per share excludes acquisition costs, amortisation of acquired customer contracts and non-cash share of SAA claim*
^ Pro forma Unaudited applies IAS 17 to operating leases for the half year ending 31 December 2019
 # Refer to headline earnings calculations for further details

R000s	2019 Unaudited	IFRS 16 adjustment Unaudited	^ *Pro forma* 2019 Unaudited	2018 Unaudited	% change	2019 Audited
	Half-year ended 31 December					
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	**1 615 766**	86 837	**1 702 603**	2 223 239	(27.3)	3 775 282
Impairment of property, plant and equipment, goodwill and intangible assets	**–**	–	**–**	–		10 299
Property, plant and equipment#	**–**	–	**–**	–		9 580
Intangible assets#	**–**	–	**–**	–		1 648
Taxation effect	**–**	–	**–**	–		(196)
Non-controlling interest	**–**	–	**–**	–		(733)
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**155 676**	–	**155 676**	10 817		175 030
Loss on disposal and closure#	**169 244**	–	**169 244**	12 449		202 250
Taxation effect	**(13 568)**	–	**(13 568)**	(1 632)		(23 947)
Non-controlling interest	**–**	–	**–**	–		(3 273)
Net loss (gain) on disposal and remeasurement to recoverable fair value of associates	**136 049**	–	**136 049**	(100 896)		622 900
Remeasurement to recoverable fair value of associate#	**135 356**	–	**135 356**	(100 618)		623 941
Net loss (gain) on change in shareholding in associates#	**693**	–	**693**	(278)		(1 041)
Net gain on disposal of property, plant and equipment and intangible assets	**(4 706)**	–	**(4 706)**	(5 977)		(19 016)
Property, plant and equipment#	**(2 263)**	–	**(2 263)**	(4 652)		(28 192)
Intangible assets#	**(2 950)**	–	**(2 950)**	(4 380)		(4 249)
Taxation effect	**507**	–	**507**	1 303		11 554
Non-controlling interest	**–**	–	**–**	1 752		1 871
Compensation received on loss or impairment of property plant and equipment	**–**	–	**–**	(10 800)		(13 630)
Compensation received#	**–**	–	**–**	(15 000)		(16 835)
Taxation effect	**–**	–	**–**	4 200		3 205
Non-headline items included in equity accounted earnings of associated companies	**5 628**	–	**5 628**	2 652		8 906
Headline earnings	**1 908 413**	86 837	**1 995 250**	2 119 035	(9.9)	4 559 771

 # Items above included as capital items on summarised consolidated income statement
^ Pro forma Unaudited applies IAS 17 to operating leases for the half year ending 31 December 2019

Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by Lindsay Ralphs, the chief operating decision maker. The calculation of normalised headline earnings per share excludes acquisition costs, amortisation of acquired customer contracts and non-cash share of SAA claim and is based on the normalised headline profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the period. The presentation of normalised headline earnings is not an IFRS requirement.

	Half-year ended 31 December					
	2019	IFRS 16 adjustment	**^ *Pro forma* 2019**	2018	%	2019
R000s	**Unaudited**	Unaudited	**Unaudited**	Unaudited	change	Audited
Headline earnings	**1 908 413**	86 837	**1 995 250**	2 119 035		4 559 771
Acquisition costs	**16 465**	–	**16 465**	3 222		22 940
Amortisation of customer contracts	**26 853**	–	**26 853**	21 972		42 918
Non-cash share of Comair's SAA travel agent incentive scheme settlement	**122 191**	–	**122 191**	–		(167 950)
Taxation effect	**(4 013)**	–	**(4 013)**	(2 883)		(5 883)
Normalised headline earnings	**2 069 909**	**86 837**	**2 156 746**	2 141 346	(3.3)	4 451 796

^ *Pro forma Unaudited applies IAS 17 to operating leases for the half year ending 31 December 2019*

Condensed consolidated statement of other comprehensive **income**

for the half-year ended 31 December 2019

R000s	2019 Unaudited	IFRS 16 adjustment Unaudited	2019 ^ *Pro forma* Unaudited	2018 Unaudited	Year ended 30 June 2019 Audited
	Half-year ended 31 December				
Profit for the period	**1 810 035**	87 152	**1 897 187**	2 256 930	3 803 930
Other comprehensive income (expense) net of taxation					
Items that may be reclassified subsequently to profit or loss	**(21 176)**	–	**(21 176)**	(18 870)	(38 166)
Decrease in foreign currency translation reserve					
Exchange differences arising during the period	**(5 834)**	–	**(5 834)**	(22 435)	(11 044)
(Decrease) increase in fair value of cash flow hedges	**(21 356)**	–	**(21 356)**	670	(12 617)
Fair value (loss) gain arising during the period	**(29 661)**	–	**(29 661)**	931	(17 523)
Taxation effect for the period	**8 305**	–	**8 305**	(261)	4 906
Share of other comprehensive income of associates and joint ventures	**6 014**	–	**6 014**	2 895	(14 505)
Other comprehensive income transferred to profit or loss					
Realisation of exchange differences on disposal of subsidiaries and or associates	**2 803**	–	**2 803**	–	(42 903)
Items that will not be reclassified subsequently to profit or loss					
Changes in the fair value of financial assets recognised through other comprehensive income	**(6 563)**	–	**(6 563)**	1 571	23 849
Share of other comprehensive income of associates and joint ventures	**–**	–	**–**	286	677
Defined benefit obligations	**–**	–	**–**	–	(679)
Net remeasurement of defined benefit obligations during the period	**–**	–	**–**	–	(943)
Taxation effect for the period	**–**	–	**–**	–	264
Total comprehensive income for the period	**1 785 099**	87 152	**1 872 251**	2 239 917	3 746 708
Attributable to:					
Shareholders of the Company	**1 608 513**	86 837	**1 695 350**	2 206 563	3 718 156
Non-controlling interest	**176 586**	315	**176 901**	33 354	28 552
	1 785 099	87 152	**1 872 251**	2 239 917	3 746 708

^ *Pro forma Unaudited applies IAS 17 to operating leases for the half year ending 31 December 2019*

Condensed consolidated statement of cash **flows**

for the half-year ended 31 December 2019

R000s	2019 Unaudited	IFRS 16 adjustment Unaudited	2019 ^*Pro forma* Unaudited	2018 Re-presented* Unaudited	Year ended 30 June 2019 Audited
	Half-year ended 31 December				
Cash flows from operating activities	**1 001 318**	(551 178)	**450 140**	(1 088 931)	2 580 285
Profit after net capital items	**3 538 928**	(99 630)	**3 439 298**	3 333 747	5 692 858
Dividends from associates and joint ventures	**58 836**	–	**58 836**	78 480	155 889
Acquisition costs	**16 465**	–	**16 465**	3 222	22 940
Depreciation and amortisation	**1 598 560**	(629 808)	**968 752**	869 662	1 698 014
Remeasurement to recoverable fair value of associates and joint ventures	**135 356**	–	**135 356**	(100 618)	623 941
Other non-cash items	**194 281**	–	**194 281**	(7 551)	(17 008)
Cash generated by operations before changes in working capital	**5 542 426**	(729 438)	**4 812 988**	4 176 942	8 176 634
Changes in working capital	**(1 750 162)**	–	**(1 750 162)**	(3 070 622)	(1 107 708)
(Increase) decrease in inventories	**(405 130)**	–	**(405 130)**	(542 349)	44 123
Decrease (increase) in trade receivables	**1 042 788**	–	**1 042 788**	427 222	(99 242)
Increase in banking and other advances	**(337 617)**	–	**(337 617)**	(421 215)	(764 085)
Decrease in trade and other payables and provisions	**(2 572 525)**	–	**(2 572 525)**	(2 436 652)	(1 074 852)
Increase (decrease) in amounts owed to bank depositors	**522 322**	–	**522 322**	(97 628)	786 348
Cash generated by operations	**3 792 264**	(729 438)	**3 062 826**	1 106 320	7 068 926
Net finance charges paid	**(735 537)**	178 260	**(557 277)**	(506 655)	(1 047 056)
Taxation paid	**(852 403)**	–	**(852 403)**	(636 556)	(1 422 308)
Dividends paid by the Company	**(1 076 055)**	–	**(1 076 055)**	(1 013 685)	(1 964 229)
Dividends paid by subsidiaries	**(126 951)**	–	**(126 951)**	(38 355)	(55 048)
– Non-controlling shareholders	**(126 951)**	–	**(126 951)**	(36 465)	(51 207)
– Put-call option holders	**–**	–	**–**	(1 890)	(3 841)
Cash effects of investment activities	**(2 853 805)**	–	**(2 853 805)**	(1 376 423)	(3 281 913)
Net acquisition of vehicle rental fleet	**(643 899)**	–	**(643 899)**	(331 477)	(243 334)
Net additions to property, plant and equipment	**(917 401)**	–	**(917 401)**	(1 172 149)	(2 198 170)
Net additions to intangible assets	**(75 351)**	–	**(75 351)**	(53 924)	(160 245)
Net (acquisition) disposal of subsidiaries, businesses, associates and investments	**(1 217 154)**	–	**(1 217 154)**	181 127	(680 164)
Cash effects of financing activities	**1 617 223**	551 178	**2 168 401**	351 885	(766 609)
Repayment of lease liabilities	**(551 178)**	551 178	**–**	–	–
Settlement of puttable non-controlling interest liability	**(57 050)**	–	**(57 050)**	(16 500)	(16 500)
Transactions with non-controlling interests	**(176 765)**	–	**(176 765)**	–	(757 645)
Net borrowings raised	**2 402 216**	–	**2 402 216**	368 385	7 536
Net decrease in cash and cash equivalents	**(235 264)**	–	**(235 264)**	(2 113 469)	(1 468 237)
Net cash and cash equivalents at the beginning of the period	**2 034 523**	–	**2 034 523**	3 514 398	3 514 398
Exchange rate adjustment	**(7 733)**	–	**(7 733)**	13 835	(11 638)
Cash arising on recognition of Adcock Ingram as a subsidiary	**467 913**	–	**467 913**	–	–
Net cash and cash equivalents at end of the period	**2 259 439**	–	**2 259 439**	1 414 764	2 034 523
Net cash and cash equivalents comprise:					
Cash and cash equivalents	**6 944 710**	–	**6 944 710**	5 221 027	6 617 075
Bank overdrafts included in short-term portion of interest bearing borrowings	**(4 685 271)**	–	**(4 685 271)**	(3 806 263)	(4 582 552)
	2 259 439	–	**2 259 439**	1 414 764	2 034 523

** Refer note on Re-presentation of comparatives*
^ Pro forma Unaudited applies IAS 17 to operating leases for the half year ending 31 December 2019

Condensed consolidated statement of financial **position**

as at 31 December 2019

R000s	31 December 2019 Unaudited	IFRS 16 adjustment Unaudited	2019 ^ *Pro forma* Unaudited	2018 Unaudited	30 June 2019 Audited
ASSETS					
Non-current assets	**37 585 347**	(5 034 459)	**32 550 888**	30 171 531	31 011 664
Property, plant and equipment	**13 671 906**	–	**13 671 906**	11 618 966	12 048 736
Right-of-use assets	**5 012 861**	(5 012 861)	**–**	–	–
Intangible assets	**4 480 138**	–	**4 480 138**	3 399 155	3 378 627
Goodwill	**8 688 835**	–	**8 688 835**	4 529 277	5 424 027
Deferred taxation assets	**681 809**	(36 163)	**645 646**	702 736	845 421
Defined benefit pension surplus	**241 390**	–	**241 390**	224 577	241 390
Interest in associates and joint ventures	**960 793**	14 565	**975 358**	5 571 390	5 803 569
Life assurance fund	**77 179**	–	**77 179**	49 228	44 175
Investments	**2 089 968**	–	**2 089 968**	2 821 943	1 732 951
Banking and other advances	**1 680 468**	–	**1 680 468**	1 254 259	1 492 768
Current assets	**34 953 935**	–	**34 953 935**	28 062 411	30 834 644
Vehicle rental fleet	**1 819 214**	–	**1 819 214**	1 446 044	1 277 803
Inventories	**10 474 470**	–	**10 474 470**	9 101 823	8 558 967
Short-term portion of banking and other advances	**1 312 324**	–	**1 312 324**	1 058 046	1 162 407
Short-term portion of investments	**1 202 133**	–	**1 202 133**	–	1 211 481
Trade and other receivables	**12 851 959**	–	**12 851 959**	11 092 074	11 724 064
Taxation	**349 125**	–	**349 125**	143 397	282 847
Cash and cash equivalents	**6 944 710**	–	**6 944 710**	5 221 027	6 617 075
Disposal group assets held for sale	**–**	–	**–**	253 919	–
Total assets	**72 539 282**	(5 034 459)	**67 504 823**	58 487 861	61 846 308
EQUITY AND LIABILITIES					
Capital and reserves	**28 573 995**	107 554	**28 681 549**	26 129 311	25 922 832
Attributable to shareholders of the Company	**26 189 547**	107 239	**26 296 786**	25 137 558	25 618 212
Non-controlling interest	**2 384 448**	315	**2 384 763**	991 753	304 620
Non-current liabilities	**15 938 982**	(4 299 205)	**11 639 777**	7 826 381	8 946 369
Deferred taxation liabilities	**1 446 188**	–	**1 446 188**	1 054 051	1 335 156
Long-term portion of borrowings	**9 719 842**	–	**9 719 842**	6 253 671	7 008 238
Post-retirement obligations	**89 078**	–	**89 078**	76 600	74 317
Puttable non-controlling interest liabilities	**24 002**	–	**24 002**	80 174	82 317
Long-term portion of provisions	**249 599**	–	**249 599**	234 448	350 705
Long-term portion of lease liabilities	**4 410 273**	(4 299 205)	**111 068**	127 437	95 636
Current liabilities	**28 026 305**	(842 808)	**27 183 497**	24 500 384	26 977 107
Trade and other payables	**11 878 608**	67 651	**11 946 259**	10 396 001	11 991 853
Short-term portion of provisions	**360 135**	–	**360 135**	348 907	332 465
Vendors for acquisition	**429 439**	–	**429 439**	24 381	518 231
Taxation	**311 398**	–	**311 398**	363 637	291 042
Amounts owed to bank depositors	**6 929 812**	–	**6 929 812**	5 523 514	6 407 490
Short-term portion of borrowings	**7 206 454**	–	**7 206 454**	7 843 944	7 436 026
Short-term portion of lease liabilities	**910 459**	(910 459)	**–**	–	–
Disposal group liabilities held for sale	**–**	–	**–**	31 785	–
Total equity and liabilities	**72 539 282**	(5 034 459)	**67 504 823**	58 487 861	61 846 308
Supplementary information					
Net tangible asset value per share (cents)	**3 833**		**3 865**	5 105	4 969
Net asset value per share (cents)	**7 710**		**7 742**	7 458	7 571

^ Pro forma Unaudited applies IAS 17 to operating leases for the half year ending 31 December 2019

Condensed consolidated statement of changes in **equity**

for the half-year ended 31 December 2019

R000s	2019 Unaudited	IFRS 16 adjustment Unaudited	2019 ^ *Pro forma* Unaudited	2018 Unaudited	Year ended 30 June 2019 Audited
	Half-year ended 31 December				
Equity attributable to shareholders of the Company	**26 189 547**	107 239	**26 296 786**	25 137 558	25 618 212
Share capital	**17 014**	–	**17 014**	16 888	16 948
Balance at beginning of the period	**16 948**	–	**16 948**	16 873	16 873
Shares issued during the period	**66**	–	**66**	15	75
Share premium	**1 367 796**	–	**1 367 796**	856 970	1 099 231
Balance at beginning of the period	**1 099 231**	–	**1 099 231**	797 717	797 717
Shares issued during the period	**268 856**	–	**268 856**	59 393	302 012
Share issue costs	**(291)**	–	**(291)**	(140)	(498)
Foreign currency translation reserve	**214 380**	–	**214 380**	221 386	208 936
Balance at beginning of the period	**208 936**	–	**208 936**	262 787	262 787
Movement during the period	**2 641**	–	**2 641**	(22 098)	(10 948)
Realisation of reserve on disposal of subsidiaries and or associates	**2 803**	–	**2 803**	(19 303)	(42 903)
Hedging reserve	**(25 728)**	–	**(25 728)**	(293)	(13 580)
Balance at beginning of the period	**(13 580)**	–	**(13 580)**	(963)	(963)
Fair value (losses) gains arising during the period	**(16 872)**	–	**(16 872)**	931	(17 523)
Deferred tax recognised directly in reserve	**4 724**	–	**4 724**	(261)	4 906
Equity-settled share-based payment reserve	**(478 558)**	–	**(478 558)**	(211 360)	(343 118)
Balance at beginning of the period	**(343 118)**	–	**(343 118)**	(243 388)	(243 388)
Arising during the period	**109 800**	–	**109 800**	92 444	191 070
Deferred tax recognised directly in reserve	**33 065**	–	**33 065**	9 059	34 289
Utilisation during the period	**(278 305)**	–	**(278 305)**	(58 259)	(324 656)
Realisation of reserve on disposal of subsidiaries and or associates	**–**	–	**–**	–	8 049
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**–**	–	**–**	–	2 734
Transfer to retained earnings	**–**	–	**–**	(11 216)	(11 216)

Condensed consolidated statement of changes in **equity** (continued)

for the half-year ended 31 December 2019

R000s	2019 Unaudited	IFRS 16 adjustment Unaudited	2019 ^ *Pro forma* Unaudited	2018 Unaudited	Year ended 30 June 2019 Audited
	Half-year ended 31 December				
Movement in retained earnings	**24 440 880**	107 239	**24 548 119**	23 616 904	24 012 732
Balance at the beginning of the period	**24 012 732**	–	**24 012 732**	22 486 993	22 486 993
IFRS 15 adjustment to balance at beginning of the period	**–**	–	**–**	(38 723)	(38 723)
IFRS 9 adjustment to balance at beginning of the period	**–**	–	**–**	(43 223)	(41 360)
Share of associate IFRS 16 adjustment to balance at beginning of the period ˘	**(20 402)**	20 402	**–**	–	–
Attributable profit	**1 615 766**	86 837	**1 702 603**	2 223 239	3 775 282
Changes in the fair value of financial assets recognised through other comprehensive income	**(6 563)**	–	**(6 563)**	1 571	23 849
Net remeasurement of defined benefit obligations during the period	**–**	–	**–**	–	(679)
Share of other comprehensive income of associates	**6 014**	–	**6 014**	3 181	(13 828)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**(91 878)**	–	**(91 878)**	(8 138)	(218 674)
Remeasurement of put option liability	**1 266**	–	**1 266**	(5 527)	(7 115)
Net dividends paid	**(1 076 055)**	–	**(1 076 055)**	(1 013 685)	(1 964 229)
Transfer from equity-settled share-based payment reserve	**–**	–	**–**	11 216	11 216
Treasury shares	**653 763**	–	**653 763**	637 063	637 063
Balance at the beginning of the period	**637 063**	–	**637 063**	637 063	637 063
Shares disposed of in terms of share incentive scheme	**16 700**	–	**16 700**	–	–
Equity attributable to non-controlling interests of the Company	**2 384 448**	315	**2 384 763**	991 753	304 620
Balance at beginning of the period	**304 620**	–	**304 620**	1 023 627	1 023 627
IFRS 15 adjustment to opening balance	**–**	–	**–**	(14 506)	(14 506)
IFRS 9 adjustment to opening balance	**–**	–	**–**	–	(2 512)
Total comprehensive income	**176 586**	315	**176 901**	33 354	28 552
Attributable profit	**194 269**	315	**194 584**	33 691	28 648
Movement in foreign currency translation reserve	**(8 475)**	–	**(8 475)**	(337)	(96)
Net movement in hedging reserve	**(9 208)**	–	**(9 208)**	–	–
Dividends paid	**(126 951)**	–	**(126 951)**	(36 465)	(51 207)
Equity-settled share-based payment reserve arising in the period	**7 697**	–	**7 697**	39	(961)
Equity-settled share-based payment reserve utilised in the period	**(10 389)**	–	**(10 389)**	–	–
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**–**	–	**–**	–	(2 734)
Changes in shareholding	**1 941 007**	–	**1 941 007**	(22 434)	(894 313)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**91 878**	–	**91 878**	8 138	218 674
Total equity	**28 573 995**	107 554	**28 681 549**	26 129 311	25 922 832

˘ *Comair adopted and transitioned to IFRS 16 using a modified retrospective approach where the right-of-use asset is recognised as at the date of initial application as if IFRS 16 had always been applied*

^ *Pro forma Unaudited applies IAS 17 to operating leases for the half year ending 31 December 2019*

Condensed segmental **analysis**

for the half-year ended 31 December 2019

R000s	2019 Unaudited	IFRS 16 adjustment Unaudited	2019 ^ *Pro forma* Unaudited	2018 Unaudited	% Change	Year ended 30 June 2019 Re-presented *
	Half-year ended 31 December					
Segmental revenue						
Services	**10 974 554**	–	**10 974 554**	10 288 857	6.7	20 648 296
Branded Products	**9 270 573**	–	**9 270 573**	6 160 869	50.5	11 857 820
Freight	**3 909 774**	–	**3 909 774**	3 753 815	4.2	6 698 225
Automotive	**12 148 592**	–	**12 148 592**	12 346 293	(1.6)	23 984 350
Commercial Products	**6 532 615**	–	**6 532 615**	6 342 402	3.0	12 851 008
Financial Services	**1 393 593**	–	**1 393 593**	1 350 746	3.2	2 700 993
Properties	**313 489**	–	**313 489**	306 129	2.4	615 444
Corporate and investments	**858 546**	–	**858 546**	1 083 974	(20.8)	1 831 140
	45 401 736	–	**45 401 736**	41 633 085	9.1	81 187 276
Inter group eliminations	**(1 724 100)**	–	**(1 724 100)**	(1 630 411)		(4 034 892)
	43 677 636	–	**43 677 636**	40 002 674	9.2	77 152 384
Segmental trading profit						
Services	**1 221 397**	(14 858)	**1 206 539**	1 058 665	15.4	2 201 208
Branded Products	**988 864**	(18 592)	**970 272**	562 833	75.7	941 028
Freight	**645 613**	(35 162)	**610 451**	711 518	(9.3)	1 386 195
Automotive	**378 971**	(13 902)	**365 069**	325 213	16.5	600 198
Commercial Products	**343 183**	(8 636)	**334 547**	380 053	(9.7)	735 534
Financial Services	**276 607**	(3 902)	**272 705**	242 919	13.9	584 503
Properties	**294 808**	–	**294 808**	281 971	4.6	563 395
Corporate and investments	**(149 620)**	(4 578)	**(154 198)**	(224 227)	33.3	(276 134)
	3 999 823	(99 630)	**3 900 193**	3 338 945	19.8	6 735 927
Segmental operating assets						
Services	**6 104 954**	(689 406)	**5 415 548**	5 147 247	18.6	5 183 863
Branded Products	**10 804 565**	(597 011)	**10 207 554**	4 576 677	136.1	4 161 959
Freight	**8 493 873**	(1 810 443)	**6 683 430**	6 081 690	39.7	6 926 154
Automotive	**6 940 827**	(782 870)	**6 157 957**	6 046 495	14.8	5 608 219
Commercial Products	**6 237 510**	(713 657)	**5 523 853**	5 499 075	13.4	5 847 829
Financial Services	**7 493 988**	(395 621)	**7 098 367**	6 284 497	19.2	6 576 227
Properties	**3 576 089**	–	**3 576 089**	3 338 983	7.1	3 566 788
Corporate and investments	**2 472 300**	(9 288)	**2 463 012**	7 959 178	(69.9)	8 151 406
	52 124 106	(4 998 296)	**47 125 810**	44 933 842	16.0	46 022 445
Inter group eliminations	**(729 441)**	–	**(729 441)**	(695 492)		(724 134)
	51 394 665	(4 998 296)	**46 396 369**	44 238 350	16.2	45 298 311
Segmental operating liabilities						
Services	**3 555 070**	(708 544)	**2 846 526**	2 700 744	31.6	2 876 118
Branded Products	**4 163 510**	(605 183)	**3 558 327**	1 639 576	153.9	1 720 876
Freight	**4 213 930**	(1 860 145)	**2 353 785**	2 411 829	74.7	3 221 981
Automotive	**2 899 492**	(800 559)	**2 098 933**	1 868 691	55.2	1 984 441
Commercial Products	**2 166 068**	(737 021)	**1 429 047**	1 488 991	45.5	1 863 346
Financial Services	**8 296 404**	(409 765)	**7 886 639**	6 682 307	24.2	7 608 408
Properties	**20 340**	–	**20 340**	41 921	(51.5)	32 377
Corporate and investments	**242 591**	(20 796)	**221 795**	568 340	(57.3)	669 053
	25 557 405	(5 142 013)	**20 415 392**	17 402 399	46.9	19 976 600
Inter group eliminations	**(729 441)**	–	**(729 441)**	(695 492)		(724 134)
	24 827 964	(5 142 013)	**19 685 951**	16 706 907	48.6	19 252 466

^ *Pro forma Unaudited applies IAS 17 to operating leases for the half year ending 31 December 2019*

* *Refer to note on Re-presentation of comparatives*

Basis of presentation of condensed consolidated financial **statements**

The interim condensed consolidated financial statements have been prepared in accordance with and containing information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the Companies Act of South Africa and the JSE Listings Requirements. 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 30 June 2019.

In preparing these interim condensed consolidated financial statements, management make 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 30 June 2019.

Significant accounting policies

The accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ending 30 June 2019, except those relating to the accounting for and treatment of, operating leases. Effective 1 July 2019 the Group adopted IFRS 16 Leases (IFRS 16) as issued by the IASB. In transitioning to IFRS 16 the Group used a modified retrospective approach where the right-of-use asset is recognised at the date of initial application (1 July 2019) as an amount equal to the lease liability, using the entity's prevailing incremental borrowing rate at the date of initial application, adjusted for any prepaid or accrued lease payments relating to that lease that were recognised in the statement of financial position immediately before the date of initial application.

The Group has applied the following practical expedients allowed under IFRS 16:

- Reliance on onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption;
- Accounting for operating leases with remaining lease terms of less than 12 months as at 1 July 2019 as short-term leases;
- The low value expedient;
- The use of single discount rates for portfolios of leases with reasonably similar characteristics; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 has had a material impact on the Group's statement of financial position, right-of-use assets of R5.4 billion and R5.6 billion operating lease liabilities were recognised during the period. Profit attributable to ordinary shareholders for the period declined R86.8 million as a result of IFRS 16. Trading profit increased R99.6 million due to an equivalent decrease in operating expenses, finance charges increased R228.8 million and deferred taxation declined by R36.2 million. Share of associate and joint venture income increased R5.8 million and NCI declined R0.3 million.

Pro forma information

For ease of comparison to the prior period a *pro forma* unaudited condensed consolidated income statement, a *pro forma* unaudited condensed consolidated statement of other comprehensive income, a *pro forma* unaudited condensed consolidated statement of cash flows, a *pro forma* unaudited condensed consolidated statement of financial position, a *pro forma* unaudited condensed consolidated statement of changes in equity and a *pro forma* unaudited condensed segmental analysis, which apply IAS 17 to operating leases in the current period, have been presented for illustrative purposes only and do not constitute financial statements fairly presented in accordance with IFRS. The directors of the Group are responsible for compiling the *pro forma* financial information on the basis applicable, of the criteria as detailed in paragraphs 8.14 to 8.33 of the JSE Listing Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 (applicable criteria).

Basis of presentation of condensed consolidated financial **statements**

(continued)

Re-presentation of comparatives

The Group operates an equity settled share-based payment scheme. In the comparative period the Group presented the intragroup cash flows for settling the obligations as gross amounts in the cash flow statement. No external Group cash flows arise as a result of these transactions, therefore the prior period cash flow statement has been re-presented accordingly. This re-presentation had no impact on the Group's cash and cash equivalents or statement of financial position, however, cash generated by operations increased by R59 million in H1 2019 and the cash flow from financing activities declined by R59 million.

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. No comparative information has been changed following the adoption of IFRS 16.

Significant commitments

Bidvest Freight's construction of the LPG tank farm in the port of Richards Bay is progressing on time and on budget. At 31 December 2019 R607 million has been spent with an additional R363 million committed to complete the project, the estimated completion date is May 2020. Bidvest Freight has committed R201 million to an LPG tank farm project in Isando, Gauteng. The estimated completion date for the Isando LPG project is March 2022.

Fair value of financial instruments

The Group's investments of R3 801 million (H1 2019: R2 822 million) include R142 million (H1 2019: R11 million) recorded at amortised cost, R2 323 million (H1 2019: R1 706 million) recorded and measured at fair values using quoted prices (Level 1) and R1 336 million (H1 2019: R1 105 million) recorded and measured at fair value using factors not based on observable data (Level 3). Fair value losses on Level 3 investments recognised in the income statement total R18 million (H1 2019: R45 million gain).

Analysis of investments at a fair value not determined by observable market data

R000s	Half–year ended 31December 2019 Unaudited	2018 Unaudited	Year ended 30 June 2019 Audited
Balance at the beginning of period	**1 311 132**	1 056 988	1 056 988
On acquisition of business	**29 627**	–	3 798
Purchases, loan advances or transfers from other categories	**14 429**	4 283	10 540
Fair value adjustment recognised directly in equity	**–**	–	5
Fair value adjustment arising during the period recognised in the income statement	**(18 324)**	45 019	248 830
Proceeds on disposal, repayment of loans or transfers to other categories	**(723)**	(12 906)	(12 906)
Profit on disposal of investments	**–**	11 459	2 085
Exchange rate adjustments	**(39)**	38	1 792
	1 336 102	1 104 881	1 311 132

The Group's effective beneficial interest in the Indian based Mumbai International Airport Private Limited (MIAL) is an unlisted investment held at fair value through profit or loss, where the fair value is not based on observable market data (Level 3). The carrying value of this investment at 31 December 2019, based on the directors' valuation of 30 June 2019, is R1.2 billion (US$86 million) (H1 2019: R1.0 billion (US$72 million)). The valuation of MIAL is fair value less cost to sell and was based on a signed sale agreement, subject to suspensive and conditions precedent. The investment is classified as a current asset and is expected to be sold within the next 12 months.

MIAL is a foreign based asset and the ruling period end exchange rate, US$1 = R13.98 (H1 2019: US$1 = R14.39), is a further factor that affects the carrying value.

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R16 939 million whose carrying value is R16 926 million.

Basis of presentation of condensed consolidated financial **statements**

(continued)

Business combinations

The table below summarises the derecognition of the associate investment in Adcock Ingram and recognition and consolidation of Adcock Ingram as a 51.40% held subsidiary effective 1 August 2019, following additional investment in Adcock Ingram and the dissolution of the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme). No additional consideration was paid for the ordinary shares received on the dissolution of the Scheme.

R000s	Derecog-nition of associate	Recognition of subsidiary	*Recognition of NCI and intangibles	Impact on financial position	IFRS 16 adjustment	^*Pro forma* impact on financial position
Property, plant and equipment	–	1 534 423	–	1 534 423	–	1 534 423
Right-of-use assets	–	297 373	–	297 373	(297 373)	–
Deferred taxation	–	(96 342)	–	(96 342)	–	(96 342)
Interest in associates and joint ventures	(5 057 908)	519 668	–	(4 538 240)	–	(4 538 240)
Investments and advances	–	29 627	–	29 627	–	29 627
Inventories	–	1 499 187	–	1 499 187	–	1 499 187
Trade and other receivables	–	2 065 534	–	2 065 534	–	2 065 534
Cash and cash equivalents	–	467 913	–	467 913	–	467 913
Lease liabilities	–	(327 164)	–	(327 164)	297 373	(29 791)
Trade and other payables and provisions	–	(2 250 520)	–	(2 250 520)	–	(2 250 520)
Taxation	–	(374)	–	(374)	–	(374)
Net tangible assets	(5 057 908)	3 739 325	–	(1 318 583)	–	(1 318 583)
Non-controlling interest [a]	–	(3 196)	(2 111 568)	(2 114 764)	–	(2 114 764)
Intangible assets	–	432 322	–	432 322	–	432 322
Goodwill	–	176 339	2 824 686	3 001 025	–	3 001 025
Net assets recognised	(5 057 908)	4 344 790	713 118	–	–	–

* *R3 billion goodwill raised on recognition as subsidiary and the fair value of assets is provisional and subject to a Purchase Price Allocation (PPA) review*

[a] *Subsequent to 1 August 2019 the Group purchased an additional 1 597 100 Adcock Ingram ordinary shares for R90 million raising the Group's economic interest in Adcock Ingram to 52.3%*

^ *Pro forma impact on financial position applies IAS 17 to operating leases for the half year ending 31 December 2019*

Net acquisition of businesses, subsidiaries, associates and investments

Effective 1 July 2019, the Group acquired 100% of the share capital and voting rights of Future Cleaning Services Limited (Future Cleaning) via its United Kingdom (UK) subsidiary, Noonan Services Group (UK) Limited. Future Cleaning, a North Yorkshire company formed in 2003, is an office and commercial cleaning services company operating throughout the UK and Ireland through bespoke packages designed to service any size company and budget providing the best value contracts. Specialist cleaning services include boat, transport and escalator cleaning, jet washing and road sweeping. General cleaning services include daily contract, commercial, industrial, window and carpet cleaning. This bolt-on acquisition increases the Group's cleaning service footprint, specialist cleaning capabilities, and market share in the UK and Ireland and was funded from existing cash resources and facilities.

In the current period, the Group disposed of 100% of the share capital and voting rights of DH Mansfield Group Limited, a rescue and recovery business in the UK. The business is considered non-core to the Group because it does not fall into the niche, focused areas in which Bidvest is looking to develop.

The Group made a number of smaller bolt-on acquisitions during the period. These acquisitions were funded from existing cash resources.

The final accounting for all the acquisitions had not been completed at the time these condensed consolidated interim financial statements were issued, in each case the final accounting will be completed within 12 months of the acquisition date, as allowed by the applicable accounting standard.

Basis of presentation of condensed consolidated financial **statements**

(continued)

The following table summarises and incorporates the provisional amounts of assets acquired and liabilities assumed which have been included in these results from the respective dates.

R000s	Future Cleaning	DH Mansfield	Other	Total	IFRS 16 adjustment	^ *Pro forma* total
Property, plant and equipment	60 479	(136 433)	3 291	(72 663)	–	(72 663)
Right-of-use assets	–	(51 011)	–	(51 011)	51 011	–
Deferred taxation~	(48 603)	19 929	(123 290)	(151 964)	–	(151 964)
Interest in associates and joint ventures	–	–	18 140	18 140	–	18 140
Investments and advances°	–	–	283 115	283 115	–	283 115
Inventories	147	(14 611)	25 777	11 313	–	11 313
Trade and other receivables	111 368	(95 489)	100 743	116 622	–	116 622
Cash and cash equivalents	7 982	40 296	(6 725)	41 553	–	41 553
Borrowings	(25 758)	24 289	(12 940)	(14 409)	–	(14 409)
Lease liabilities	–	47 991	–	47 991	(51 011)	(3 020)
Trade and other payables and provisions	(70 509)	(18 673)	(82 394)	(171 576)	–	(171 576)
Taxation	(5 832)	(13 479)	9	(19 302)	–	(19 302)
Intangible assets~	236 034	–	462 173	698 207	–	698 207
	265 308	(197 191)	667 899	736 016	–	736 016
Realisation of foreign currency translation reserve	–	(2 803)	–	(2 803)	–	(2 803)
Goodwill~	294 147	–	(30 280)	263 867	–	263 867
Net assets acquired (disposed)	559 455	(199 994)	637 619	997 080	–	997 080
Settled as follows:						
Cash and cash equivalents acquired				(41 553)	–	(41 553)
Acquisition costs				16 465	–	16 465
Net loss on disposal of operations				156 369	–	156 369
Net change in vendors for acquisition				88 793	–	88 793
Net acquisition of businesses, subsidiaries, associates and investments				1 217 154	–	1 217 154

~ *On completion of a PPA review for UAV and Drone Solutions, an acquisition made in the prior year, R459 million of the premium paid over NAV was re-allocated from goodwill to indefinite life intangible assets ("Other" column)*

° *Includes purchases of R1 559 million and disposals of R1 276 million in the Group's various investment portfolios, primarily those of Bidvest Bank and Bidvest Insurance ("Other" column)*

^ *Pro forma total applies IAS 17 to operating leases for the half year ending 31 December 2019*

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base in the marketplace.

For the period under review Future Cleaning contributed revenue of R310 million and operating profit of R29 million. The smaller bolt-on acquisitions did not contribute materially to the Group's revenue or operating profit for the period under review.

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 supervision of the Chief Financial Officer, MJ Steyn BCom CA (SA), and were approved by the board of directors on 28 February 2020.

Bidvest

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