Financial director's review

There is a positive mood across the Group and management is up to the challenge of taking the Group forward.

David Cleasby Group financial director

Bidvest believes in rewarding and retaining talent and incentivising the high level of commitment that drives the Group's sustained growth.

Macro-conditions and trading environment

Trading conditions in southern Africa have improved overall but certain segments of the market such as construction and consumer spending in the discretionary end of the market remains weak.

Asia Pacific continues to deliver solid results even though Singapore's performance lags that of the other businesses. Remedial action has been taken to strengthen management and refocus the business direction.

Bidvest Foodservice Europe's results are up 8,3% in rand terms in spite of the challenging European economic climate these businesses find themselves in.

The Group remains focused on cost control, working capital management and generating acceptable returns on funds employed. Significant focus is being directed at those operations where performance is below the expected levels.

Despite the weak trading conditions in certain industries in South Africa and generally in Europe, the Group has performed reasonably well. There remains a positive mood across the Group and management is up to the challenge of meeting its 2013 budgets.

Financial performance and cash generation

Our 2012 trading results were pleasing and are a tribute to the resilience and focus of Bidvest's management and the hard work of its teams.

Revenue grew by 12,7% to R133,5 billion (2011: R118,5 billion). Significant growth was evident in Bidvest Europe (where revenue totalled R41,1 billion) and in Bidvest Asia Pacific (R23,5 billion). Revenue increases in these jurisdictions reflected market-share gains and the effects of rand weakness on the translation of offshore earnings.

Gross margin was largely maintained and operating expenses were well controlled across the Group. A 10,8% increase in expenses was distorted by currency effects. Trading margin improved to 5,3% (2011: 5,2%), despite a relative increase in contributions from lower margin activities such as forwarding and clearing and automotive retailing.

The Group achieved improved trading profit, with 14,5% growth to R7,0 billion (2011: R6,1 billion), another strong performance.

Trading results were bolstered by profit of R399,1 million on the partial disposal of the Group's beneficial holding in Mumbai International Airport Private Limited (MIAL).

Incentivisation remains one of the cornerstones of the Group's decentralised and entrepreneurial operating model. Share-based payment costs rose from R62,7 million in 2011 to R121,5 million in 2012 due to the issue of share options to staff. Incentivisation is a key mechanism for rewarding and retaining talent and incentivising the high level of commitment that drives the Group's sustained growth.

An impairment of R98,7 million was recorded against the investment in Comair Limited, more reflective of accounting policies valuation requirements rather than our fundamental view of market value.

Cash flows

International volatility – as witnessed intermittently on equity markets – can be unsettling, but volatility is critical to outcomes for financial market traders rather than the prospects of a diversified services business like Bidvest. The core issue for our Group is the management of cash flows across market cycles.

In 2012, cash generated by operations before working capital changes increased by 12,7% to R8,7 billion (2011: R7,8 billion). From a cash inflow perspective, a significant inflow arose from the disposal of 50% of the Group's effective economic interest in MIAL.

Despite the growth registered by most of our operations, Bidvest made further reductions in working capital to June 2012, assisted by significant debtors collections in the latter part of the year.

Many of our divisions benefit from largely stable cash flows. This is certainly the case with many of the activities of our foodservice businesses. In other cases – notably automotive retailing – cash flows can be more cyclical.

Credit extension remains a critical focus area of management across the Group. Trading conditions remain difficult in many national markets. The risk of business failures has not receded, even in markets such as South Africa that have put recession behind them.

Diversification across geographies and industries continues to support strong cash flows, enabling the Group to maintain a robust through-the-cycle credit profile.

Offshore earnings and currency risks

Currency movements proved beneficial in the second half of the year as the average rand exchange rate weakened against the major currencies in which Bidvest operates, in particular against the Australian dollar, euro and sterling.

In the case of sterling the average rate against the rand moved from 11,18 in 2011 to 12,34 in 2012. The euro rate moved from 9,56 to 10,41 while the rand rate against the Australian dollar fell from 6,94 in 2011 to 8,03 in 2012.

Despite these shifts, South Africa remains the earnings engine of the Group. Approximately, 65% of profit was earned in South Africa in 2012. For several years, the offshore contribution has fluctuated between 30% and 40%.

To address transactional foreign exchange risk, the Group maintains its longstanding practice of taking forward cover or a derivative equivalent. We do not hedge our international assets. Assets offset liabilities in their local currencies.

The core status of South Africa is unlikely to be challenged in the near future. Internationally, Asia Pacific has become an important contributor, but this rise has been exaggerated to a degree by the decline in relative contribution of the UK market. Profits in western Europe have also been subdued. Exposure to South America is currently very limited.

In comparison with Europe, South Africa has achieved steady growth over many years and further growth is projected, suggesting the local base will entrench its position as the major contributor.

Debt and credit crisis

Continued concerns over levels of sovereign debt in some European jurisdictions, market volatility and wider credit spreads sharpen the challenge of doing business in regions where businesses and consumers are under pressure. These uncertainties are no longer novel. They are part of the 'new normal' that successful businesses have adjusted to in recent years.

Financial director's review

The international credit crisis has not inhibited us in our approach to debt. We have always been responsible users of debt; this will continue.

We have not become ultra-cautious in response to the international credit crisis. We continue to invest in the future and on occasion in recent years Bidvest has made more use of debt than previously; either through our banking relationships or through access to the capital markets.

Though tactical opportunities may exist in South Africa's low-interest rate environment, we remain strategic, rather than opportunistic, in our use of debt and the management of liquidity and pricing risk.

In 2012, Bidvest's net debt fell to R3,6 billion (2011: R5,0 billion) while interest cover remained high at 8,9 times. The Group retains adequate borrowing capacity and our attitude to gearing remains conservative and appropriate in the current economic climate.

Credit ratings

In December 2011, Fitch Ratings upgraded the Group's national long-term rating to 'AA-(zaf)' from 'A+(zaf)' and national short-term rating to 'F1+(zaf)' from 'F1(zaf)'. Fitch ratings simultaneously upgraded Bidvest's senior unsecured rating to 'AA-(zaf)' with a stable outlook. This was seen in a positive light by the market.

Moody's have retained the Group rating of A1 (national long-term scale) and P1 (short-term rating) – which remains the highest rating available reflecting the large short-term liquidity available to the Group.

The credit agency commented favourably on the Group's "proven and stable financial profile compared with its national peers".

Rates and credit access

Historically low interest rates prevailed in South Africa and many other markets in which our businesses operate. Low rates and credit availability are supposed to translate into higher levels of business activity as companies large and small have access to affordable lines of credit. Following the global financial crisis, however, a disconnect has become evident between low rates and business activity.

The principal effect of low rates in some international markets is to give banks an opportunity to recover and rebuild their balance sheets. The benefit is hardly felt by the wider economy, or at least the effects are not felt at any great pace.

In the post-financial crisis era, banks have adopted stricter lending criteria. Loans are advanced, but primarily to larger businesses that may already be well capitalised. A company such as Bidvest can therefore obtain funding at competitive rates. Yet a small business may be starved of credit.

Policymakers should make it a priority to develop mechanisms that will allow small, well-run businesses to obtain access to growth capital. After all, these businesses drive economies and create jobs.

It is not enough for monetary policy committees and central banks to cut rates. Government has a responsibility to ensure the benefits flow into the real economy. Small business deserves the chance to become big business.

Regulatory change

Good regulation is simple, understandable regulation.

Internationally, regulatory lapses have led to calls for more stringent regulation. It was noticeable, however, that corporate and banking shortcomings were most apparent in developed markets that already have complex regulations in place. This suggests that lawmakers alone cannot control executive behaviour and business practice. Outcomes are determined by corporate culture, not complex compliance procedures.

If a business, its directors, executives and people operate honestly and openly, overt regulation shouldn't be necessary. Honest behaviour predominates because the culture drives honesty. This observation applies in all markets, both in developed and developing economies.

The policy environment should make it as easy as possible to open and run a business. Red tape should be kept to a minimum. Regulation should be straightforward and easily understood. Complexity has to be avoided.

Regulation is becoming increasingly complex in Bidvest's home market of South Africa. Locally, businesses have experienced the introduction of the Consumer Protection Act and a new Companies Act, while the Competition Act has been extensively revised. The Financial Service Board rulings and regularly revised JSE rulings are now regarded as law.

The cost of compliance rises every year, not only in monetary terms, but in terms of the management time that has to be devoted to these issues.

Entrepreneurs may think out the box, but they readily work within the rules when the reason and benefit of those rules are plain to see and understood – as well as practical to implement. The principal rule for policymakers in South Africa must surely be 'Let's make life easier for our entrepreneurs'.

Stakeholder engagement

Stakeholder engagement is continual. Operationally, each business engages a wide range of its stakeholders. Group focus falls on regular and detailed reporting to the public, shareholders, investment analysts and customers, suppliers, employees and the media.

Multiple channels are used: face-to-face meetings between senior executives and various interest groups, web pages, newsletters, press releases and e-mails. Staff communication is translated into various languages. The quality of Bidvest communication has been widely recognised.

Significant transactions: Share buy-backs

A R1,6 billion buy-back of 12 million shares from our empowerment partners at Dinatla was completed in May 2011. The full effects of this transaction were borne in 2012.

The buy-back from Dinatla showcased the beneficial aspects of share repurchase mechanisms as the transaction gave Dinatla constituents the certainty of early cash realisation and facilitated the repayment of Dinatla's funding arrangements well ahead of settlement date.

The share-repurchase unlocked value for Dinatla and ensured our partner's remaining equity in Bidvest is totally unencumbered.

Bidvest has had an authorised share buy-back programme in place for several years. Where appropriate, share buy-backs will be carried out in future.

Significant transactions: Investments

The Group acquired 26,4% of the equity in Mvelaserve Limited for R424,2 million. Mvelaserve is a leading black-empowered provider of outsourced business support services. The company is active across southern Africa in areas such as facilities management, catering, cleaning and security.

Although less material, a notable acquisition this year was Deli Meals in Santiago, Chile, Bidvest's first entry into South America: and with it, the continued internationalisation of the foodservices business.

Bidvest is a future-focused business and continually invests in people, infrastructure and growth.

Future

Working capital levels in parts of the Group were too high for the major part of the year, however, we made a significant effort to reduce these levels in the last quarter. There remains a critical focus on the management of working capital. A challenge being to manage this better throughout the financial year as just opposed to at the balance sheet dates. But as growth returns to our operations, we expect to see further utilisation going forward.

We continually review the Group's debt maturity and liquidity profile with the view of ensuring an adequate spread of funding maturities. We continue to retain the strategic funding fire power to react quickly to opportunities, particularly in the international markets.

The Group's balance sheet remains strong and well-capitalised creating capacity for further acquisitions. In pursuit of our real growth objective, we will explore new opportunities and acquisitions, across all geographies and, where appropriate, invest.

David Cleasby
Group financial director

Bidvest values

- Accountability to employees and shareholders
- Business growth
- Decentralisation
- Entrepreneurship and innovation
- Non-discrimination and equal opportunity
- Fairness and honesty in stakeholder interaction
- Respect for human dignity, human rights, social justice and environment
- Service excellence, creating an exceptional place in which to work and do business
- Transparency and open lines of communications

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

The average rand exchange rate weakened against the major currencies in which the Group's foreign operations trade namely sterling (11,18 in 2011 to 12,34 in 2012), the euro (9,56 in 2011 to 10,41 in 2012) and the Australian dollar (6,94 in 2011 to 8,03 in 2012). The illustrative financial information has been prepared on the basis of applying the 2011 average rand exchange rates to the 2012 foreign subsidiary income statements and recalculating the reported income of the Group for the year.

Year ended June 30	**Actual 2012 Rm**		Actual 2011 Rm	Illustrative 2012 at 2011 exchange rates	
Revenue	**133 533,6**	+12,7%	118 482,7	126 758,9	+7,0%
Trading profit	**7 014,2**	+14,5%	6 124,3	6 806,0	+11,1%
Headline earnings	**4 574,9**	+24,0%	3 688,2	4 431,4	+20,2%
HEPS (cps)	**1 474,2**	+27,4%	1 157,4	1 428,0	+23,4%
Normalised HEPS (cps)	**1 352,3**	+16,8%	1 157,4	1 306,1	+12,8%

The financial information has been compiled for illustrative purposes and is the responsibility of the Bidvest board. Due to the nature of this information, it may not fairly present the Group's financial position, changes in equity and results of operations or cash flows. A limited assurance report prepared by the Company's auditors is available for inspection at the Company's registered office.

Governance for a sustainable business

Bidvest's entrepreneurial flair has been a driving force that has fostered growth in a variety of sectors, creating the Group as we know it. Diversity and multiple options have however impacted the overall sense of direction. Sturdy size demands sturdy structures which form the very backbone of governance as a whole. Clear vision about the way forward has become essential.

An appropriate structure that can capture the talent and unleash the energy needed for continued growth without becoming unwieldy or unfocused is the core rationale behind the structure of Bidvest into Bidvest South Africa (including the 10 divisions) and Bidvest Foodservice (locally and globally), Bidvest Namibia and Bidvest Corporate.

Bidvest prizes simplicity. Better focus makes it easier to manage your business which is the key ingredient in understanding governance. This decentralised structure also allows us to address challenges such as succession planning.

Within each division of Bidvest there exists a sub-division level. Bidvest South Africa has 10 divisional CEs each running substantial businesses, supported by their respective financial directors. Within Bidvest Foodservice globally there are MDs and FDs appointed to run and manage geographically grouped businesses, so too within Bidvest Namibia. Each division within this overall structure has a divisionally central assurance team. Oversight of each division is achieved through a federal corporate governance structure consisting of quarterly divisional audit committees (independently chaired) and quarterly divisional risk committees, reporting in to the quarterly Group audit committee, risk committee and social and ethics committee. Each of these divisional committees collates and reports back into the centre to ensure adequate focus throughout the Group.

Ethical leadership and corporate citizenship

At Bidvest, corporate governance is a way of life rather than a set of rules. Stakeholders can only derive full, sustained value from a business founded on honesty, integrity, accountability and transparency. Bidvest is committed to applying good corporate governance principles in a manner that complements its entrepreneurial flair.

Bidvest believes in empowering people, building relationships and improving lives. Entrepreneurship, incentivisation, decentralised management and communication are the keys to delivering excellence and innovation in all our business dealings.

Our commitment to building and sustaining an ethical organisational culture is entrenched in our vision, mission, strategies and operations. While the Board has ultimate responsibility for the company's ethics performance, executive management is responsible for setting up a well-designed and properly implemented ethics management process.

On the wave of change that was brought about in the restructuring of the Group was a renewed commitment to the areas of governance, risk and compliance within the Group. The restructure provided resources for Bidvest Group to provide guidance and set parameters within the divisions. This change process continues to positively impact the Group, allowing the decentralised management teams to embrace Group requirements and embed these requirements into their DNA.

A governance, risk and compliance framework continues to form the basis for how Bidvest manages the challenge of good governance in a decentralised environment. The framework shows the integration of four basic pillars, being governance, internal audit, risk management and regulatory compliance, driven by Group and divisional strategy, in compliance with legislated requirements and reported through the established structures.

Code of ethics

A prime duty of the board, its committees, directors, officers of the Group and managers is to ensure our code of conduct is honoured. In March 2012 the board reviewed the code of ethics and aligned this code with the Bidvest values as listed on page 55. The code demands highest standards of integrity, ethics and behaviour in all conduct and dealings; non-discriminatory employment and promotion practices; supporting employees through training and development to reach their full potential; and proactive engagement on environmental, social and sustainability matters.

As an outward measure of support and protection of this code and the Bidvest values, the board continues to support the process of confidential reporting (whistle-blowing) of fraud, theft, breach of ethics and other risks. This is an outsourced independent and confidential system for stakeholders to report unethical, dishonest or improper behaviour, including non-compliance with company policies, as well as corruption and fraud. All reported incidents are investigated by management and, where appropriate, action is taken. In line with legislation, our well-communicated commitment not to victimise whistle blowers ensures transparency and promotes ethical conduct and the identity of whistle blowers is protected by the service provider.

Corporate governance compliance

The Bidvest Group is fully committed to the four values underpinning corporate governance – responsibility, accountability, fairness and transparency. The Group is committed to implementing the principles in King III and the best practice recommendations of the report. The board initiated a gap analysis to determine the extent to which Bidvest has applied the principles and recommended practices in King III. This analysis identified the actions taken to ensure application of the governance principles and those principles which will require ongoing attention and action. The analysis also identified areas of improvement or ways in which our governance practices could be enhanced.

The Group corporate governance manual lists the charters, codes, policies and documents which have to be formulated by divisional governing bodies. These are categorised into matters the Group deems as mandatory, recommended or optional. In line with Bidvest's decentralised structure divisional management will establish additional policies and procedures as are applicable to their governing structures.

We confirm that the Group applies the King III governance principles and continues to further entrench and strengthen recommended practices throughout our governance structures, processes and procedures. The Group has taken the necessary steps to put in place a plan to meet these requirements. Rollout within the Group is at various stages of maturity, but continues to progress well against the plan.

King III principle	Status update	Areas of focus
1. Ethical leadership and corporate citizenship	• King III principles have been successfully fully applied within ethical leadership and corporate citizenship • Code of ethics has been reviewed and updated in compliance with the requirements of the Companies Act • Ethics and fraud hotline is operational, managed by an independent third party supporting the values and principles stated in code of ethics	• Bidvest board has recently approved and distributed the updated code of ethics • The fraud and ethics hotline marketing continues to raise awareness of this tool. The content of this tool reported to the social and ethics committee quarterly
2. Boards and directors	• King III principles have been successfully applied with regards to the board composition, board role and duties, and the fiduciary duties of the board • Principles relating to performance assessments have been applied and continue to develop as more stringent performance measuring processes are adopted • Remuneration policy has been approved and adopted, with King III principles being applied	• Bidvest has recently reviewed the composition of the board, and appointed four new members of the board. A process is currently under way to equip them with the required knowledge, understanding and background regarding the Bidvest Group • During the year the board appointed a lead independent director (DDB Band)
3. Audit committees	• King III principles have been successfully fully applied with regards to audit committees	• The board has nominated two new audit committee members, with effect from August 25 2012, pending AGM approval
4. The governance of risk	• King III principles have been successfully applied with regards to the governance of risk • Policies and charters have been adopted. Management takes direct ownership and responsibility for determining, managing, mitigating and reporting risk to the Group risk committee	• Each division is required to assess the materiality of the risks identified in their division, and summarise management's activities in managing, mitigating and monitoring each of these key risks on an ongoing basis

Governance for a sustainable business

King III principle	Status update	Areas of focus
5. The governance of information technology	• King III principles have been applied • An IT governance framework has been adopted, with best practice principles as the basis of the framework • The decentralised, bottom-up approach is adopted, with each management team reviewing its IT governance principles and policies against the Group framework	• Bidvest has determined the minimum standards each division has to implement within their IT environments • New appointments within the Bidvest South Africa team has significantly increased IT resource and skill set
6. Compliance with laws, rules, codes and standards	• King III principles have been applied • The social and ethics committee have regulatory compliance as a standard agenda item, with each management team identifying the regulatory universe the specific entity operates within • Group identifies global updates relevant to the whole Group and supports an education process and support role of addressing these requirements	• Bidvest has invested in an online training environment to ensure that all key management team members have the required training and working knowledge of recent legislation identified by Group as a key risk area • Each management team has been requested to identify key members of their team who would need to be annually accredited in these laws • This is an ongoing process that as legislation develops so too will the supporting training and accreditation requirements
7. Internal audit	• King III principles have been successfully applied with regards to internal audit • Internal audit supports the audit committee in advising on the current state of internal control, internal financial control and risk management • Internal audit adopts a risk-based audit approach, with exposure to the risk management process throughout the Group	• Group audit committee has requested that quarterly all internal audit teams provide an opinion regarding the state of risk management, internal control and internal financial control within each business that is included in their scope of review. This is an ongoing process of assessment, reporting and monitoring throughout the Group
8. Governing stakeholder relationships	• King III principles have been applied with regards to stakeholder relationships • Management teams are required to identify key stakeholder groups and report to social and ethics committee the communication processes in place to monitor and strengthen these relationships • These are reported in the integrated annual report	• For the integrated reporting exercise Bidvest is in the process of gathering this data divisionally and accumulating it to reflect the combined Group stakeholder engagement activities • There are currently pockets of excellence both divisionally and across the spread of stakeholders. Where weaknesses have been identified, the Group is assisting to put in place workshops, plans and reporting mechanisms to ensure these are addressed
9. Integrated reporting and disclosure	• King III principles have been successfully applied with regards to the reporting process • Bidvest has been acknowledged for their successful reporting in the past • Successful use has been made of various mediums to produce transparent reporting	• Bidvest has previously prepared an annual report, including the integrated sustainability report (reported against GRI requirements). The current year reporting is focused on being a fully integrated single report, in line with the recommendations of the Integrated Reporting Committee of South Africa

Regulatory compliance

Bidvest recognises that its greatest risk of non-compliance stems from a weakness within the practical impact of the legislation on their business. Each company is required to identify legislation. Bidvest is listed on the JSE Limited and as such annually confirms that the Company complies with the Listings Requirements.

Statutory compliance

Compliance remains a core focus of the board, which is ultimately responsible for ensuring that the Group identifies and complies with applicable laws. The board has noted the following significant legislative developments during the year under review in jurisdictions in which the Group operates:

- the South African Companies Act
- the South African Consumer Protection Act
- the South African Competitions Act
- the South African Protection of Personal Information Bill
- the UK Bribery Act.

The board has appointed a social and ethics committee. The board has placed the compliance of these Group-wide acts as well as industry and regional acts on the agenda of the Group risk and social and ethics committees where exposures have been identified and compliance is monitored.

During the year under review the Group did not receive any requests for access to information in terms of the Promotion of Access to Information Act.

Board role and function

Executive directors implement strategies and operational decisions. Non-executive directors provide an independent perspective and complement the skills and experience of executive directors. They objectively assess strategy, budgets, performance, resources, transformation, diversity, employment equity and standards of conduct. They also contribute to strategy formulation and decision making.

Collectively, the board believes the current mix of knowledge, skill and experience meets the requirements to lead Bidvest effectively.

The board functions in accordance with the requirements of King III and within the context of the Companies Act, the Listings Requirements of the JSE Limited and other applicable laws, rules and codes of governance.

The main responsibilities of the board, as set out in the board charter, are:

- managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles, while providing effective leadership on an ethical foundation
- to contribute and approve the Group strategy, while aligning the strategy with the Group risks and business plans as assessed by management
- appointing the independent, non-executive chairman and chief executive and maintaining a succession plan
- appointing directors, subject to election, and evaluating performance of the directors
- to ensure overall governance structure and policies ensure the integrity of the Group's management of risk, internal financial control and internal control.

The board charter, which is reviewed annually expresses the board's commitment to meeting the above responsibilities. While retaining overall accountability the Group has spread the burden of responsibility down into the divisional structures where divisional committees exist that are able to focus on the needs and strategies within the division itself. Each division has its own audit committee and risk committee operating under the delegated authority of the Group committees. This is consolidated and reported to a Group level where the board is able to focus on the high risk and high impact areas.

Board and board committees' performance assessment

Annually, the performance of the board as a whole and the board committees individually is appraised. In line with King III the evaluations were done by an external service provider.

The recent performance assessment indicated that the board and the board committees are functioning effectively and efficiently. No major issues were raised.

Independence of non-executive directors

The board comprises a majority of independent non-executive directors. The board considered the issue of independence of directors, evaluating the rationale and meaning of the requirements of independence according to King III. An assessment, considering the salient factors and unique circumstances of each director, was performed for each non-executive director. Furthermore, the independence of non-executives who have served on the board for longer than nine years was assessed. The board is satisfied that 11 of the 16 non-executive directors are independent.

Mr MC Ramaphosa, chairman of the board, is not regarded as independent in view of his participation, either directly or indirectly, in the Dinatla black ownership transaction. As such Mr DDB Band has been appointed as the lead independent director for the board, thus ensuring compliance with King III requirements.

Conflict of interest

The board recognises the importance of acting in the best interest of the Company and protecting the legitimate interests and expectations of its stakeholders. The board consistently applies the provisions of the Companies Act in disclosing or avoiding conflicts of interest. Directors are required to declare their interests annually.

Statutory powers

Section 66(1) of the Companies Act provides that the business and affairs of a company must be managed by or under the direction of its board general powers of the directors are set out in the Company's memorandum of incorporation.

Insider trading

No employee, his/her nominee or members of his/her immediate family may deal directly or indirectly, at any time, in the securities of the Company on the basis of unpublished price-sensitive information. No director or officer may deal in the securities of the Company during the embargo period determined by the board.

Company secretary

Mr CA Brighten is the Group company secretary, duly appointed by the board in accordance with the Companies Act. The company secretary and his team (the "Secretariat") are trusted advisers to the board on compliance and governance matters. The Secretariat aims to provide guidance to directors as individuals and as a collective, with particular emphasis on supporting the non-executive directors. The Secretariat is a key element in the implementation of corporate strategies, by ensuring that the board's decisions and instructions are properly carried out and communicated. Further to this, they are available to provide a central source of guidance and advice within the Company on matters of business ethics and good governance. The Secretariat also aims to provide the highest standard of compliance with the statutory and regulatory requirements within its remit and ensures that due regard is paid to the interests of shareholders.

Board committees

The board has six Group sub-committees that assist in discharging its responsibilities. These Group committees, listed below, play an important role in enhancing good corporate governance, monitoring and reporting on internal control environments in order to give assurance to the positive performance of the Company:

1. Remuneration committee
2. Nominations committee
3. Acquisitions committee
4. Audit committee
5. Risk committee
6. Social and ethics committee (encompassing previous transformation and sustainability committees)

Each board committee acts according to the annually reviewed and board-approved terms of reference. Copies of the terms of reference, including the board charter, are available at:

QUICK LINK:
http://www.bidvest.com/ar/bidvest_ar2012/009.php.

Board committees may take independent professional advice at the Company's expense. The committees are subject to annual evaluation by the board on performance and effectiveness. Chairmen of the board committees are required to attend annual general meetings to answer questions raised by shareholders.

Board and sub-committee composition and attendance

The names of the directors who were in office during the period August 27 2011 to August 24 2012 and the details of board meetings, as well as sub-committee membership and attendance is detailed in the directors' report (pages 78 to 86).

1. Remuneration committee

Our remuneration philosophy promotes the Group's entrepreneurial culture within a decentralised environment with the aim of achieving sustainable growth within all businesses. Our philosophy emphasises the fundamental value of our people and their role in attaining this objective.

Delivery-specific short-term incentives are viewed as strong drivers of performance. A significant portion of top management's reward is variable and is determined by the achievement of realistic profit targets together with an individual's personal contribution to the growth and development of their immediate business and the wider Group. Long-term incentives align the objectives of management and shareholders for a sustained period.

The committee comprises three independent non-executive directors, Messrs DDB Band (chairman), D Masson and JL Pamensky. The chief executive officer, chief financial officer and other members of senior management may be invited to attend meetings, but may not participate in the vote process of the remuneration committee and recuse themselves from any discussion regarding their performance or remuneration.

The key responsibilities and role of the committee include but are not limited to:

- Assisting the board to ensure directors and executives are fairly and responsibly remunerated, and disclosure thereof is accurate, complete and transparent
- Advising on the remuneration and fees due to non-executive directors
- Determining any criteria necessary to measure the performance of the chief executive officer, chief financial officer and other executive directors in discharging their functions and responsibilities
- Considering the appropriateness of early vesting of share-based schemes at the end of employment
- Overseeing and recommending the remuneration report to the board for publication

The committee utilises the services of PricewaterhouseCoopers (PWC) as independent advisers on an ad hoc basis. During the year PWC supplied market data and advice on market practice and governance and provided performance analyses on certain conditional share plan performance measures.

The remuneration disclosure is included as part of the directors' report. Refer full remuneration policy on the website.

QUICK LINK: *Remuneration policy*
http://www.bidvest.com/ar/bidvest_ar2012/010.php.

2. Nominations committee

The role of the committee is to ensure that the board has the appropriate composition to execute its duties effectively. To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the board as a whole, on the recommendation of the nominations committee. The selection process involves considering the existing balance of skills and experience, the balance of executive to non-executive and independent to non-independent directors, racial and gender demographics and the current needs of the organisation as a whole.

For those new appointments, this committee ensures that an induction process is conducted and ongoing training and development of the directors is conducted. The nominations committee also ensures a formal succession plan is developed for the board, chief executive officer and senior management appointments.

The committee comprises three independent non-executive directors, Messrs DDB Band (chairman), JL Pamensky, MC Ramaphosa, Ms T Slabbert and the chief executive officer, Mr B Joffe.

The key responsibilities and role of the committee include but are not limited to:

- establishment of formal process for appointment of directors
- identification of suitable directors in succession planning for senior appointments
- ongoing training, development and updates of changing requirements in legislation and board roles necessary for the directors to satisfactorily perform their roles
- performance evaluations of existing directors

- recommendations for annual re-election of those directors retiring by rotation, annual appointment of audit committee members and other committee memberships as required

In terms of the Company's memorandum of incorporation the directors who retire by rotation at the forthcoming annual general meeting are Messrs FJ Barnes, LI Jacobs, D Masson, JL Pamensky, MC Ramaphosa, AC Salomon and Ms T Slabbert.

3. Acquisitions committee

The primary purpose of the acquisition committee is to review any significant acquisition for an in-principle decision as to whether the acquisition should be investigated and pursued; as well as to recommend to the board planned acquisitions that have been approved to be in the best interests of the shareholders and to the future growth of the group, or to inform the board of acquisitions that they do not recommend be considered.

The committee is appointed by the board and is made up of the following members Messrs DDB Band (chairman), BL Berson, DE Cleasby, B Joffe, D Masson, JL Pamensky and LP Ralphs, in line with the charter requirements. No formal meetings were held during the period August 27 2011 to August 24 2012; members were however consulted on a number of transactions.

QUICK LINK: *Acquisitions committee*
http://www.bidvest.com/ar/bidvest_ar2012/011.php.

4. Audit committee

The audit committee charter defines the responsibilities of this committee, including but not limited to review of the financial information, assessment of significant statutory and financial risks, scope and function of internal audit, review of internal and external audit reports and the appointment of external auditors.

Group audit committee members are appointed by the board, comprising a minimum of three members and chaired by an independent non-executive director. In terms of the requirements of the Companies Act, the committee reports directly to shareholders.

The committee comprises Messrs NG Payne (chairman), D Masson and JL Pamensky all of whom are independent non-executive directors. Two newly nominated independent non-executive directors being Messrs PC Baloyi and EK Diack have been nominated for appointment to the committee. The chairman of the Company is not a member of the committee. The chairman of the committee reports to the board on the activities and recommendations made by the committee. The financial director, head of internal audit and the external audit partner attend all meetings.

The audit committee's responsibilities include, but are not limited to the following key areas:

- to assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards
- examining and reviewing the interim report, final profit statement, annual financial statements, the integrated annual report, prospectus or any other documentation to be published by the Company and recommending the adoption of such statements by the board
- to perform duties assigned to it under the Act and other legislation, including statutory audit committee functions for subsidiary companies
- evaluating the independence and effectiveness of the external auditors, as well as considering and confirming the external audit fees and making recommendations to the shareholders on the appointment of the external auditors
- monitoring and supervising the functioning and performance of internal audit
- reviewing the effectiveness of the Group risk management assessment process, adequacy of internal financial controls (including adequacy of accounting records) and internal control systems
- considering the appropriateness of the expertise and adequacy of the resources in the Group's financial function as well as the expertise of senior financial management

Deloitte & Touche are the Group's lead auditors and Bidvest South Africa divisional auditors, with KPMG auditing the Bidvest Foodservice division. The committee has confirmed the continuing independence and objectivity of the external auditors.

The committee reviewed the combined assurance model which is being developed to ensure that all significant risks identified are adequately addressed by management as well as internal and external assurance providers.

The directors believe that the committee has satisfied its responsibilities under its mandate. Under the sponsorship of the committee's chairman, a self-evaluation assessment was undertaken during the year and action to address certain issues requiring attention determined.

Based on a review and evaluation of the nature and extent of the documented review of internal financial controls performed by internal audit and the reports prepared by the internal auditors, external auditors, management and other assurance providers, the committee confirms to the board and stakeholders on the effectiveness of the Company's internal financial controls in the current financial year.

The annual audit committee report disclosure has been included in the report, please refer (pg 73 to 74).

QUICK LINK: *Audit committee*
http://www.bidvest.com/ar/bidvest_ar2012/012.php.

Board committees

Internal audit

The purpose, authority and responsibility of the internal audit function are defined in a board-approved charter that is consistent with the Institute of Internal Auditors' definition of internal auditing, and the principles of King III.

A risk-based internal audit methodology has been applied, with input from divisional management and aligned to the organisation's risk management processes. The three-year rolling internal audit and combined assurance plans are presented to the audit committee for approval. The audit committee considers the objectives and rationale that drives the plan in order to achieve the objectives of internal audit processes. Internal audit plans are reviewed quarterly assessing the ability of the plan to meet the objectives of the audit committee.

Internal audit continued to function independently and objectively throughout the Group in the past year. The internal audit manager within each division, as well as at Group level, reports functionally to the chairman of the respective audit committee. Unrestricted access to members of the audit committee and executives of the organisation is available to the internal audit function. In addition, regular separate meetings took place between internal audit and the chairman of the divisional and Group audit committees during the year under review.

Although not reliant on external auditors for any resource support, the internal audit function, in accordance with the Group's combined assurance model, continues to liaise with the external auditors, and other assurance providers identified, to maximise efficiencies in assurance coverage on key risks.

Internal audit has focused on the following main areas, as required by King III:

- objectively assessing the effectiveness of the risk management process, internal financial control (including an assessment of the adequacy of accounting records) and overall operational internal control
- systematically analysing and evaluating business processes and associated controls
- evaluating the Company's governance processes
- providing a source of information, as appropriate, on instances of fraud, corruption, unethical behaviour and irregularities

The effectiveness of the Company's system of internal controls and risk management, as well as the adequacy and availability of skills to address identified risks is assessed by the divisional audit committees and is reported up to the Group audit committee for approval and acceptance.

Based on the work carried out by internal audit during the year under review, controls evaluated were assessed as adequate and effective to provide a reasonable level of assurance that risks are being managed and that Group objectives should be met.

5. Risk committee

The committee assists the board in recognising all material risks to which the Group is exposed and ensuring that the requisite risk management culture, policies and systems are progressively implemented and functioning effectively. Management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. Divisionally risk committees and risk registers are established and these are communicated to a Group risk level.

The committee comprises seven directors namely Messrs NG Payne (chairman: an independent non-executive director), D Masson (independent non-executive director) and Ms T Slabbert (non-executive director), and Messrs BL Berson, DE Cleasby, B Joffe and LP Ralphs (executive directors).

We have integrated King III recommendations, and these along with identified Group requirements make up the overall function of the committee being:

- setting out a formal policy and plan for the management of risks
- reviewing and assessing the integrity and effectiveness of the risk management process annually
- considering annually the consolidated risk assessment results and determining trends, common areas of concern, emerging risks, and the most significant risks for reporting to the board
- monitoring and reviewing changes in stakeholders' expectations, corporate governance codes and best-practice guidelines relating to risk issues
- reviewing and approving the insurance renewal programme
- assisting the board with activities relating to the governance of information technology

An ongoing enterprise-wide risk assessment process supports the Group philosophy. This ensures risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each division, and that their individual and joint impact on the Group is considered. The internal auditors assist in evaluating the effectiveness of the risk management process and comment on this in their own assessment reports.

QUICK LINK: *Risk committee*
http://www.bidvest.com/ar/bidvest_ar2012/013.php.

Summary of key material issues

Below is a summary of the key material issues identified and actions taken to address these risks and opportunities.

Material issue	Commentary	Risks and opportunities	Page reference
Remaining competitive in view of the changing world known as the 'new normal'	As the Group develops new business and expands into new markets and territories, it faces increasingly complex and changing environments. Critical to the success of the Group is the ability of management to ensure their businesses remain relevant and ahead of changing environments	Management needs to anticipate market changes and respond timeously to the environment There were a number of businesses where management lacked the ability to change. New appointments have been made with significant confidence in the businesses ability to recover and grow	24 – 28; 34 – 37; 42 – 45; 52 – 55; 66
Fostering positive long-term relationships with key suppliers and customers	This remains a cornerstone of the way Bidvest does business	This continues to be recognised as Bidvest's strength and weakness. Management is constantly challenged on its ability to manage and grow these relationships. This remains a key focus area	34 – 37; 42 – 45; 48 – 49; 66
Changing legislative environment	Labour, competition, anti-bribery and company legislation is of the higher impact changing environments globally that Bidvest is required to address and respond to	Business is actively addressing these changing requirements in their individual environments throughout the Group. Management is monitoring this progress through the divisional risk committees on an ongoing basis	52 – 55; 56 – 58; 62; 66
Business continuity plans	Unforeseen events in various businesses throughout the Group have put the BCP's to the test, successfully to date	Through the ability of businesses to manage and maintain through a period of significant testing, the BCP's have shown to be not only vital but also, to date, successful. This continues to be an area of management focus	29; 34 – 37
Appropriate IT systems and support structures	Bidvest has drafted an IT governance framework in order to "support the effective and efficient management of information resources (e.g. people, funding and information) to facilitate the achievement of the organisation's objectives"	Businesses need to embrace updating and enhancing their IT support structures and environments. It has been recognised that this is one of the highest potential risk processes to be undertaken by a business. Management remains closely involved and is supported by risk and audit committees ensuring adherence to Group frameworks and guidelines	34 – 37; 42 – 45; 52 – 55; 58
Succession planning	An ongoing area of focus for the long-term success of Bidvest, and all of its businesses	With the recent restructure of the Group, the succession planning of the key roles have been more clearly addressed, and new opportunities for career progression in senior roles have been unlocked, with positive effects on the team	24 – 28; 52 – 55

Board committees

6. Social and ethics committee (encompassing the formerly constituted transformation and sustainability committees)

In line with the requirements of the Companies Act and King III, Bidvest has established a social and ethics committee with effect from March 1 2012, using a combination of the previously constituted sustainability committee and transformation committee as a base structure.

The committee comprises Messrs NG Payne (chairman: an independent non-executive director), D Masson (independent non-executive director) and Ms T Slabbert (non-executive director), and Messrs BL Berson, DE Cleasby, B Joffe and LP Ralphs (executive directors).

Responsibilities of this committee have been expanded to be in line with the legislated requirements and meet the responsibilities of the two previous committees. The key areas of responsibility are as listed below:

- social and economic development
- corporate citizenship
- environment, health and public safety
- stakeholder relations
- empowerment and transformation
- labour and employment
- ethics and code of conduct compliance
- regulatory, statutory and legislative compliance

Progress can only be credibly reported if indicators are identified, monitored, measured and recorded. Within Bidvest's sustainability performance a major focus going forward will be to monitor performance of each division against their individually determined targets for sustainability performance, meeting Group-wide requirements and specific industry requirements.

The committee monitored the Group's initiatives to promote diversity and advance the objectives of non-discrimination. Each division has an appointed transformation executive, who along with the CEO of each division retains ultimate responsibility for transformation in their respective businesses.

The executive responsible for transformation attends the committee meetings, presenting the Group's progress of the South African companies against the B-BBEE scorecard.

The committee presented to the board an updated code of conduct for the Group, which was approved and communicated throughout the Group. The code of conduct compliance is monitored through the whistle-blowing facility, the details of calls and follow-up action of which is presented to this committee for consideration.

QUICK LINK: *Social and ethics committee http://www.bidvest.com/ar/bidvest_ar2012/014.php*.

(i) 2012: Transformation in South Africa

In South Africa, Bidvest continues its drive towards economic and social equity through the process of B-BBEE. Transformation is managed at the operational level in our decentralised structure and reported and monitored at Group level via our various reporting structures. The best measure of our overall success is reflected in the Group BEE rating, which has improved again, reaching level 3 contributor status under the DTI Codes of Good Practice.

Bidvest's approach to BEE has progressed to a culture of change that is fully integrated as part of our business.

While we've made great strides in the areas of socio-economic development, preferential procurement and enterprise development, we are aware that employment equity requires increased attention. In time we expect to achieve the required levels of diversity across race and gender groups throughout our businesses. Every business will assess its own needs and ensure that when opportunities arise, due consideration will be given to those individuals who are the right fit for the position and will enhance the diversity of the employee base.

Bidvest will continue to encourage and support the training and development of employees and place particular emphasis on middle to senior level management as part of its succession planning process.

Summary of DTI Codes scores for the Group

Element	Indicator	June 2012	June 2011	June 2010	Target
Management control	Percentage black divisional executive directors	**28,0**	30,0	24,0	50,0
Employment equity	Black disabled employees as a percentage of all employees	**0,6**	0,4	–	2,0
	Percentage black employees at senior management	**22,9**	22,0	19,0	43,0
	Percentage black employees at middle management	**37,0**	36,0	38,0	63,0
	Percentage black employees at junior management	**60,3**	58,0	52,0	68,0
Skills development	Skills development expenditure on learning programmes for black employees as percentage of leviable amount	**2,7**	3,1	2,5	3,0
	Number of black employees participating in learnerships or category B, C and D as percentage of total employees	**7,9**	11,0	11,3	5,0
Preferential procurement	B-BBEE procurement spend from all suppliers based on B-BBEE procurement recognition levels as a percentage of total measured procurement spend	**86,0**	65,0	51,0	50,0
Enterprise development	Average annual value of all enterprise development contributions and sector-specific programmes made by the measured entity as a percentage of NPAT	**4,0**	3,0	2,0	3,0
Socio-economic development	Average annual value of all socio-economic development contributions and sector-specific programmes made by the measured entity as a percentage of the NPAT	**1,1**	1,6	1,0	1,0
Ownership*	Percentage exercisable voting rights and economic interest of black people	**25,8**	21,7	28,4	25,0

The increased percentage for 2012 takes into account the principle of continuing benefit.

(ii) Relationship with stakeholders

Bidvest is a strong proponent of transparency, best-practice disclosure, consistent communication and equal and timely dissemination of information to all stakeholders. Because Bidvest's structure is diversified and decentralised, stakeholder engagement happens at a Group, divisional and company level. An operation engages with stakeholders considered material to its business, which helps identify many of the important commercial and sustainable development issues facing the operation. This process forms a major source of input for the divisional sustainability reports in this integrated annual report as well as the more detailed reports on our website.

The Group's website contains a range of stakeholder-related information and materials, including an update on the Group's activities, copies of all presentation materials given to investors and further explanation of matters contained in the integrated annual report. The annual general meeting is normally attended by all directors. Stakeholders are encouraged to attend and to ask questions during the meeting.

The table below identifies each of our key stakeholder groups and summarises our level of engagement and interaction with each:

Stakeholder and nature of relationship	Nature of engagement	Material issues	Actions
Shareholders Including investors and analysts	• Investor meetings • Internet updates/ communications	• Group strategy • Group performance • Significant non-financial issues	• Continued inclusion of non-financial issues in annual report
Employees Trade unions South Africa: 28,7% International: 31,3%	• Employment equity forums within Bidvest in South Africa • Employee surveys • Senior health and safety managers appointed • Customer visits; feedback from sales representatives and drivers	• Market related remuneration • Group policy to ensure good employee relationship • Moving from awareness of employee issues to actioning these issues • Health and safety • Reporting on fatalities • Reporting on lost-time injuries, resignation and fatalities statistics • Retention of a well-equipped positive workforce	• Action the feedback from employee surveys • Continued investigations into fatalities • Training for health and safety standards to be enforced • Identification of effective mobile communication tools implemented • Focus on reduction of work-related injuries • Career pathing and training initiatives across each division • Graduate recruitment programmes • Informal, hands-on managerial culture within Bidvest

Board committees

Stakeholder and nature of relationship	Nature of engagement	Material issues	Actions
Customers Largely service industry based, we are part of supply chain	• Monitor call centres • Independent complaint channels • Group ethics line • Bidvest e-mail address • Bidvest website • Direct calls to divisional CE	• Compliance requirements with respect to social, environmental and human rights standards • Compliance with Consumer Protection Act • Total compliance to a customer-centric ethos • Customers increasingly demand ‘smart green solutions’ across all products and geographies	• Continuous monitoring of call lines and e-mail addresses • Staff training for new legislation • Customer service improvements identified and actioned • New initiatives in electronic media, including blogging, social and mobile media communications • Treating Customer’s Fairly principles applied across all divisions
Suppliers	• Communication with key suppliers on market trends and requirements	• Clear communication channels supporting accurate timely information to all parties • Long-term sustainable support of small and/or black suppliers	• New initiatives in electronic media, including blogging, social and mobile media communications • Close supportive relationships with small and/or black business to ensure their sustainability • Continued efforts to streamline logistics chain
Government, authorities and regulators	• Proactive interaction and communication across the Group at a divisional level • Group level engagement on overarching issues such as tax and Department of Labour • Business associates interact • Strong global associations and alliances are necessary to support international growth	• National authorities and regulatory requirements • Tax issues • Employment equity plans • Crime and fraud activity remains top priority • Government procurement and spend plans	• Proactive consultation as required • Management programmes in association with public entities to improve demand-side management • Active engagement with industry-specific SETAs to train and potentially hire qualified candidates
Environment	• Commitment to reduce environment impacts • Group-wide focus through the divisional risk committee reporting processes to ensure this remains a top priority and management focus	• Reductions in energy, fuel, water and paper usage are a priority • Recycling opportunities identified • Unique identification of industry specific environmental and sustainability initiatives	• Business strategies include cost reductions and elimination of duplication and reduced water usage • Capex spend includes a commitment to improve energy efficiencies • Sustainability champions appointed divisionally • Research and development projects underway to develop energy efficient products • Staff awareness efforts in respect of sustainability issues
Communities including community based organisations and non-governmental organisations	• Community impact employment opportunities • Donations to community projects • Track and communicate success stories through Bidvoice, the website, the intranet, in reports at roadshows and company gatherings • Decentralised structure adopted within Bidvest has a positive impact in that branches engage directly with local communities	• Employment opportunities • Social and educational initiatives • Large disparities in wealth and opportunity • Poverty alleviation • Healthy eating campaigns • Disaster management • Senior citizen support	Three-tier CSI strategy: • 1: Corporate supports a number of overarching worthy causes • 2: Divisions support their own flagship projects • 3: Individual businesses support community-based projects Rally-to-read is an example of a flagship programme Divisions run industry-specific training programmes to equip communities for a sustainable future

(iii) Sustainability

Sustainability at Bidvest is a journey and it is what our businesses already include in their day-to-day operations and strategy setting.

For an organisation as diverse and decentralised as Bidvest, it is an ongoing challenge to determine which operational issues should be considered 'material' at divisional and Group level and how these should be properly reported.

Aggregating these issues up the organisational structures is not a rigorous science. Resolving which issues are material at which level requires internal and external analysis and ongoing stakeholder discussions. In our interconnected world, it is only this dialogue which can yield a consensus on material issues and their priorities.

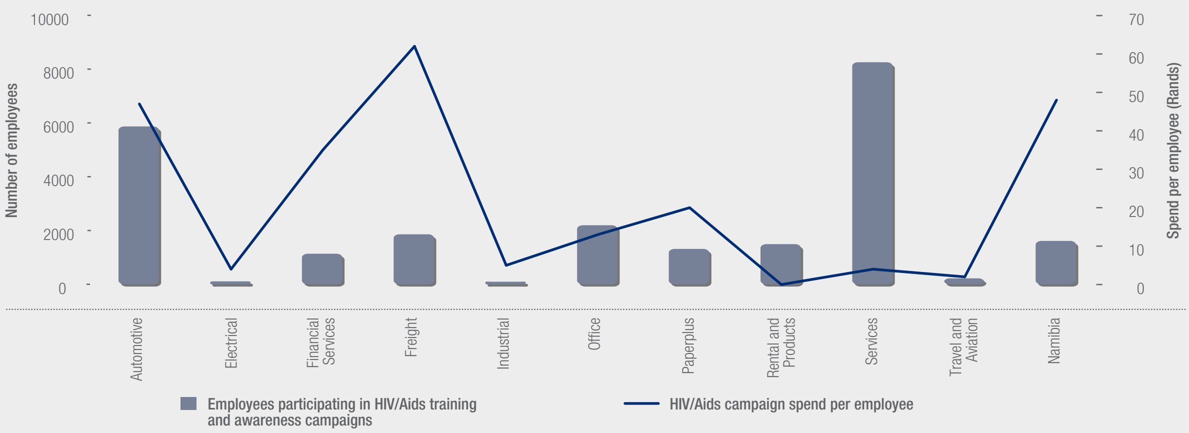
Divisional reports speak to the issues their sustainability managers and committees consider most material.

Water usage, B-BBEE, energy consumption and greenhouse gas emissions, climate change and HIV/Aids are issues material to the Group as a whole, but not all of these are material to all businesses. HIV/Aids is not a material issue for most of our international foodservice businesses, but water and energy-related matters are (refer graphs A and B). For some of our South African businesses, such as Magnum Shield, water usage is relevant and is being reduced, but it is not a material issue, despite South Africa being a water-stressed country, while HIV/Aids is a material issue for them.

Although carbon emissions have increased year on year, this is largely due to acquisitions and increased business activities. We are pleased to confirm that carbon emissions per R1 million of revenue are steadily decreasing.

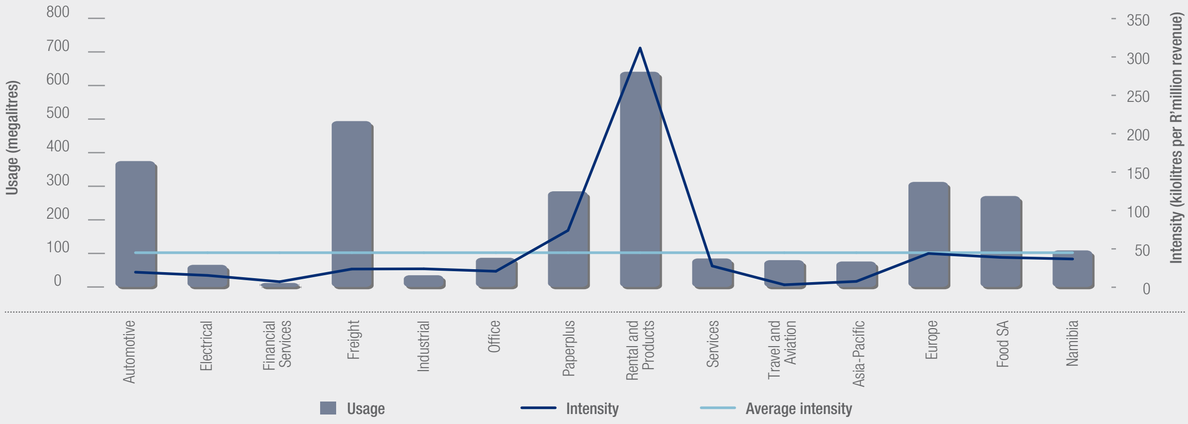
GRAPH A

HIV/AIDS
(Average 2011 and 2012)



GRAPH B

WATER
(Megalitres)



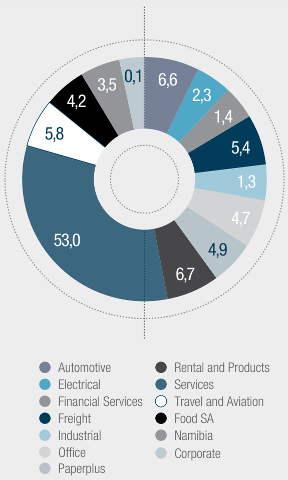
Board committees

Sustainable development performance data

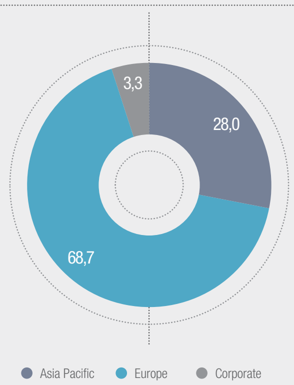
	2012	2011	2010
Economic			
Value added statement refer to page 70			
Corporate social investment			
CSI (R'000)	63 490	59 332	47 229
Southern Africa	56 457	51 726	40 028
International	7 033	7 606	7 201
CSI as % of trading profit[1]	0,9	1,0	0,8
Southern Africa	0,9	1,2	1,0
International	0,8	0,5	0,4
Group CSI as % of net profit after tax (NPAT) as per DTI Codes	1,3	1,6	1,4
Environmental parameters[2]			
Total water usage (litres '000)	2 930 728	2 578 096	2 428 711
Total electricity usage (including electricity from renewable sources) (kWh '000)	437 905	421 781	416 341
Electricity from non-renewable resources (kWh '000)	379 835	365 514	355 459
Electricity from renewable resources (kWh '000)	58 069	56 267	60 882
Petrol (litres '000)	22 974	21 826	22 190
Diesel (litres '000)	103 772	103 722	100 850
Biodiesel (litres '000)	3 598	2 837	2 493
Total carbon emissions (tonnes CO_2e)	725 828	692 631	678 545
Scope 1 (diesel, petrol, coal, LNG, LPG, other minor)	397 674	375 234	372 664
Scope 2 (electricity)	309 031	303 711	295 126
Scope 3 (air travel)	19 123	13 687	10 755
Carbon emissions per employee (tonnes CO_2e)	6,9	6,6	6,4
Carbon emissions per R1 million in revenues (tonnes CO_2e)	5,3	5,7	6,1
Labour practices[2]			
Number of disabled employees	738	890	326
Southern Africa	690	834	266
International	48	56	60
Trade unionisation (%)	28,7	26,3	27,2
Southern Africa	31,3	28,4	29,3
International	13,1	13,9	13,6
Training			
Training spend (R'000)	272 631	251 889	252 547
Southern Africa	254 970	237 139	236 284
International	17 661	14 750	16 263
Training spend per employee (R)	2 594	2 393	2 388
Southern Africa	2 845	2 622	2 583
International	1 141	998	1 140
Training hours	1 780 847	1 594 084	1 643 670
Southern Africa	1 542 050	1 425 292	1 329 707
International	238 797	168 792	313 963
Training hours per employee	16,9	15,1	15,5
Southern Africa	17,2	15,8	14,5
International	15,4	11,4	22,0

	2012	2011	2010
Health and safety			
Injury rate (%)[3]	**1,5**	1,3	1,1
Southern Africa	**0,8**	0,9	0,9
International	**6,5**	4,1	2,4
Work-related fatalities	**5**	9	4
Southern Africa	**5**	9	3
International	**–**	–	1
HIV/Aids			
Percentage of employees participating in HIV/Aids awareness programmes in southern Africa (%)	**23,1**	26,8	22,9
Absentee rate (%)	**2,2**	3,7	2,1
Southern Africa	**2,1**	3,8	1,9
International	**3,3**	3,5	4,2
Resignation rate (%)	**11,1**	10,8	10,7
Southern Africa	**10,3**	9,8	10,3
International	**16,0**	17,0	13,1

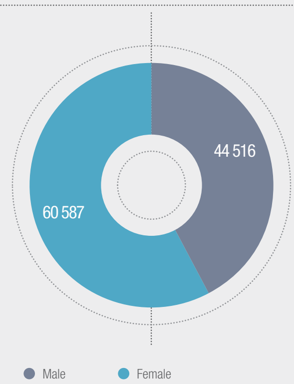
[1]At divisional level, trading profit figures are used instead of NPAT, because the Group's interdivisional funding is not evenly distributed among all divisions and NPAT figures would be distorted by divisional finance charges and the tax effect thereof.
[2]Certain 2011 figures have been restated for greater accuracy as a result of improved reporting.
[3]The injury rate (LTIFR: lost-time injury frequency rate) has been restated according to GRI guidelines as the number of lost-time injuries per 200 000 hours worked (100 people working for a year) as opposed to one million manhours in prior years.
Also note that the Group rate is skewed upwards, because many businesses in the Europe and Asia Pacific regions use different definitions for what constitutes a lost-time injury. Over time these definitions and the injury numbers are being aligned with those recommended by the GRI and being used by the rest of the Group.



EMPLOYEES IN SOUTHERN AFRICA (%)
Total 89 111



EMPLOYEES OUTSIDE SOUTHERN AFRICA (%)
Total 15 992

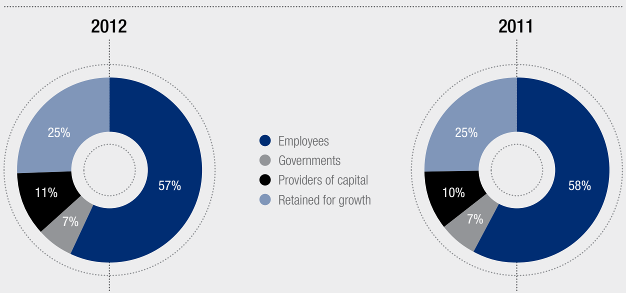


FEMALE AND MALE EMPLOYEES
Total 105 103

Value added statement

"Value added" is the value which the Group has added to purchased materials and goods by process of manufacture and conversion, and the sale of its products and services. This statement shows how the value so added has been distributed.

	2012 R'000	2012 %	2011 R'000	2011 %
Revenue	133 533 633		118 482 736	
Net cost of raw materials, goods and services	(107 801 463)		(95 731 788)	
Wealth created by trading operations	25 732 170		22 750 948	
Finance income	147 034		162 425	
Profit on partial disposal of investment in Mumbai International Airport Private Limited	399 100		–	
Dividend income	71 482		49 977	
Total wealth created	26 349 786	100,0	22 963 350	100,0
Distributed as follows				
Employees				
Benefits and remuneration	14 999 794	56,9	13 307 998	58,0
Governments				
Current taxation	1 695 458	6,4	1 528 169	6,6
Providers of capital	2 952 797	11,2	2 337 387	10,2
Finance charges	890 029	3,4	777 650	3,4
Dividends to shareholders	2 062 768	7,8	1 559 737	6,8
Retained for growth	6 701 737	25,5	5 789 796	25,2
Depreciation and amortisation	2 001 864	7,6	1 811 698	7,9
Impairments	256 971	1,0	439 350	1,9
Profit for the year attributable to shareholders of the Company	4 442 902	16,9	3 538 748	15,4
	26 349 786	100,0	22 963 350	100,0



Exchanges with governments

including amounts collected on their behalf	South African 2012 R'000	South African 2011 R'000	Foreign 2012 R'000	Foreign 2011 R'000
Employee taxes	1 290 958	1 247 013	1 684 235	1 355 455
Company taxes	1 056 534	1 015 922	638 924	512 247
Value added tax and sales tax	5 609 948	5 153 935	463 012	401 451
Customs and excise duty	10 887 400	9 201 091	1 007 826	900 642
Other	94 253	76 799	182 521	131 402
	18 939 093	16 694 760	3 976 518	3 301 197

Directors' responsibility for the financial statements

To the shareholders of The Bidvest Group Limited

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, (IFRS) the interpretations adopted by the International Accounting Standards Board and the requirements by the Companies Act of South Africa (Companies Act).

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and there is no reason to believe that the Group and Company will not be going concerns in the year ahead.

The auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

The consolidated financial statements and separate financial statements as identified in the first paragraph, were approved by the board of directors and are signed on its behalf by:

Cyril Ramaphosa
Chairman
August 25 2012

Brian Joffe
Chief executive

David Cleasby
Group financial director

Declaration by company secretary

In my capacity as company secretary, I hereby confirm, in terms of Section 88(2)(e) of the Companies Act, that for the year ended June 30 2012, the Company has lodged with the Registrar of Companies, all such returns as are required in terms of this Act and that all such returns are true, correct and up to date.

Craig Brighten
Company secretary
August 25 2012

Preparer of financial statements

The consolidated and separate financial statements have been prepared under the supervision of Neil Goodwin CA(SA).

Independent auditors' report

To the shareholders of The Bidvest Group Limited

Report on the consolidated financial statements

We have audited the consolidated and separate financial statements of The Bidvest Group Limited set out on pages 6 to 8 and 87 to 165, which comprise the consolidated and separate statements of financial position as at June 30 2012, and the consolidated and separate income statements, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated and separate financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Bidvest Group Limited as at June 30 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended June 30 2012, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche
Registered Auditors

Per Trevor Brown
Partner
August 25 2012

Audit committee report

This is the report of the audit committee (committee) of The Bidvest Group Limited appointed for the financial year ended June 30 2012 in compliance with the Companies Act and in terms of the JSE listings requirements.

The committee has detailed terms of reference that comply with the Companies Act and King III and are approved by the board of directors (board). Copies of the terms of reference are available from the company secretary on request.

Membership

The shareholders appointed the committee for the 2012 financial year at the annual general meeting in November 2011 and will be requested to approve the appointment of the chairman and members to the committee for the 2013 financial year at the annual general meeting scheduled for November 26 2012.

The committee consists solely of independent non-executive directors who are all financially literate.

The current members are NG Payne (chairman), D Masson and JL Pamensky. Two new appointments were recommended by the board on August 25 2012, being PC Baloyi and EK Diack.

Purpose

The purpose of the committee, which in certain instances operates in conjunction with the risk committee and social and ethics committee, is to:

- Assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards,
- Provide management, external and internal auditors access to the chairman or any other member of the committee about any matter within the committee's scope,
- Meet separately with the external and internal auditors at least once a year,
- Provide a forum for discussing business risk and control issues and developing recommendations for consideration by the board,
- Monitor enterprise-wide, operational, market, regulatory, safety and other risks, and to monitor controls designed to minimise risk,
- Review the Company's integrated annual report, including the annual financial statements, as well as its interim report and any other public reports or announcements containing financial information,
- Consider and recommend to the board whether external assurance should be provided on the sustainability report and to ensure that the report is consistent with the annual financial statements,
- Oversee the activities of, and to ensure co-ordination between, the activities of internal and external audit,
- Perform duties assigned to it under the Companies Act and other legislation, including statutory audit committee functions for subsidiary companies,
- Receive and deal with any complaints concerning the accounting practices, internal audit or the content and audit of its financial statements or related matters, and
- Annually review the committee's work and terms of reference and to make recommendations to the board to ensure its effectiveness.

Duties carried out

The committee has performed its duties and responsibilities during the financial year according to its terms of reference.

Audit committee report

External audit

The committee:

- Nominated Deloitte & Touche as auditors and TJ Brown as the independent auditor and designated audit partner, respectively to the shareholders for appointment as auditors for the financial year ended June 30 2012, of the Group and Company, and ensured that the appointments complied with legal and regulatory requirements for the appointment of an auditor,
- Confirmed that the independent auditor and the designated audit partner are accredited by the JSE,
- Approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditors,
- Reviewed the members of the audit committee and evaluated the effectiveness of the independent auditors,
- Obtained a statement from the independent auditors confirming that its independence was not impaired,
- Determined the nature and extent of all non-audit services provided by the independent auditors and pre-approved all non-audit services undertaken,
- Obtained assurances from the independent auditors that adequate accounting records were being maintained,
- Confirmed that no reportable irregularities had been identified or reported by the independent auditors under the Auditing Profession Act, and
- Nominated the independent auditors and the designated audit partner for each of Bidvest's subsidiary companies.

Financial statements

The committee:

- Confirmed, based on managements' review, that the interim and annual financial statements were prepared on the going concern basis,
- Examined the interim and annual financial statements and other financial information made public, prior to their approval by the board,
- Considered accounting treatments, significant or unusual transactions and accounting judgements,
- Considered the appropriateness of accounting policies and any changes made thereto,
- Reviewed the independent auditors' audit report,
- Reviewed the representation letter relating to the annual financial statements signed by management,
- Considered any problems identified as well as any legal and tax matters that could materially affect the financial statements,
- Met separately with management, external audit and internal audit, and
- Concluded that the annual financial statements fairly present the financial position of the Group and Company at the end of the financial year and the results of its operations and cash flows for the financial year then ended.

Internal control and internal audit

The committee:

- Reviewed and approved the annual internal audit plans and evaluated the independence, effectiveness and performance of the internal audit function,
- Considered the reports of the internal auditors and independent auditors on the Group's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems,
- Received assurances that proper accounting records were maintained and that the systems safeguarded the Group's assets against unauthorised use or disposal,
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto,
- Assessed the adequacy of the performance of the internal audit function and found it satisfactory, and
- Concluded that there were no material breakdowns in internal control.

Risk management and information technology

The committee:

- Reviewed the Group's policies on risk assessment and risk management, including fraud risks and information technology risks and found them to be sound, and
- Received written assessments of the effectiveness of the Group's system of internal controls and risk management from the internal auditors.

Legal and regulatory requirements

The committee:

- Reviewed with management legal matters that could have a material impact on the Group,
- Reviewed with the Company's legal counsel the adequacy and effectiveness of the Group's procedures to ensure compliance with legal and regulatory responsibilities, and
- Considered reports provided by management, internal audit and the independent auditors regarding compliance with legal and regulatory requirements.

Combined assurance

The committee reviewed the plans and reports of the external and internal auditors and other assurance providers including management, and concluded that these were adequate to address all significant financial risks facing the business.

Financial director and finance function

The committee:

- Considered the appropriateness of the experience and expertise of the Group financial director and concluded that these were appropriate, and
- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate.

Independence of external auditors

The committee is satisfied that Deloitte & Touche is independent of the Group after taking the following factors into account:

- Representations made by Deloitte & Touche to the committee,
- The auditors do not, except as independent auditors or in rendering permitted non-audit services, receive any remuneration or other benefit from the Group,
- The auditors' independence was not impaired by any consultancy, advisory or other work undertaken,
- The auditors' independence was not prejudiced as a result of any previous appointment as auditors, and
- The criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

Annual financial statements

Following the review by the committee of the annual financial statements of The Bidvest Group Limited for the year ended June 30 2012, the committee is of the view that, in all material respects, it complies with the relevant provisions of the Companies Act and IFRS and fairly presents the financial position at that date and the results of its operations and cash flows for the year. In conjunction with the risk committee and social and ethics committee, the committee has also satisfied itself as to the integrity of the remainder of the integrated annual report. Having achieved its objectives for the financial year, the committee recommended the annual financial statements and integrated annual report for the year ended June 30 2012 for approval to the board.

Signed on behalf of the committee by:

Nigel Payne
Chairman

Directors' report

The directors have pleasure in presenting their report for the year ended June 30 2012.

Nature of business

The Company is an investment holding company with subsidiaries operating in the services, trading and distribution industries. Details of the Group's activities are included in the Operational Reviews and Bidvest at a glance.

Results of operations

The results of operations are dealt with in the consolidated income statement, segmental analysis and operational review.

Financial reporting

The directors are required by the Companies Act, to produce financial statements, which fairly present the state of affairs of the Company and the Group as at the end of the financial year and the profit or loss for that financial year, in conformity with IFRS and the requirements of the Companies Act.

The financial statements as set out in this report have been prepared by management in accordance with IFRS and the requirements of the Companies Act, and are based on appropriate accounting policies supported by reasonable and prudent judgements and estimates.

The directors are of the opinion that the financial statements fairly present the financial position of the Company and of the Group as at June 30 2012 and the results of their operations and cash flows for the year then ended.

The directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going-concern basis in preparing the financial statements.

Acquisitions and disposal

The Group undertook a number of smaller acquisitions during the year. Details of assets acquired and liabilities assumed are contained in note 11 to these financial statements.

The sale of 50% of the Group's effective economic interest in Mumbai International Airport Private Limited for a profit of R399,1 million was completed in October 2011.

Subsequent events

No reportable events took place subsequent to the year-end.

Share capital

386 357 (2011: Nil) shares were issued during the year at premiums of between R143,36 and R149,84 per share.

Movement in treasury shares

In terms of general authorities granted to the Company to repurchase its ordinary shares, the latest being shareholder authority obtained at the annual general meeting of shareholders held on November 21 2011, a maximum of 65 546 986 ordinary shares may be acquired by the Company of which 32 773 493 may be acquired by its subsidiaries.

A total of 1 318 233 ordinary shares were disposed of at an average price of R112,98 per share in settlement of share options exercised by staff.

Dividends

An interim cash dividend of 280,0 cents per share (2011: 225,0 cents per share) was declared by the directors to ordinary shareholders recorded in the register at the close of business on Friday, April 13 2012. A special cash dividend of 80,0 cents per share was declared by the directors to ordinary shareholders recorded in the register at the close of business on Wednesday, March 30 2012.

Subsequent to the year-end, a final cash dividend of 342,0 cents per share (290,7 cents after the deduction of withholding tax, where applicable) (2011: 255,0 cents per share) was declared by the directors to shareholders recorded in the register at the close of business on Friday, September 21 2012. The salient dates are:

Distribution dates:	
Last day to trade cum-distribution	Friday, September 14 2012
Trading ex-distribution commences	Monday, September 17 2012
Record date	Friday, September 21 2012
Payment date	Tuesday, September 25 2012

Payments to shareholders

Approval was obtained at the last annual general meeting for the Company to make payments which would reduce its share capital, share premium, and/or reserves in terms of the Companies Act.

Special resolutions

Special resolutions were passed at the annual general meeting of shareholders held on Monday, November 21 2011 in regard to a general authority to enable the Company to acquire its own shares.

Special resolutions were passed by certain subsidiaries to accommodate the acquisition of various businesses and to change their names.

Directorate

During the current year there were some changes made to the composition of the board. The resignation of the following directors being Messrs MC Berzack (resigned September 7 2011), NP Mageza (resigned November 21 2011) and Mrs LG Boyle (resigned February 13 2012). Considerable thought is given to board balance and composition and therefore the board appointed the following four independent non-executive directors being Messrs PC Baloyi, EK Diack, AK Maditsi and Ms L Phalatse as announced on April 20 2012.

Collectively, the board believes the current mix of knowledge, skill and experience meets the requirements to lead Bidvest effectively. The board currently comprises 11 independent non-executive directors, five non-executive directors, eight executive directors and one alternate, non-executive director. The roles of chairman and chief executive are distinct. In line with King III requirements, a lead independent director has been appointed, Mr DDB Band.

In terms of the Company's memorandum of incorporation the directors who retire by rotation at the forthcoming annual general meeting are Messrs MC Ramaphosa, FJ Barnes, LI Jacobs, D Masson, JL Pamensky, AC Salomon and Ms T Slabbert. The directors who have made themselves available for re-election at the forthcoming annual general meeting are Messrs MC Ramaphosa, D Masson and Ms T Slabbert.

Fred Barnes, Lionel Jacobs and Joe Pamensky will not be offering themselves for re-election. Simultaneously Muriel Dube, Mathabo Kunene and Peter Nyman have tendered their resignation to be effective from the annual general meeting date.

Alan Salomon, who also retires by rotation, has agreed not to make himself available for re-election due to the growth of the Bank under his guidance and the perceived conflicts of interest with his executive responsibilities as chief executive of Bidvest Bank, the board believes that his independence is good governance and thanks him for his acceptance of this assigned responsibility.

The directors concerned have given many years of combined service and contribution to the growth and development of Bidvest and are sincerely thanked for their years of loyalty and dedication.

Directors' report

The names of the directors who were in office during the period August 27 2011 to August 24 2012 and the details of board meetings attended by each of the directors are:

Director	Date of appointment	November 21 2011	February 24 2012	April 2 2012	May 17 2012	August 23 2012
Chairman						
MC Ramaphosa	July 6 2004	^	^	Apol	^	Apol
Independent non-executive directors						
PC Baloyi	April 20 2012				^	^
DDB Band	October 27 2003	^	^	^	^	^
LG Boyle*	January 23 2001	Apol				
EK Diack	April 20 2012				^	^
MBN Dube	October 27 2003	^	^	^	^	^
S Koseff	June 17 1997	Apol	^	^	Apol	^
AK Maditsi	April 20 2012				^	^
NP Mageza†	August 28 2009	Apol				
D Masson	March 10 1992	^	^	Apol	^	^
JL Pamensky	January 8 1990	^	^	^	^	^
NG Payne	June 30 2006	^	^	^	Apol	^
L Phalatse	April 20 2012				^	^
FDP Tlakula	June 30 2006	^	^	Apol	^	^
Non-executive directors						
FJ Barnes	October 27 2003	Apol	^	Apol	^	^
AA da Costa	December 8 2003	^	^	^	^	^
RM Kunene	December 8 2003	^	Apol	^	^	^
T Slabbert	August 20 2007	^	^	Apol	^	^
Executive directors						
B Joffe	March 1 1989	^	^	^	^	^
BL Berson	October 27 2003	^	^	Apol	^	^
DE Cleasby	July 9 2007	^	^	^	^	^
AW Dawe	June 30 2006	^	^	^	^	^
LI Jacobs	October 27 2003	^	^	^	^	^
P Nyman	February 1 1991	Apol	^	^	^	^
LP Ralphs	May 19 1992	^	^	^	^	^
AC Salomon	September 10 1990	^	^	^	^	^
Alternate						
LJ Mokoena (alternate to AA da Costa)	December 8 2003					

^ Attended in person, by video-conference or tele-conference.
Apol – Apologies tendered.
** Resigned February 13 2012*
† Resigned November 21 2011

Directors' service contracts

Directors do not have fixed-term contracts.

Directors' and officers' disclosure of interest in contracts

During the financial year no contracts were entered into in which directors and officers of the Company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group.

Directors' interests

The aggregate interests of the directors in the capital of the Company at June 30 2012 were:

	Number of shares 2012	2011
Beneficial	**3 711 013**	2 981 663
Non-beneficial	**14 453 160**	15 607 278
Held in terms of The Bidvest Incentive Scheme		
Options	**445 000**	912 500
Shares	**487 195**	922 038

Directors' shareholdings

Beneficial

The individual beneficial interests declared by the current directors and officers in the Company's share capital at June 30 2012 held directly or indirectly were:

	2012 Number of shares		2011 Number of shares	
Director	**Direct**	**Indirect**	Direct	Indirect
BL Berson	8	38 313	8	–
DE Cleasby	8 375	–		–
AW Dawe	9 000	–		–
AA da Costa	–	213 239	60 349	122 500
LI Jacobs	–	1 808 208	–	1 016 883
B Joffe	5 000	–	–	–
S Koseff	8	–	8	–
RM Kunene	–	466 200	–	237 529
D Masson	8	7 235	8	5 235
LJ Mokoena (alternate)	–	192 800	–	192 800
P Nyman	81 000	81 000	81 000	81 000
JL Pamensky	9	–	9	–
LP Ralphs	85 801	–	180 624	–
MC Ramaphosa	–	557 149	–	691 036
AC Salomon	157 660	–	187 660	–
	346 869	3 364 144	509 666	2 346 983
Former directors				
MC Berzack			24 014	–
LG Boyle			101 000	
			634 680	2 346 983

Held in terms of The Bidvest Incentive Scheme

The Bidvest Incentive Scheme grants loans to staff and executive directors for the acquisition of shares in the Company. The numbers of shares and carrying values of the loans issued to directors and officers as at June 30 2012 were:

	2012		2011	
Director	**Number of shares**	**Carrying value of loan R'000**	Number of shares	Carrying value of loan R'000
FJ Barnes	25 036	2 651	49 581	5 521
BL Berson	49 581	5 251	49 581	5 521
DE Cleasby	74 371	7 982	74 371	8 176
AW Dawe	79 162	8 496	79 162	8 703
LI Jacobs	12 397	1 330	49 581	5 451
B Joffe	48 324	5 028	198 324	21 173
P Nyman	49 581	5 321	49 581	5 451
LP Ralphs	148 743	15 964	148 743	16 353
AC Salomon	–	–	74 371	8 176
	487 195	52 023	723 714	79 004
Former director				
MC Berzack			148 743	16 353
			922 038	**100 878**

Directors' report

Non-beneficial

In addition to the aforementioned holdings:

– B Joffe is a trustee and potential beneficiary of a discretionary trust holding 2 975 296 (2011: 3 335 296) shares;
– P Nyman is a trustee of various trusts holding 3 803 674 (2011: 4 163 674) shares but has no beneficial interest in these shares;
– P Nyman and CA Brighten (company secretary) are trustees of the Group's retirement funds which hold 854 211 (2011: 858 760) shares; and
– AA da Costa, LI Jacobs and RM Kunene are directors and shareholders of Dinatla Investment Holdings (Pty) Limited (Dinatla) and their indirect beneficial holdings have been included in the table of holdings. P Nyman and T Slabbert are also directors of Dinatla but have no beneficial interest in Dinatla's shares. Dinatla holds 9 795 275 (2011: 14 510 312) shares.

The interests of the directors remained unchanged from the end of the financial year to the date of this report.

Prescribed officers

Due to the nature and structure of the Group and the number of executive directors on the board of the Company, the directors have concluded that there are no prescribed officers of the Company.

Secretary

Mr CA Brighten is the company secretary. The business and postal addresses of the secretary, which are also the registered addresses of the Company, are Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg, 2196 and PO Box 87274, Houghton, Johannesburg, 2041, respectively.

Board committees

The board has six Group sub-committees that assist in discharging its responsibilities. These Group committees, listed below, play an important role in enhancing good corporate governance, monitoring and reporting on internal control environment in order to give assurance to the positive performance of the company:

- Audit committee
- Risk committee
- Social and ethics committee (encompassing previous transformation and sustainability committees)
- Nominations committee
- Acquisitions committee
- Remuneration committee

Audit committee

Group audit committee members are appointed by the board, comprising a minimum of three members and chaired by an independent non-executive director. In terms of the requirements of the Companies Act, the audit committee reports directly to shareholders. The board has nominated the members of the audit committee, including two new members, Messrs PC Baloyi and EK Diack, for the 2013 financial year. At the annual general meeting scheduled for November 26 2012, shareholders will be asked to approve the appointment of the chairman and members of the committee for the 2013 financial year.

The names of the members who were in office during the period August 27 2011 to August 24 2012 and the details of audit committee meetings attended by each of the members are:

Director	November 21 2011	February 23 2012	May 11 2012	August 20 2012	August 21 2012
NG Payne (Chairman)	^	^	^	^	^
PC Baloyi**					
EK Diack**					
D Masson	^	^	Apol	^	^
JL Pamensky	^	^	^	^	^

^ *Attended in person, by video-conference or tele-conference.*
Apol – Apologies tendered.
** *Board-nominated appointment of two new members to the audit committee, effective August 25 2012. To be approved by shareholders at the November AGM.*

Deloitte & Touche are the Group's lead auditors and Bidvest South Africa divisional auditors, with KPMG auditing the Bidvest Foodservice division. The committee has confirmed the continuing independence and objectivity of the external auditors. Accordingly, Deloitte & Touche are proposed as the Group auditors for the coming financial year.

The committee reviewed the combined assurance model which is being developed to ensure that all significant risks identified are adequately addressed by management as well as internal and external assurance providers.

The directors believe that the committee has satisfied its responsibilities under its mandate. Under the sponsorship of the committee's chairman, a self-evaluation assessment was undertaken during the year and action to address certain issues requiring attention determined.

The chairman of the committee attends the annual general meeting and is available to answer shareholders' questions.

Based on a review and evaluation of the nature and extent of the documented review of internal financial controls performed by internal audit and the reports prepared by the internal auditors, external auditors, management and other assurance providers, the committee reports annually to confirm to the board and stakeholders the effectiveness of the Company's internal financial controls.

Risk committee

The committee assists the board in recognising all material risks to which the Group is exposed and ensuring that the requisite risk management culture, policies and systems are progressively implemented and functioning effectively.

The risk committee membership was reviewed during the year and the committee comprises Messrs NG Payne (chairman: an independent non-executive director), D Masson (independent non-executive director) and Ms T Slabbert (non-executive director) and Messrs B Joffe, DE Cleasby, LP Ralphs and BL Berson (executive directors).

The names of the members who were in office during the period August 27 2011 to August 24 2012 and the details of the risk committee meetings attended by each of the members are:

	October 28 2011	January 21 2012	May 9 2012	August 2 2012
Directors				
NG Payne (Chairman)	^	^	^	^
BL Berson	^	^	^	^
DE Cleasby	^	^	^	^
AW Dawe*	^	^		
B Joffe	^	^	^	^
D Masson	^	^	^	^
P Nyman*	^	Apol		
LP Ralphs	^	^	^	^
AC Salomon*	^	^		
T Slabbert**			^	^

^ Attended in person, by video-conference or tele-conference.
Apol – Apologies tendered.
** Resigned from risk committee with effect from February 28 2012.*
*** Appointed to risk committee effective March 1 2012.*

An ongoing enterprise-wide risk assessment process supports the Group philosophy. This ensures risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each division, and that their individual and joint impact on the Group is considered. Please refer to page 75 for the Group risk profile information.

Transformation committee

The names of the members who were in office during the period August 27 2011 to December 31 2011 and the number of transformation committee meetings attended by each of the members are:

	November 18 2011	February 26 2012
Directors		
LI Jacobs (Chairman)	^	^
AW Dawe	^	^
B Joffe	Apol	Apol
LP Ralphs	^	^
T Slabbert	^	^
FDP Tlakula	^	Apol

^ Attended in person, by video-conference or tele-conference.
Apol – Apologies tendered.

The transformation committee was incorporated into the social and ethics committee with effect from March 1 2012.

Directors' report

Social and ethics committee

This committee was established from March 1 2012. The directors resolved to combine the transformation and sustainability committees into a single social and ethics committee. This committee has been established in terms of the requirements of the Companies Act. The names of the members who were in office during the period March 1 2012 to August 24 2012 and the number of social and ethics committee meetings attended by each of the members are:

	May 9 2012	August 22 2012
Directors		
NG Payne (Chairman)	^	^
BL Berson	^	^
DE Cleasby	^	^
B Joffe	^	^
D Masson	^	^
LP Ralphs	^	^
T Slabbert	^	^

^ Attended in person, by video-conference or tele-conference.

The committee monitored the Group's initiatives to promote diversity and advance the objectives of non-discrimination. The chairman of the committee attends the annual general meeting and is available to answer shareholders' questions.

Nominations committee

The role of the committee is to ensure that the board has the appropriate composition to execute its duties effectively. To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the board as a whole, on the recommendation of the nominations committee.

The names of the members who were in office during the period August 27 2011 to August 24 2012 and the details of nominations committee meetings attended by each of the members are:

Director	August 23 2012
DDB Band (Chairman)	^
B Joffe	^
JL Pamensky	^
MC Ramaphosa	Apol
T Slabbert	^

^ Attended in person, by video-conference or tele-conference.

Apol – Apologies tendered.

Acquisition committee

The committee is appointed by the board and is made up of the following members Messrs DDB Band (chairman), BL Berson, DE Cleasby, B Joffe, D Masson, JL Pamensky and LP Ralphs. No formal meetings were held during the period August 27 2011 to August 24 2012, however members were consulted on a number of transactions.

The primary purpose of the acquisition committee is to review any significant acquisition for an in-principle decision as to whether the acquisition should be investigated and pursued; as well as to recommend to the board planned acquisitions that have been approved to be in the best interests of the shareholders and to the future growth of the Group, or to inform the board of acquisitions that they do not recommend be considered.

Remuneration committee

Our remuneration philosophy promotes the Group's entrepreneurial culture within a decentralised environment with the aim of achieving sustainable growth within all businesses. Our philosophy emphasizes the fundamental value of our people and their role in attaining this objective. Refer to the full remuneration policy on the website.

QUICK LINK: *Remuneration policy http://www.bidvest.com/ar/bidvest_ar2012/010.php*.

The committee comprises three independent non-executive directors, Messrs DDB Band (chairman), D Masson and JL Pamensky. The chief executive officer, chief financial officer and other members of senior management may be invited to attend meetings, but may not participate in the vote process of the remuneration committee and recuse themselves from any discussion regarding their performance or remuneration.

The names of the members who were in office during the period August 27 2011 to August 24 2012 and the details of remuneration committee meetings attended by each of the directors are:

Director	November 14 2011	April 17 2012	May 29 2012	August 23 2012
DDB Band (Chairman)	^	^	^	^
D Masson	^	^	^	^
JL Pamensky	^	^	^	^

^ *Attended in person, by video-conference or tele-conference.*

Executive directors' remuneration

The remuneration paid to executive directors while in office of the Company during the year ended June 30 2012 can be analysed as follows:

Director	Basic remuneration R'000	Other benefits R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Special bonus R'000	Total emoluments R'000
BL Berson	7 254	205	201	6 948	–	14 608
MC Berzack*	10 918	351	225	–	–	11 494
DE Cleasby**	2 979	311	330	3 600	2 000	9 220
AW Dawe	3 165	103	335	3 300	–	6 903
LI Jacobs	1 722	185	226	1 000	–	3 133
B Joffe**	10 754	1 142	713	12 383	3 000	27 992
P Nyman	1 905	275	171	1 000	–	3 351
LP Ralphs	4 380	481	513	6 500	–	11 874
AC Salomon	2 981	–	319	3 300	–	6 600
	46 058	3 053	3 033	38 031	5 000	95 175

* *Mr MC Berzack resigned with effect from September 7 2011 and included in basic remuneration is an amount of R10,0 million which was negotiated as a final settlement to him on the cessation of his 41 years of service to the Voltex group.*

** *As a result of the successful sale of 50% of the economic interest in MIAL, the remuneration committee awarded special bonuses to certain directors in recognition of the efforts in negotiating and finalising the transaction.*

For comparative purposes the remuneration paid to executive directors while in office of the Company during the year ended June 30 2011 can be analysed as follows:

Directors' report

Director	Basic remuneration R'000	Other benefits R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
BL Berson	5 853	176	174	5 800	12 003
MC Berzack	3 699	431	446	3 300	7 876
DE Cleasby	2 525	293	285	3 000	6 103
AW Dawe	2 896	108	304	3 300	6 608
LI Jacobs	1 532	122	205	1 000	2 859
B Joffe	9 602	808	593	11 737	22 740
P Nyman	1 905	299	171	650	3 025
SG Pretorius*	2 257	518	321	1 509	4 605
LP Ralphs	3 838	397	459	4 400	9 094
AC Salomon	2 709	–	291	3 000	6 000
	36 816	3 152	3 249	37 696	80 913

** Retired March 1 2011.*

Non-executive directors' remuneration

The remuneration paid to non-executive directors while in office of the Company during the year ended June 30 2012 is analysed as follows:

Director	Directors' fees R'000	Other services as directors of subsidiary companies R'000	2012 Total R'000	2011 Total R'000
DDB Band	510	–	510	484
PC Baloyi	35	–	35	–
FJ Barnes•	–	3 218	3 218	4 971
LG Boyle#	70	–	70	90
AA da Costa	161	–	161	130
EK Diack	35	415	450	–
MBN Dube	139	–	139	110
S Koseff	96	–	96	110
RM Kunene	96	–	96	130
AK Maditsi	35	–	35	–
NP Mageza†	85	–	85	264
D Masson	508	236	744	739
LJ Mokoena	27	–	27	45
JL Pamensky	450	245	695	665
NG Payne	716	517	1 233	903
L Phalatse	35	–	35	–
MC Ramaphosa	621	–	621	580
T Slabbert	256	–	256	166
FDP Tlakula	157	–	157	110
2012 Total	**4 032**	**4 631**	**8 663**	9 497
2011 Total	3 818	5 679	9 497	

• Includes amounts paid in respect of a compromise agreement entered into with Mr FJ Barnes in March 2010 based on certain terms and conditions.
 # Resigned on February 13 2012
† Resigned on November 21 2011

Directors' long-term incentives

Details of the directors' **share options** are as follows:

	Share options at June 30 2011		Share options exercised		Share options at June 30 2012	
Director	Number	Average price R	Number	Market price R	Number	Average price R
BL Berson	30 000	51,51	–	–	**30 000**	**51,51**
MBN Dube	35 000	71,99	–	–	**35 000**	**71,99**
B Joffe	150 000	65,16	150 000	152,07	**–**	**–**
P Nyman	175 000	46,40	40 000	174,72	**135 000**	**47,65**
LP Ralphs	245 000	50,19	–	–	**245 000**	**50,19**
			190 000	156,84	**445 000**	**52,83**
Former directors						
MC Berzack	142 500	58,17				
SG Pretorius	135 000	58,11				
	912 500	52,83				

These options were granted to directors prior to April 30 2005 and are exercisable over the period July 1 2011 to April 30 2015. A detailed register of options outstanding by tranche is available for inspection at the Company's registered office.

Directors' share-based payment expense

Director	2012 R'000	2011 R'000
BL Berson	**5 450**	4 685
DE Cleasby	**5 107**	2 590
AW Dawe	**4 272**	2 360
LI Jacobs	**1 380**	1 794
B Joffe	**10 226**	5 225
P Nyman	**12**	45
LP Ralphs	**6 821**	3 499
AC Salomon	**3 411**	2 254
	36 679	22 452
Former executive directors		
FJ Barnes		152
MC Berzack		3 499
SG Pretorius		135
		26 238

Directors' report

Details of the directors' and officers' outstanding conditional share plan (CSP)

A conditional award is a conditional right to a share, which is awarded subject to performance and vesting conditions.

Director/officer	Balance at June 30 2011 R'000	Forfeited* R'000	New awards R'000	Shares vested R'000	Closing balance 30 June 2012 R'000
BL Berson	100 000	(13 623)	100 000	(38 313)	**148 064**
DE Cleasby	75 000	(14 064)	75 000	(24 375)	**111 561**
AW Dawe	75 000	(14 064)	60 000	(24 375)	**96 561**
LI Jacobs	40 000	(7 500)	–	(13 000)	**19 500**
B Joffe	150 000	(28 124)	150 000	(48 750)	**223 126**
LP Ralphs	100 000	(18 750)	100 000	(32 500)	**148 750**
AC Salomon	50 000	(9 374)	50 000	(16 250)	**74 376**
CA Brighten	10 000	(1 874)	7 500	(3 250)	**12 376**
Total	600 000	(107 373)	542 500	(200 813)	**834 314**

During the 2012 financial year, shares vested at prices between R143,41 and R149,84 per share.

* *Shares forfeited as a result of performance targets not being met.*

Summary of executive directors' long-term incentives (LTI)

Director	Share-based payment expense R'000	Benefit arising from the exercise of options* R'000	Benefit arising from award of CSP R'000	Gross benefits R'000	Previous share-based payment expense in respect of awards R'000	Actual LTI benefit R'000
2012						
BL Berson	5 450	–	5 572	11 022	(4 578)	**6 444**
DE Cleasby	5 107	–	3 592	8 699	(2 905)	**5 794**
AW Dawe	4 272	–	3 592	7 864	(2 905)	**4 959**
LI Jacobs	1 380	1 560	1 916	4 856	(1 550)	**3 306**
B Joffe	10 226	20 350	7 184	37 760	(10 634)	**27 126**
P Nyman	12	5 301	–	5 313	–	**5 313**
LP Ralphs	6 821	–	4 789	11 610	(3 874)	**7 736**
AC Salomon	3 411	5 221	2 395	11 117	(2 834)	**8 193**
	36 679	32 432	29 040	98 151	(29 280)	**68 871**
2011						
BL Berson	4 685	–	–	4 685	–	**4 685**
MC Berzack	3 499	4 892	–	8 391	(308)	**8 083**
DE Cleasby	2 590	4 681	–	7 271	(742)	**6 529**
AW Dawe	2 360	3 491	–	5 851	(664)	**5 187**
LI Jacobs	1 794	2 641	–	4 435	(1 211)	**3 224**
B Joffe	5 225	–	–	5 225	–	**5 225**
P Nyman	45	12 298	–	12 343	–	**12 343**
LP Ralphs	3 499	18 742	–	22 241	–	**22 241**
AC Salomon	2 254	–	–	2 254	–	**2 254**
	25 951	46 745	–	72 696	(2 925)	**69 771**

* *Includes taxable benefits arising on the sale of shares and settlement of the Bidvest Incentive Scheme loans.*

Accounting policies

The consolidated and separate financial statements (financial statements) have been prepared in accordance with IFRS, the interpretations adopted by the International Accounting Standards Board, South African interpretations of Statements of Generally Accepted Accounting Practice and in terms of the requirements of the Companies Act.

1. Basis of preparation

The financial statements are prepared on the historical cost basis except that derivative financial instruments, financial instruments held-for-trading and financial instruments classified as available-for-sale are stated at their fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances (the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources), the actual outcome may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in the application of IFRS that have had an effect on the financial statements and estimates with a risk of adjustment in the next year are discussed in note 39 of the consolidated financial statements.

The accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements are presented in South African rands, which is the Group's functional currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

2. New and revised accounting standards

There were no changes to the Group's accounting policies during the year. Details of new standards and interpretations that apply to the Group are contained in note 41 of the consolidated financial statements.

3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Operating results of businesses acquired or disposed of during the year are included from or to the effective date of acquisition or disposal, being the date that control commences until the date control ceases. The assets and liabilities of companies acquired are assessed and included in the statement of financial position at their estimated fair values to the Group at acquisition date.

Any increases and decreases in ownership interests in subsidiaries without a change in control are recognised as equity transactions in the Group financial statements. Accordingly, any premiums or discounts on subsequent purchases of equity instruments from, or sales of equity instruments to non-controlling shareholders are recognised directly in the equity of the Group.

Transaction costs that the Group incurs with respect to an acquisition of a business are expensed as incurred.

Inter-group transactions and balances are eliminated on consolidation. Unrealised gains arising from transactions with jointly controlled entities and equity accounted associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The Company carries its investments in subsidiaries at cost less accumulated impairment losses.

4. Revenue

Revenue comprises amounts invoiced to customers for goods and services and includes finance charges, insurance premiums, gross billings, and commissions related to clearing and forwarding transactions and excludes value added tax. Revenue is net of returns and allowances, trade discounts and volume rebates.

Accounting policies

5. Revenue recognition

The sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, recovery of the consideration is considered probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to the terms of the contracts.

Revenue relating to banking activities consists primarily of margins earned on the purchase and sale of foreign exchange products and general commissions and transaction fees and is recognised when the services are provided. Net profits and losses on the revaluation of foreign currency denominated assets and liabilities are also included in revenue.

In the event that a profit or loss arises from full maintenance motor contracts, this is recognised on termination of individual contracts after taking cognisance of any additional costs required. Provision is made for known losses during the contract period on an individual contract basis.

Insurance premiums are stated before deducting reinsurance and commission. Gross premiums are accounted for when they become due.

Finance income comprises interest receivable on funds invested.

Interest is recognised on an accrual basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividends are recognised when the right to receive payment is established.

6. Non-current assets held-for-sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale and are carried at the lower of carrying value and fair value less cost to sell. Immediately before classification as assets held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is determined in accordance with applicable IFRS. Then, on initial classification as assets held-for-sale, non-current assets and disposal groups are recognised at the lower of the carrying amounts and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and employee benefit assets, which continue to be measured in accordance with the Group’s accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation results from the sale or abandonment of an operation that represents a separate major line of business or geographical area of operations and of which the assets, net profit or loss and activities can be distinguished physically, operationally and for financial reporting purposes. A subsidiary acquired exclusively with the view to resale is also classified as a discontinued operation. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

7. Dividends to shareholders

Dividends to shareholders are accounted for once they have been approved by the board of directors.

8. Finance income and charges

Finance charges comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

9. Capitalisation of expenditure/borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially complete. Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are expensed in the period in which they are incurred.

10. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts and investment in money market instruments, all of which are available for use by the Group unless otherwise stated.

11. Property, plant and equipment

Property, plant and equipment are reflected at cost to the Group, less accumulated depreciation and accumulated impairment losses. Land is stated at cost. The present value of the estimated cost of dismantling and removing items and restoring the site in which they are located is provided for as part of the cost of the asset. Depreciation is provided for on the straight-line basis over the estimated useful lives of the property, plant and equipment which are as follows:

Buildings	Up to 50 years
Leasehold premises	Over the period of the lease
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 15 years
Vehicles and craft	3 to 10 years
Vessels	28 to 55 years
Rental assets	3 to 5 years
Capitalised leased assets	The same basis as owned assets

Residual values, depreciation method and useful lives are reassessed annually.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense when incurred.

12. Leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the Group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Operating leases, which have a fixed determinable escalation, are charged against income on a straight-line basis. Leases with contingent escalations are expensed as and when incurred.

13. Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is stated at deemed cost or cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised immediately in the income statement.

Accounting policies

14. Intangible assets

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research, internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are currently:

Patents, trademarks, tradenames and other intangibles	3 to 12 years
Computer software	3 to 8 years

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

15. Impairment of assets

The carrying value of assets is reviewed annually to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

The recoverable amount of cash-generating units to which goodwill is allocated is estimated annually on March 31 each year. For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date.

Impairment losses are recognised whenever the carrying amount of the asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. For unlisted shares classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:
– significant financial difficulty of the counterparty; or
– default in interest or principal payments; or
– it becoming probable that the counterparty will enter bankruptcy or financial re-organisation

15. Impairment of assets (continued)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (the effective interest rate is computed on initial recognition of these financial assets). Receivables with a short duration are not discounted. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In respect of trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The recoverable amount of other assets is the greater of their fair value less costs to sell and their value in use. In assessing their value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed, with the amount of the reversal recognised in the income statement.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and banking advances, where the carrying amount is reduced through the use of an impairment allowance account. When a trade receivable or banking advance is considered uncollectible, it is written off against the impairment allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the impairment allowance account are recognised in the income statement.

Impairment losses in respect of goodwill are not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

16. Taxation

Income taxation comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Accounting policies

16. Taxation (continued)

Deferred taxation is recognised using the balance sheet liability method based on temporary differences between the tax base of an asset or liability and its balance sheet carrying amount. Temporary differences are differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Secondary taxation on companies is accounted for as a tax charge in the income statement as incurred.

17. Associates

An associate is a company over which the Group has the ability to exercise significant influence, but not control, over its financial and operating policies.

The equity method of accounting for associates is adopted in the Group financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became associates and up to the effective dates of disposal. In the event of associates making losses, the Group recognises the losses to the extent of the Group's exposure.

The Company carries its investment in associates at cost less any accumulated impairment losses.

18. Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The Group's interests in joint ventures are accounted for using the proportionate consolidation method and its shares of the underlying assets, liabilities, income, expenditures and cash flows are included in the consolidated financial statements on a line-by-line basis from the date that joint control commences until the date joint control ceases.

The Company carries its investments in joint ventures at cost less accumulated impairment losses.

19. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into South African rand at rates of exchange ruling at the statement of financial position date. Income, expenditure and cash flow items are translated into South African rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity as a foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the income statement.

The revenues and expenses of foreign operations in hyperinflationary economies are translated to South African rand at the foreign exchange rates ruling at the statement of financial position date. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Acquisitions and disposals of foreign operations are accounted for at the rate ruling on the date of the transaction.

20. Financial instruments

Financial instruments are recognised when the Group or Company becomes party to the contractual provisions of the arrangement.

Financial instruments are initially measured at fair value plus, for instruments not carried at fair value through profit and loss, any directly attributable transaction costs.

An instrument is classified as at fair value through profit or loss if it is held-for-trading, is a derivative or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the near future or it has been part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making.

Financial instruments at fair value through profit or loss are measured at fair value, with any resultant gain or loss being recognised in the income statement. The gain or loss recognised in the income statement excludes the interest and dividends earned on the financial asset, which are separately disclosed as such in the income statement. Held-for-trading financial instruments are measured at amortised cost if the fair value cannot be determined.

Financial instruments classified as available-for-sale financial assets are carried at fair value with any resultant gain or loss, other than impairment losses and foreign exchange gains and losses on monetary items, being recognised directly in equity. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest bearing, interest calculated using the effective interest rate method is recognised in profit or loss.

Listed government bonds held in terms of statutory requirements are accounted for as available-for-sale financial assets.

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Investments that meet the criteria for classification as held-to-maturity financial assets are carried at amortised cost.

Where the instrument is not classified as one of the above, it is carried at amortised cost.

Listed and unlisted investments are classified as investments at fair value through profit or loss or available-for-sale financial assets. Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the statement of financial position date. Fair value of unlisted investments is determined by using appropriate valuation models.

Trade and other receivables originated by the Group or Company are stated at amortised cost less an allowance for impairment losses.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at statement of financial position date.

Financial liabilities other than derivatives are recognised at amortised cost using the effective interest rate method.

Derivative instruments are measured at fair value through profit and loss.

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised financial asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement. It is the policy of the Group not to trade in derivative financial instruments for speculative purposes.

Gains and losses arising from measuring the hedging instruments relating to a fair value hedge at fair value are recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gains or losses recognised in the income statement.

Accounting policies

20. Financial instruments (continued)

Where a derivative is designated as a cash flow hedge, the effective part of the gains or losses from remeasuring the hedging instruments to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the non-financial asset or liability. The ineffective part of any gain or loss is recognised in the income statement immediately. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the aforementioned policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

A financial asset is derecognised (or, where applicable, a part of a financial asset or a part of a group of similar financial assets is derecognised) if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit and loss.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments have been grouped into classes for the purpose of financial instrument risk disclosure. The classes are the segments as disclosed in the segmental report as the operations within each segment have similar types of risks.

21. Banking advances

Advances are stated at amortised cost after the deduction of amounts that, in the opinion of the directors, are required as specific and general impairments. Specific impairments are raised for doubtful advances, including amounts in respect of interest not being serviced and after taking security values into account, and are deducted from advances where the outstanding balance exceeds the value of the security held. A general impairment based on historic experience is raised to cover doubtful advances, which may not be specifically identified at the statement of financial position date. The specific and general impairments made during the year are charged to the income statement.

22. Vehicle rental fleet

Vehicle rental fleet is stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost of the vehicles to their residual value over their estimated useful life of between nine and twelve months.

23. Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials, finished goods, parts and accessories is determined on either the first in, first out or average cost basis. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expense.

23. Inventories (continued)

Vehicles and vehicle parts purchased in terms of manufacturers' standard franchise agreements or floorplan facilities are recognised as assets when received as this is when significant risks and rewards have been transferred. This policy is applied irrespective of the fact that certain agreements provide that the legal ownership of this inventory shall remain with the supplier or floorplan provider until the purchase price has been paid.

24. Treasury shares

Shares in the Company, held by its subsidiary and The Bidvest Incentive Scheme are classified in the Group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

25. Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Translation differences are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to South African rand at foreign exchange rates ruling at the dates that the fair value was determined.

26. Share-based payments

The Bidvest Incentive Scheme grants options to acquire shares in the Company to executive directors and staff. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where staff are unable to meet the scheme's employment requirements.

The Bidvest Incentive Scheme grants loans to staff for the acquisition of shares in the Company. The fair value of services received in return for shares allotted is measured based on a binomial model taking into account the expected contractual life of the loan obligation.

In terms of the conditional share plan scheme, a conditional right to a share is awarded to employees subject to performance and vesting conditions. The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted by anticipated future distribution flows.

27. Employee benefits

Leave benefits due to employees are recognised as a liability in the financial statements.

The Group's liability for post-retirement benefits, accruing to past and current employees in terms of defined benefit schemes, is actuarially calculated. Where the plan is funded, the obligation is reduced by the fair value of the plan assets. Unfunded obligations are recognised as a liability in the financial statements.

The Group's obligation for post-retirement medical aid to past and current employees is actuarially determined and provided for in full.

The projected unit-credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial gains or losses in respect of defined benefit plans are recognised in the income statement if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation at that date, before deducting plan assets; or
- 10% of the fair value of any plan assets at that date.

Accounting policies

27. Employee benefits (continued)

However, when the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The amount recognised is the excess in terms of the aforementioned formula, divided by the expected average remaining working lives of the employees participating in that plan.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits have vested, past service costs are recognised immediately.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the market yields at the statement of financial position date on high quality bonds with terms that most closely match the terms of maturity of the related liabilities.

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

28. Short-term insurance

Insurance contracts are those contracts under which the Group (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Short-term insurance is provided in terms of benefits under short-term policies which cover motor, property and warranty.

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on a time proportionate basis.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement but instead are deposit accounted in the statement of financial position in accordance with IAS 39. The deposits liability recognised in the statement of financial position represents the expected amounts payable to the holders of the insurance contract. Claims incurred consists of claims paid during the financial year, together with the movement in the provision for outstanding claims and are charged to income as incurred. The provision for outstanding claims comprise the Company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at statement of financial position date, whether reported or not. Related anticipated reinsurance recoveries are disclosed separately as assets.

28. Short-term insurance

A provision is maintained at 7% of net premium income, for claims arising from events that occurred before the close of the accounting period, but which have not been reported to the Group by that date. Due to the solvency assessment and management (SAM) interim requirements that need to be complied with effect from 1 January 2012, the IBNR calculation is revised. In the prior financial year, a contingency reserve was maintained at 10% of the net premium income. Due to the SAM interim requirements that need to be complied with effect from 1 January 2012, this requirement falls away in the current financial year.

29. Life assurance

Insurance contracts are those contracts under which the Group (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Life assurance benefits are provided in terms of individual credit life contracts. These contracts are decreasing term assurance designed to pay outstanding loans provided by finance houses to purchasers of motor vehicles. The outstanding loan is settled (subject to certain limits) following death or disability of the contract holder. In addition, there is a dread disease, retrenchment and funeral benefit. Policyholder liabilities under insurance contracts, representing the liability in respect of unmatured policies, are valued in terms of the Financial Soundness Valuation (FSV) basis contained in PGN104. The actuaries' report is included as a separate statement.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement but instead are deposit accounted in the statement of financial position, in accordance with IAS 39. The deposits liability recognised in the statement of financial position represents the expected amounts payable to the holders of the insurance contract. Claims expenses are charged to the income statement as incurred based on the liability in terms of the policy at the date of the claim.

29. Life assurance (continued)

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group are classified as reinsurance contracts held. The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. These consist of short-term balances due to/from reinsurers, as well as longer-term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related insurance contracts. Amounts recoverable from/due to reinsurers are measured consistently with the amounts associated with the insurance contracts and in accordance with the terms of each contract. Reinsurance liabilities are primarily premiums payable and are recognised as an expense when due. The Group assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same basis adopted for financial assets held at amortised cost.

30. Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

The Group recognises a provision calculated as the present value of the estimated cost of dismantling and removing items and restoring the site in which they are located when the legal or constructive obligation arises or when the damage to the site occurs.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Customer loyalty points are accounted for at fair value of the consideration received or receivable in respect of the initial sale, and are allocated between the loyalty points and the other components of the sale. The consideration allocated to the customer loyalty points is measured by reference to their fair value, which is the amount for which the loyalty points could be sold at, multiplied by the probability of their redemption. This amount is recognised as a provision until such time as the customer loyalty points are redeemed. Once the loyalty points are redeemed, the amount will be recognised as revenue.

31. Segmental reporting

The reportable segments of the Group have been identified based on the nature of the businesses. This basis is representative of the internal structure for management purposes. Information is also supplied for the various geographies in which the Group operates.

"Segmental trading profit" is defined as operating profit excluding items of a capital nature and is the basis on which management's performance is assessed.

"Segmental result" includes revenue and expenses directly relating to a business segment but excludes net finance charges and taxation which cannot be allocated to any specific segment. Share-based payment costs are also excluded from the result as this is not a criteria used in the management of the reportable segments.

Segment operating assets and liabilities include property, plant and equipment, investments, inventories, trade and other receivables, trade and other payables, banking assets and liabilities, insurance funds and post-retirement obligations but excludes cash, borrowings, current taxation, and deferred taxation. Intangible assets are allocated to the cash-generating unit in the segment to which they relate.

Consolidated income statement

for the year ended June 30

	Note	2012 R'000	2011 R'000
Revenue	1	133 533 633	118 482 736
Cost of revenue		(106 241 730)	(93 930 778)
Gross profit		27 291 903	24 551 958
Other income		646 058	451 623
Operating expenses		(20 923 733)	(18 879 268)
Sales and distribution expenses		(13 993 709)	(12 541 784)
Administration expenses		(4 365 840)	(4 201 258)
Other expenses		(2 564 184)	(2 136 226)
Trading profit		7 014 228	6 124 313
Share-based payment expense		(121 524)	(62 652)
Profit on partial disposal of investment in Mumbai International Airport Private Limited		399 100	–
Acquisition costs		(17 762)	(24 297)
Net capital items		(133 743)	(189 453)
Operating profit	2	7 140 299	5 847 911
Net finance charges	3	(784 666)	(644 010)
Finance income		46 256	69 905
Finance charges		(830 922)	(713 915)
Share of profit of associates		77 298	98 417
Dividends received		43 733	32 948
Share of current year earnings		33 565	65 469
Profit before taxation		6 432 931	5 302 318
Taxation	4	(1 695 458)	(1 528 169)
Current and deferred taxation		(1 595 702)	(1 395 682)
Secondary taxation on companies		(99 756)	(132 487)
Profit for the year		4 737 473	3 774 149
Attributable to			
Shareholders of the Company		4 442 902	3 538 748
Minority shareholders		294 571	235 401
		4 737 473	3 774 149
Basic earnings per share (cents)	5	1 431,7	1 110,5
Diluted earnings per share (cents)	5	1 428,4	1 107,2
Headline earnings per share (cents)	5	1 474,2	1 157,4
Diluted headline earnings per share (cents)	5	1 470,8	1 153,9
Normalised headline earnings per share (cents)	5	1 352,3	1 157,4
Dividends per share (cents)	6	702,0	480,0

Consolidated statement of other comprehensive income

for the year ended June 30

	2012 R'000	2011 R'000
Profit for the year	**4 737 473**	3 774 149
Shareholders of the Company	**4 442 902**	3 538 748
Minority shareholders	**294 571**	235 401
Other comprehensive income (expense) net of tax		
Increase in foreign currency translation reserve	**1 144 511**	224 774
Shareholders of the Company	**1 133 881**	228 303
Minority shareholders	**10 630**	(3 529)
Increase (decrease) in fair value of available for sale financial assets	**4 047**	(1 732)
Total comprehensive income for the year	**5 886 031**	3 997 191
Attributable to		
Shareholders of the Company	**5 580 830**	3 765 319
Minority shareholders	**305 201**	231 872
	5 886 031	3 997 191

Consolidated statement of cash flows

for the year ended June 30

	Note	2012 R'000	2011 R'000
Cash flows from operating activities		**4 577 878**	4 466 468
Cash generated by operations	7	**8 941 983**	8 162 830
Finance income		**46 256**	69 905
Finance charges	8	**(715 210)**	(629 119)
Taxation paid	9	**(1 632 383)**	(1 577 411)
Distributions to shareholders	10	**(2 062 768)**	(1 559 737)
Cash effects of investment activities		**(3 151 751)**	(3 853 284)
Amounts repaid by (advanced to) associates		**(37 078)**	4 113
Proceeds on disposal of investments		**1 002 891**	187 431
Investments acquired		**(421 034)**	(572 007)
Additions to property, plant and equipment		**(2 468 865)**	(2 733 592)
Additions to vehicle rental fleet		**(1 170 432)**	(1 177 255)
Additions to intangible assets		**(299 327)**	(241 185)
Proceeds on disposal of property, plant and equipment		**656 080**	210 361
Proceeds on disposal of vehicle rental fleet		**795 129**	894 315
Proceeds on disposal of intangible assets		**4 778**	3 796
Acquisition of businesses, subsidiaries and associates	11	**(1 253 009)**	(459 955)
Proceeds on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	12	**39 116**	30 694
Cash effects of financing activities		**165 521**	(735 423)
Proceeds from share issues			
– Company		**56 247**	–
– subsidiaries		**42 415**	–
Purchase of treasury shares		**–**	(1 581 285)
Costs incurred on cancellation of treasury shares		**–**	(11 980)
Sale of treasury shares		**182 188**	154 739
Borrowings raised		**8 099 715**	6 497 065
Borrowings repaid		**(8 215 044)**	(5 793 962)
Net increase (decrease) in cash and cash equivalents		**1 591 648**	(122 239)
Cash and cash equivalents at beginning of year		**2 809 043**	2 905 453
Effects of exchange rate fluctuations on cash and cash equivalents		**214 767**	25 829
Cash and cash equivalents at end of year		**4 615 458**	2 809 043
Cash and cash equivalents comprise			
Cash and cash equivalents	24	**5 871 306**	4 437 268
Bank overdrafts included in short-term portion of borrowings	28	**(1 255 848)**	(1 628 225)
		4 615 458	2 809 043

Consolidated statement of financial position

at June 30

	Note	2012 R'000	2011 R'000
ASSETS			
Non-current assets		24 756 540	21 860 236
Property, plant and equipment	13	12 445 541	11 603 183
Intangible assets	14	860 957	672 105
Goodwill	15	7 449 997	6 354 825
Deferred taxation assets	16	413 427	390 792
Defined benefit pension surplus	29	100 215	111 692
Interest in associates	18	1 089 858	684 405
Investments	19	1 889 141	1 749 577
Banking and other advances	20	507 404	293 657
Current assets		31 138 606	25 969 682
Vehicle rental fleet	21	1 272 720	1 063 371
Inventories	22	10 248 120	8 750 609
Short-term portion of banking and other advances	20	211 215	154 279
Trade and other receivables	23	13 535 245	11 564 155
Cash and cash equivalents	24	5 871 306	4 437 268
Total assets		55 895 146	47 829 918
EQUITY AND LIABILITIES			
Capital and reserves		22 599 453	18 456 992
Capital and reserves attributable to shareholders of the Company	25	21 630 154	17 669 264
Minority shareholders		969 299	787 728
Non-current liabilities		5 498 206	5 769 111
Deferred taxation liabilities	16	553 919	507 505
Life assurance fund	27	31 640	34 014
Long-term portion of borrowings	28	4 039 858	4 391 429
Post-retirement obligations	29	380 669	381 332
Long-term portion of provisions	33	340 289	272 400
Long-term portion of operating lease liabilities	31	151 831	182 431
Current liabilities		27 797 487	23 603 815
Trade and other payables	32	20 001 100	16 812 487
Short-term portion of provisions	33	308 261	237 471
Vendors for acquisition		61 325	539
Taxation		298 240	201 313
Banking liabilities	30	1 681 679	1 275 897
Short-term portion of borrowings	28	5 446 882	5 076 108
Total equity and liabilities		55 895 146	47 829 918

Consolidated statement of changes in equity

for the year ended June 30

	2012 R'000	2011 R'000
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	**21 630 154**	17 669 264
Share capital	**16 387**	16 367
Balance at beginning of the year	**16 367**	17 507
Shares issued during the year	**20**	–
Cancellation of treasury shares	**–**	(1 140)
Share premium	**137 485**	81 258
Balance at beginning of the year	**81 258**	81 258
Shares issued during the year	**56 260**	–
Share issue costs	**(33)**	–
Foreign currency translation reserve	**1 366 049**	248 830
Balance at beginning of the year	**248 830**	20 527
Realisation of reserve on disposal of subsidiaries	**(16 662)**	–
Arising during the year	**1 133 881**	228 303
Statutory reserves	**–**	15 894
Balance at beginning of the year	**15 894**	15 215
Transfer from (to) retained earnings	**(15 894)**	679
Equity-settled share-based payment reserve	**165 237**	391 430
Balance at beginning of the year	**391 430**	328 640
Arising during current year	**121 454**	62 790
Deferred tax recognised directly in reserve	**1 419**	–
Utilisation during the year	**(56 273)**	–
Transfer to retained earnings	**(292 793)**	–
Movement in retained earnings	**21 948 681**	19 101 358
Balance at beginning of the year	**19 101 358**	18 619 202
Attributable profit	**4 442 902**	3 538 748
Change in fair value of available for sale financial assets	**4 047**	(1 732)
Net dividends paid	**(1 920 923)**	(1 452 491)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**12 610**	(4 331)
Cancellation of treasury shares and related costs	**–**	(1 597 359)
Transfer from (to) other reserves	**308 687**	(679)
Treasury shares	**(2 003 685)**	(2 185 873)
Balance at beginning of the year	**(2 185 873)**	(2 345 846)
Purchase of shares by subsidiary	**–**	(1 581 285)
Shares disposed of in terms of share incentive scheme	**182 188**	154 739
Cancellation of treasury shares	**–**	1 586 519
EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS OF THE COMPANY	**969 299**	787 728
Balance at beginning of the year	**787 728**	656 434
Attributable profit	**294 571**	235 401
Movement in foreign currency translation reserve	**10 630**	(3 529)
Dividends paid	**(141 845)**	(107 246)
Movement in equity-settled share-based payment reserve	**69**	60
Capital invested	**42 415**	–
Changes in shareholding	**(11 659)**	2 277
Transfer of reserves as a result of changes in shareholding of subsidiaries	**(12 610)**	4 331
TOTAL EQUITY	**22 599 453**	18 456 992

Notes to the consolidated financial statements

for the year ended June 30

		2012 R'000	2011 R'000
1.	**Revenue**		
	Sale of goods	105 225 068	91 919 771
	Rendering of services	12 155 384	11 564 643
	Commissions and fees earned	964 799	927 376
	Gross billings relating to clearing and forwarding transactions	18 558 825	16 779 446
	Insurance	330 945	292 131
		137 235 021	121 483 367
	Inter-group eliminations	(3 701 388)	(3 000 631)
	Revenue	133 533 633	118 482 736
2.	**Operating profit**		
	Determined after charging (crediting)		
	Auditors' remuneration	70 009	68 528
	Audit fees	56 752	52 065
	Audit related expenses	804	1 227
	Consulting fees	1 585	6 421
	Taxation services	4 605	4 834
	Other services	6 263	3 981
	Depreciation of property, plant and equipment	1 710 363	1 556 293
	Buildings	45 037	55 180
	Leasehold premises	67 261	58 011
	Plant and equipment	530 592	455 279
	Office equipment, furniture and fittings	289 495	280 148
	Vehicles, vessels and craft	384 366	365 315
	Rental assets	123 411	116 325
	Capitalised leased assets	3 354	4 976
	Full maintenance lease assets	266 847	221 059
	Depreciation of vehicle rental fleet	166 281	134 611
	Amortisation of intangible assets	125 220	120 794
	Patents, trademarks, tradenames and other intangibles	35 252	39 177
	Computer software	89 968	81 617
	Impairment of assets	256 971	439 350
	Property, plant and equipment	13 223	27 027
	Intangible assets	8 263	151 521
	Goodwill	8 141	3 571
	Banking and other advances	6 089	–
	Trade receivables	221 255	257 231
	Impairment of associates	96 700	–
	Directors' emoluments		
	Executive directors	95 175	80 913
	Basic remuneration	46 058	36 816
	Retirement and medical benefits	3 033	3 249
	Other benefits	3 053	3 152
	Cash incentives and special bonuses	43 031	37 696
	Non-executive directors	8 663	9 497
	Fees	4 032	3 818
	Emoluments for other services	4 631	5 679
	Employer contributions to	823 687	796 277
	Defined contribution pension funds	103 557	137 429
	Provident funds	411 689	375 919
	Retirement funds	59 736	50 348
	Medical aid funds	248 705	232 581

Notes to the consolidated financial statements

for the year ended June 30

	2012 R'000	2011 R'000
2. Operating profit *(continued)*		
Expense (income) related to post-retirement obligations	13 973	(33 882)
Defined benefit pension plans	29 526	(11 064)
Post-retirement medical aid obligations	27 433	(997)
Defined benefit early retirement plan	(42 986)	(21 821)
Share-based payment expense	121 524	62 652
Staff	84 845	36 414
Executive directors	36 679	25 951
Former executive directors	–	287
Staff costs excluding directors' emoluments and employer contributions	13 936 772	12 393 135
Fees for administrative, managerial and technical services	5 728	6 468
Research and development expenditure	485	723
Foreign exchange losses (gains) on hedging activities	(8 145)	1 467
Forward exchange contracts	(7 542)	1 869
Foreign bank accounts	(603)	(402)
Other foreign exchange losses (gains)	(91 710)	(22 799)
Realised	(89 476)	(30 531)
Unrealised	(2 234)	7 732
Income from investments	(681 209)	(242 300)
Dividends received from listed investments	(27 700)	(17 029)
Dividends received from unlisted investments	(49)	–
Profit on disposal	(447 877)	(24 404)
Fair value adjustments on investments held-for-trading	(205 583)	(200 867)
Net capital loss	7 416	7 334
Loss on disposal of property, plant and equipment	43	5 642
Loss on disposal of intangible assets	9 012	1 399
Loss (profit) on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	(1 639)	293
JSE fees	219	185
Operating lease charges	1 578 821	1 532 959
Land and buildings	1 239 179	1 237 040
Equipment and vehicles	339 642	295 919

		2012 R'000	2011 R'000
3.	**Net finance charges**		
	Finance income	147 034	162 425
	Interest income on banking and other advances	70 402	62 417
	Interest income on bank balances	71 312	96 584
	Interest income on unimpaired available for sale financial investments	5 320	3 424
	Finance charges	(890 029)	(777 650)
	Interest expense on banking liabilities	(60 689)	(53 245)
	Interest expense on bank overdrafts	(203 221)	(165 935)
	Interest expense on listed bonds and commercial paper	(314 897)	(287 245)
	Interest expense on financed assets	(6 407)	(5 951)
	Interest expense on vehicle lease creditors and floorplan creditors	(38 379)	(26 199)
	Interest expense on other borrowings	(211 518)	(199 663)
	Interest imputed on post-retirement obligations	(60 487)	(41 926)
	Less borrowing costs capitalised to property, plant and equipment	5 569	2 514
		(742 995)	(615 225)
	Less net finance income from banking operations included in operating profit	(41 671)	(28 785)
	Income	(100 778)	(92 520)
	Charges	59 107	63 735
		(784 666)	(644 010)

The applicable weighted average interest rate is used to determine the amount of borrowing costs eligible for capitalisation.

		2012 R'000	2011 R'000
4.	**Taxation**		
	Current taxation	1 592 849	1 263 985
	Current year	1 620 284	1 288 810
	Prior years over provision	(27 435)	(24 825)
	Deferred taxation	(7 549)	121 764
	Current year	(24 391)	145 456
	Prior years under (over) provision	14 627	(23 156)
	Change in rate of taxation	2 215	(536)
	Secondary taxation on companies	99 756	132 487
	Foreign withholding taxation	10 402	9 933
	Total taxation per consolidated income statement	1 695 458	1 528 169
	Comprising		
	South African taxation	1 056 534	1 015 922
	Foreign taxation	638 924	512 247
		1 695 458	1 528 169

Notes to the consolidated financial statements

for the year ended June 30

	2012 %	2011 %
4. Taxation *(continued)*		
The reconciliation of the effective tax rate with the company tax rate is:		
Taxation for the year as a percentage of profit before taxation	**26,4**	28,8
Associates	**0,3**	0,5
Secondary taxation on companies	**(1,5)**	(2,5)
Effective rate excluding secondary taxation on companies and associate income	**25,2**	26,8
Dividend and exempt income	**3,7**	1,2
Foreign taxation rate differential	**(0,2)**	(0,4)
Non-deductible expenses	**(1,1)**	(1,5)
Utilisation of deferred taxation assets not previously raised	**0,1**	0,1
Capital gains taxation exempt portion	**0,1**	0,9
Changes in prior years' estimation	**0,2**	0,9
Rate of South African company taxation	**28,0**	28,0
	R'000	R'000
Estimated tax losses available for offset against future taxable income	**413 376**	369 082
Utilised in the computation of deferred taxation	**(192 033)**	(179 122)
Not accounted for in deferred taxation	**221 343**	189 960

Deferred taxation assets have not been recognised in respect of these tax losses as the directors believe it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.

5. Earnings per share

	2012	2011
Weighted average number of shares ('000)		
Weighted average number of shares in issue for basic earnings per share and headline earnings per share calculations	**310 324**	318 665
Potential dilutive impact of outstanding staff share options and conditional awards	**713**	947
Number of outstanding staff share options	**10 795**	9 385
Number of share options deemed to be issued at fair value	**(10 280)**	(8 494)
Contingent issueable shares in terms of conditional share plan to be issued at fair value	**198**	56
Adjusted weighted average number of shares in issue used for the calculation of diluted earnings and diluted headline earnings per share	**311 037**	319 612
Attributable earnings (R'000)		
Basic earnings per share and diluted earnings per share are based on profit attributable to shareholders of the Company	**4 442 902**	3 538 748
Basic earnings per share (cents)	**1 431,7**	1 110,5
Diluted basic earnings per share (cents)	**1 428,4**	1 107,2
Dilution (%)	**0,2**	0,3

	2012 R'000	2011 R'000
5. Earnings per share *(continued)*		
Headline earnings		
Profit attributable to shareholders of the Company	4 442 902	3 538 748
Impairment of property, plant and equipment; goodwill and intangible assets	26 470	140 004
Property, plant and equipment	13 223	27 027
Goodwill	8 141	3 571
Intangible assets	8 263	151 521
Tax relief	(1 134)	(42 115)
Minority shareholders	(2 023)	–
Net loss (profit) on disposal of interests in subsidiaries and disposal and closure of businesses	(968)	84
Loss (profit) on disposal and closure	(2 614)	84
Tax charge	1 646	–
Loss on disposal, and impairment of investment in associate	97 675	209
Net loss on disposal of associates	975	209
Impairment of investment in associate	96 700	–
Net loss on disposal of property, plant and equipment and intangible assets	8 793	9 114
Property, plant and equipment	43	5 642
Intangible assets	9 012	1 399
Tax relief	(1 525)	(5 760)
Minority shareholders	1 263	7 833
Headline earnings	4 574 872	3 688 159
Profit on partial disposal of investment in Mumbai International Airport Private Limited	(399 100)	–
Secondary taxation on companies on special dividend paid	20 781	–
Normalised headline earnings	4 196 553	3 688 159
Headline earnings per share (cents)	1 474,2	1 157,4
Diluted headline earnings per share (cents)	1 470,8	1 153,9
Dilution (%)	0,2	0,3
Normalised headline earnings per share (cents)	1 352,3	1 157,4
6. Dividend per share		
Interim dividend (cents)		
Dividend paid to shareholders on April 16 2012 (2011: Dividend paid to shareholders on April 4 2011)	280,0	225,0
Final dividend (cents)		
Dividend payable to shareholders on September 25 2012 (2011: Dividend payable to shareholders on September 26 2011)	342,0	255,0
Special dividend		
Dividend paid to shareholders on April 2 2012	80,0	–
	702,0	480,0

Notes to the consolidated financial statements

for the year ended June 30

	2012 R'000	2011 R'000
7. Cash generated by operations		
Profit before taxation	6 432 931	5 302 318
Costs incurred in respect of acquisitions	17 762	24 297
Net finance charges	784 666	644 010
Share of current year earnings of associates	(33 565)	(65 469)
Adjustment for depreciation and amortisation	2 001 864	1 811 698
Adjustment for other non-cash items	(454 466)	26 834
Reduction in post-retirement obligations	(2 419)	(6 865)
Increase (decrease) in life assurance fund	(2 374)	20 280
Utilised to finance working capital	197 584	405 727
Increase in inventories	(825 498)	(571 119)
Increase in trade and other receivables	(967 606)	(688 710)
Decrease (increase) in banking and other advances	(270 683)	168 081
Increase in trade and other payables and provisions	1 855 588	1 301 945
Increase in banking liabilities	405 783	195 530
Cash generated by operations	8 941 983	8 162 830
8. Finance charges		
Charge per income statement	(830 922)	(713 915)
Amounts capitalised to borrowings	121 281	87 310
Amounts capitalised to property, plant and equipment	(5 569)	(2 514)
Amounts paid	(715 210)	(629 119)
9. Taxation paid		
Amounts payable at beginning of year	(201 313)	(364 558)
Current taxation charge	(1 703 007)	(1 406 405)
Businesses acquired	(7 208)	1 009
Businesses disposed of	1 366	(2 386)
Exchange rate adjustments	(20 461)	(6 384)
Amounts payable at end of year	298 240	201 313
Amounts paid	(1 632 383)	(1 577 411)
10. Distributions to shareholders		
Dividends paid to shareholders	(2 014 585)	(1 524 360)
Dividends received by subsidiaries on treasury shares	93 662	71 869
Dividends paid to minority shareholders	(141 845)	(107 246)
Amounts paid	(2 062 768)	(1 559 737)

	2012 R'000	2011 R'000
11. Acquisition of businesses, subsidiaries and associates		
Property, plant and equipment	**(234 212)**	(195 856)
Deferred taxation	**25 399**	16 242
Interest in associates	**(424 180)**	23 257
Investments and advances	**–**	(22)
Inventories	**(225 368)**	(56 409)
Trade and other receivables	**(237 690)**	(207 980)
Cash and cash equivalents	**(1 583)**	18 748
Borrowings	**60 119**	237 152
Trade and other payables and provisions	**221 227**	261 506
Taxation	**7 208**	(1 009)
Net fair value of liabilities (assets)	**(809 080)**	95 629
Goodwill	**(486 927)**	(470 608)
Intangible assets	**(1 609)**	(44 207)
Minority shareholders	**–**	2 276
Total value of acquisitions	**(1 297 616)**	(416 910)
Less cash and cash equivalents acquired	**1 583**	(18 748)
Vendors for acquisition at beginning of year	**(539)**	(539)
Vendors for acquisition at end of year	**61 325**	539
Costs incurred in respect of acquisitions	**(17 762)**	(24 297)
Net amounts paid	**(1 253 009)**	(459 955)

The Group acquired 100% of the issued capital of Taeuber & Corssen (SWA) Proprietary Limited, a distributor of fast moving consumer goods in Namibia, for an enterprise value of N$188,7 million with effect from December 2011 and a foodservice business known as Foodlink in Australia for A$31,0 million with effect from April 2012. The Group also acquired a 26,4% stake in Mvelaserve Limited, an outsourced business support services company, listed on the Johannesburg Stock Exchange, in March 2012.

The Group also undertook a number of other smaller acquisitions during the year.

Notes to the consolidated financial statements

for the year ended June 30

	Taeuber & Corssen and and Foodlink R'000	Mvelaserve R'000	Other smaller acquisitions R'000	**Total R'000**
11. Acquisition of businesses, subsidiaries and associates *(continued)*				
The impact of the above acquisitions on the Group's results can be summarised as follows:				
Identifiable assets acquired and liabilities assumed				
Property, plant and equipment	128 087	–	106 125	**234 212**
Deferred taxation	(30 470)	–	5 071	**(25 399)**
Interest in associates	–	424 180	–	**424 180**
Inventories	117 101	–	108 267	**225 368**
Trade and other receivables	113 516	–	124 174	**237 690**
Cash and cash equivalents	(2 146)	–	3 729	**1 583**
Borrowings	–	–	(60 119)	**(60 119)**
Trade and other payables and provisions	(97 307)	–	(123 920)	**(221 227)**
Taxation	(5 869)	–	(1 339)	**(7 208)**
Intangible assets	–	–	1 609	**1 609**
Total net identifiable assets	222 912	424 180	163 597	**810 689**
Contribution to results of the year				
Revenue	699 029	–	589 857	**1 288 886**
Operating profit before acquisition costs	23 572	–	27 650	**51 222**
Contribution to results for the year had the acquisitions been effective on July 1 2011				
Revenue	1 823 619	–	876 878	**2 700 497**
Operating profit before acquisition costs	62 434	–	39 717	**102 151**

	2012 R'000	2011 R'000
12. Proceeds on disposal of interest in subsidiaries and associates, and disposal and closure of businesses		
Property, plant and equipment	**10 296**	11 770
Intangibles	**1 512**	96
Goodwill	**–**	5 254
Deferred taxation	**9 032**	1 378
Interest in associates	**9 283**	7 966
Inventories	**22 818**	1 516
Trade and other receivables	**44 867**	2 663
Cash and cash equivalents	**(585)**	1 331
Borrowings	**(460)**	–
Trade and other payables and provisions	**(30 185)**	(2 042)
Taxation	**(1 366)**	2 386
Net fair value of tangible assets	**65 212**	32 318
Minority shareholders	**(11 658)**	–
Realisation of foreign currency translation reserves	**(16 662)**	–
Profit (loss) on disposal of interest in subsidiaries and associates, and disposal and closure of businesses	**1 639**	(293)
Less: Cash and cash equivalents (overdrafts) disposed of	**585**	(1 331)
Net proceeds	**39 116**	30 694

	2012 R'000	2011 R'000
13. Property, plant and equipment		
Freehold land and buildings	4 007 411	3 383 533
Cost	4 874 719	4 121 365
Accumulated depreciation and impairments	(867 308)	(737 832)
Leasehold premises	1 019 570	934 820
Cost	1 568 270	1 370 459
Accumulated depreciation and impairments	(548 700)	(435 639)
Plant and equipment	2 610 217	2 502 025
Cost	6 132 502	5 501 074
Accumulated depreciation and impairments	(3 522 285)	(2 999 049)
Office equipment, furniture and fittings	798 821	809 766
Cost	2 673 127	2 458 147
Accumulated depreciation and impairments	(1 874 306)	(1 648 381)
Vehicles, vessels and craft	1 953 753	1 727 274
Cost	4 269 218	3 742 068
Accumulated depreciation and impairments	(2 315 465)	(2 014 794)
Rental assets	274 228	270 203
Cost	714 133	633 262
Accumulated depreciation and impairments	(439 905)	(363 059)
Capitalised leased assets	11 315	13 896
Cost	55 298	52 691
Accumulated depreciation and impairments	(43 983)	(38 795)
Full maintenance leased assets	1 506 212	1 765 421
Cost	1 954 304	2 455 622
Accumulated depreciation and impairments	(448 092)	(690 201)
Capital work in progress	264 014	196 245
	12 445 541	11 603 183

Property, plant and equipment with an estimated carrying value of R175 million (2011: R89 million) is pledged as security for borrowings of R141 million (2011: R77 million) (refer note 28).

A register of land and buildings is available for inspection by shareholders at the registered office of the Company.

Movement in property, plant and equipment

	2012 R'000	2011 R'000
Carrying value at beginning of year	11 603 183	10 367 571
Capital expenditure	2 474 434	2 736 106
Freehold land and buildings	365 034	422 579
Leasehold premises	110 066	90 269
Plant and equipment	547 375	545 370
Office equipment, furniture and fittings	259 252	306 727
Vehicles, vessels and craft	593 640	452 746
Rental assets	133 527	135 540
Full maintenance leased assets	412 176	782 806
Capital work in progress	53 364	69
Expenditure	403 300	363 182
Transfers to other categories	(349 936)	(363 113)
Balance carried forward	14 077 617	13 103 677

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for the year ended June 30

	2012 R'000	2011 R'000
13. Property, plant and equipment *(continued)*		
Movement in property, plant and equipment *(continued)*		
Balance brought forward	14 077 617	13 103 677
Acquisition of businesses	234 212	195 856
Freehold land and buildings	128 647	43 973
Leasehold premises	–	85 248
Plant and equipment	32 221	32 980
Office equipment, furniture and fittings	11 142	4 922
Vehicles, vessels and craft	44 908	28 440
Rental assets	4 723	–
Capitalised leased assets	–	293
Capital work in progress	12 571	–
Disposals	(656 122)	(216 002)
Freehold land and buildings	(58 048)	(10 682)
Leasehold premises	(6)	(8 499)
Plant and equipment	(20 033)	(42 590)
Office equipment, furniture and fittings	(6 328)	(4 621)
Vehicles, vessels and craft	(148 728)	(82 653)
Rental assets	(10 271)	(7 391)
Capitalised leased assets	(17)	–
Full maintenance leased assets	(404 538)	(59 566)
Capital work in progress	(8 153)	–
Disposal of businesses	(10 296)	(11 770)
Freehold land and buildings	(872)	(3 425)
Leasehold premises	(311)	–
Plant and equipment	(3 521)	(5 008)
Office equipment, furniture and fittings	(3 521)	(467)
Vehicles, vessels and craft	(1 311)	(2 791)
Rental assets	(760)	(79)
Exchange rate adjustments	523 716	114 742
Freehold land and buildings	234 664	92 003
Leasehold premises	42 262	(10 402)
Plant and equipment	90 337	19 339
Office equipment, furniture and fittings	23 123	2 244
Vehicles, vessels and craft	122 336	7 679
Rental assets	217	(69)
Capitalised leased assets	791	517
Capital work in progress	9 986	3 431
Depreciation (refer note 2)	(1 710 363)	(1 556 293)
Impairments losses (refer note 2)	(13 223)	(27 027)
Carrying value at end of year	12 445 541	11 603 183

	2012 R'000	2011 R'000
14. Intangible assets		
Patents, trademarks, tradenames and other intangibles	230 677	252 916
Cost	1 184 933	1 154 870
Accumulated amortisation and impairments	(954 256)	(901 954)
Computer software	596 042	380 297
Cost	1 439 685	1 085 739
Accumulated amortisation and impairments	(843 643)	(705 442)
Capital work in progress	34 238	38 892
	860 957	672 105
Movement in intangible assets		
Carrying value at beginning of year	672 105	651 094
Additions	299 327	241 185
Patents, trademarks, tradenames and other intangibles	13 932	4 520
Computer software	293 798	383 115
Capital work in progress	(8 403)	(146 450)
Expenditure	53 236	67 344
Transfers to other categories	(61 639)	(213 794)
Acquisition of businesses	1 609	44 207
Patents, trademarks, tradenames and other intangibles	1 474	34 532
Computer software	37	9 675
Capital work in progress	98	–
Disposals	(13 790)	(5 194)
Patents, trademarks, tradenames and other intangibles	(9 012)	(90)
Computer software	(4 778)	(5 104)
Disposal of businesses	(1 512)	(96)
Patents, trademarks, tradenames and other intangibles	(1 477)	–
Computer software	(35)	(96)
Exchange rate adjustments	36 701	13 224
Patents, trademarks, tradenames and other intangibles	12 156	12 920
Computer software	20 895	6 145
Capital work in progress	3 650	(5 841)
Amortisation (refer note 2)	(125 220)	(120 794)
Impairment losses (refer note 2)	(8 263)	(151 521)
Carrying value at end of year	860 957	672 105

The amortisation and impairment charges are included in other expenses in the income statement.

Notes to the consolidated financial statements

for the year ended June 30

	2012 R'000	2011 R'000
15. Goodwill		
Carrying value at beginning of year	**6 354 825**	5 709 169
Acquisition of businesses	**486 927**	470 608
Disposal of businesses	**–**	(5 254)
Impairment of goodwill	**(8 141)**	(3 571)
Exchange rate adjustments	**616 386**	183 873
Carrying value at end of year	**7 449 997**	6 354 825

Goodwill acquired through business combinations has been attributed to individual cash-generating units. The carrying amount of goodwill was subject to an annual impairment test as at March 31 using either the discounted cash flow basis or at fair value less costs to sell method. An amount of R8 million (2011: R4 million) was identified as being impaired for the current financial year.

The most significant portion of the Group's goodwill, R6,1 billion (2011: R5,1 billion), relates to Foodservice operations in Europe and Asia Pacific. The recoverable amount of each cash-generating unit within these divisions was determined using the fair value less costs to sell method and exceeds the carrying value by some R10,1 billion. These calculations use projected annualised earnings based on actual operating results. A price earnings ratio was applied to obtain the recoverable amount for each business unit. The earning yields are considered to be consistent with similar companies within the industry and geographic segments. Attributable earnings for these operations amounted to R1 275 million (2011: R962 million) for the year.

The remaining goodwill of R1,3 billion (2011: R1,3 billion) is allocated across multiple cash-generating units. The recoverable amount for these remaining units was calculated on the aforementioned basis. For those units where the carrying amount was in excess of the recoverable amount and a permanent diminution had taken place, an impairment was recognised.

	2012 R'000	2011 R'000
16. Deferred taxation		
Deferred taxation assets	**413 427**	390 792
Deferred taxation liabilities	**(553 919)**	(507 505)
Net deferred taxation liability	**(140 492)**	(116 713)
Movement in net deferred taxation assets and liabilities		
Balance at beginning of year	**(116 713)**	47 830
Per consolidated income statement	**7 549**	(121 764)
Items recognised directly in share-based payment reserve	**1 419**	–
On acquisition of businesses	**(25 399)**	(16 242)
On disposal of businesses	**(9 032)**	(1 378)
Exchange rate adjustments	**1 684**	(25 159)
Balance at end of year	**(140 492)**	(116 713)

	Assets R'000	Liabilities R'000	Net R'000
16. Deferred taxation *(continued)*			
Temporary differences			
2012			
Differential between carrying values and tax values of property, plant and equipment	**401**	**(703 425)**	**(703 024)**
Differential between carrying values and tax values of intangible assets	**(8 844)**	**(30 695)**	**(39 539)**
Estimated taxation losses	**13 691**	**24 989**	**38 680**
Staff related allowances and liabilities	**180 593**	**146 033**	**326 626**
Operating lease liabilities	**61 314**	**1 460**	**62 774**
Inventories	**75 396**	**(13 288)**	**62 108**
Investments	**(724)**	**(59 986)**	**(60 710)**
Trade and other receivables	**29 837**	**7 343**	**37 180**
Trade, other payables and provisions	**61 763**	**73 650**	**135 413**
	413 427	**(553 919)**	**(140 492)**
2011			
Differential between carrying values and tax values of property, plant and equipment	4 250	(621 696)	(617 446)
Differential between carrying values and tax values of intangible assets	(411)	(37 055)	(37 466)
Estimated taxation losses	32 406	12 843	45 249
Staff related allowances and liabilities	166 933	106 470	273 403
Operating lease liabilities	58 548	7 096	65 644
Inventories	64 890	(4 758)	60 132
Investments	(623)	(44 493)	(45 116)
Trade and other receivables	30 535	21 786	52 321
Trade, other payables and provisions	34 264	52 302	86 566
	390 792	(507 505)	(116 713)

Deferred taxation has been provided at rates ranging between 10% – 35% (2011: 10% – 36%). The variance in rates arises as a result of the differing tax and capital gains taxation rates present in the various countries in which the Group operates.

	2012 R'000	2011 R'000
17. Interest in joint ventures		
The Group's proportional interest in joint ventures has been incorporated in the Group's assets, liabilities and results, as follows:		
Income statement		
Revenue	**15 191**	22 947
Operating profit	**1 466**	4 531
Net finance charges	**(1 218)**	(1 134)
Profit before taxation	**248**	3 397
Taxation	**(106)**	(1 738)
Profit for the year	**142**	1 659
Statement of financial position		
Assets		
Property, plant and equipment	**5 041**	7 312
Intangibles	**9**	11
Deferred taxation	**1 716**	2 218
Net current assets	**5 060**	4 136
	11 826	13 677
Equity and liabilities		
Capital and reserves	**4 915**	5 967
Borrowings	**6 911**	7 710
	11 826	13 677

Details of major joint ventures are reflected on page 159 of this report.

Notes to the consolidated financial statements

for the year ended June 30

	2012 R'000	2011 R'000
18. Interest in associates		
Listed associates	666 759	348 055
Net asset value at acquisition	492 206	271 798
Inherent goodwill	445 353	250 357
Provision for impairment	(270 800)	(174 100)
Unlisted associates	156 751	155 928
Net asset value at acquisition	92 469	99 889
Inherent goodwill	64 282	56 039
Investments in associates at cost less impairments	823 510	503 983
Attributable share of post-acquisition reserves of associates	188 476	139 861
At beginning of year	139 861	82 592
Share of current year earnings	33 565	65 469
Share of movement of other reserves	15 557	(2 593)
Reversal of prior year reserves on becoming subsidiary, disposal or change in shareholding	(507)	(5 607)
Advances	77 872	40 561
	1 089 858	684 405
Advances to associates bear interest at rates of between 0% and 11% (2011: 0% and 14%) and have no fixed terms of repayment.		
Market value of listed associates	772 500	436 905
Directors' valuation of unlisted associates	440 197	431 683
	1 212 697	868 588
Summarised aggregated financial information of associates:		
Income statement		
Revenue	8 387 064	5 640 065
Operating profit	357 473	386 656
Net finance charges	(8 914)	(1 394)
Profit before taxation	348 559	385 262
Taxation	(120 382)	(109 728)
Profit for the year	228 177	275 534
Statement of financial position		
Assets		
Property, plant and equipment and intangible assets	2 733 935	1 348 098
Investments	52 647	80 481
Net current assets	693 930	669 562
	3 480 512	2 098 141
Equity and liabilities		
Capital and reserves	2 715 626	1 628 714
Deferred taxation	55 992	44 767
Borrowings	708 894	424 660
	3 480 512	2 098 141

Details of major associates are reflected on page 159 of this report.

	2012 R'000	2011 R'000
19. Investments		
Listed held-for-trading	992 577	758 158
Unlisted held-for-trading	760 724	874 464
Listed available-for-sale	101 264	82 370
Unlisted available-for-sale	34 576	34 585
	1 889 141	1 749 577
The table below analyses investments by valuation method:		
Fair value and hierarchy of investments		
Investments held at cost	73 488	159 252
Investments held at fair value as determined on inputs based on:	1 815 653	1 590 325
Unadjusted quoted prices in an active market for identical assets	1 066 695	872 389
Factors that are observable for the asset either as prices or derived from prices	148 899	7 968
Factors that are not based on observable market data	600 059	709 968
	1 889 141	1 749 577

Included in categories, factors that are not based on observable market data, and unlisted investment held-for-trading, is the Group's effective beneficial interest in the Indian based Mumbai International Airport Private Limited. The carrying value of this investment based on the directors' valuation at June 30 2012, after the sale of 50% of the Group's effective economic interest, is R489,5 million (2011: R671,5 million).

The directors used a discounted cash flow method to value the aforementioned investment. The anticipated cashflows were discounted at a rate of 15,8% derived from a nominal risk free rate of 8,3%; equity premium risk rate of 4,5%; sovereign risk rate of 1,5% and a project risk premium of 1,5%.

Listed investments available-for-sale include interest bearing listed government bonds which amount to R80 million (2011: R63 million), with coupon interest rates of between 8,75% to 13,5% (2011: 13,0% to 13,5%) which mature in two to three years (2011: one to five years). These investments may be realised prior to their maturity dates.

Listed investments held-for-trading include interest bearing listed government bonds which amount to R43 million (2011: R26 million), with coupon interest rates of 8,25% (2011: 8,25%) which mature in five years (2011: six years). These investments may be realised prior to their maturity dates.

A register of investments is available for inspection by shareholders at the registered office of the Company.

	2012 R'000	2011 R'000
20. Banking and other advances		
Instalment finance and vehicle lease receivables	487 699	325 092
Call and term loans	180 124	89 900
Other	80 995	62 121
	748 818	477 113
Impairment allowance	(30 199)	(29 177)
	718 619	447 936
Maturity analysis		
Maturing in one year	211 215	154 279
Maturing after one year but within five years	453 826	253 746
Maturing after five years	53 578	39 911
	718 619	447 936

Interest rates are based on contractual agreements with customers.

Refer note 36 for further disclosure.

Notes to the consolidated financial statements

for the year ended June 30

	2012 R'000	2011 R'000
21. Vehicle rental fleet		
Cost	1 492 884	1 123 432
Accumulated depreciation	(220 164)	(60 061)
	1 272 720	1 063 371
Movement in vehicle rental fleet		
Carrying value at beginning of year	1 063 371	915 042
Additions	1 170 432	1 177 255
Disposals	(795 129)	(894 315)
Depreciation	(166 281)	(134 611)
Exchange rate adjustments	327	–
Carrying value at end of year	1 272 720	1 063 371
22. Inventories		
Raw materials	424 958	326 573
Work in progress	45 115	47 666
Finished goods	7 278 319	6 035 219
New vehicles and motor cycles	958 276	844 376
Used vehicles	657 416	636 263
Demonstration vehicles	691 087	645 122
Parts and accessories	192 949	215 390
	10 248 120	8 750 609
Ownership of inventory, acquired under floorplan arrangements, remains with the respective floorplan provider until the purchase price has been paid.		
Amounts included in borrowings relating to these assets (refer note 28)	440 383	519 355
Amounts included in trade and other payables relating to these assets (refer note 32)	634 439	628 924
	1 074 822	1 148 279
Write down of inventory to net realisable value charged to the income statement	14 107	22 534
23. Trade and other receivables		
Trade receivables	12 401 234	10 907 039
Impairment allowance	(437 309)	(427 446)
Net trade receivables	11 963 925	10 479 593
Forward exchange contracts asset	11 142	1 444
Prepayments and other receivables	1 560 178	1 083 118
	13 535 245	11 564 155

The majority of trade and other receivables are fixed in the subsidiaries' local currency. Since trade and other receivables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

Refer note 36 for further disclosure on trade receivables and impairment allowances.

	2012 R'000	2011 R'000
24. Cash and cash equivalents		
Cash on hand and at bank	5 871 306	4 437 268
Amounts included in cash and cash equivalents relating to banking and insurance subsidiaries where the balances form part of the reserving requirements as required by the Financial Services Act	231 169	236 132
25. Capital and reserves attributable to shareholders of the Company		
Share capital		
Issued share capital	16 387	16 367
Share premium	137 485	81 258
Reserves	23 479 967	19 757 512
Foreign currency translation reserve	1 366 049	248 830
Statutory reserves	–	15 894
Equity-settled share-based payment reserve	165 237	391 430
Retained earnings	21 948 681	19 101 358
	23 633 839	19 855 137
Less shares held by subsidiary as treasury shares	(2 003 685)	(2 185 873)
Capital and reserves attributable to shareholders of the Company	21 630 154	17 669 264
Reserves comprise		
Company and subsidiaries	23 287 077	19 612 185
Joint ventures	4 414	5 466
Associates	188 476	139 861
	23 479 967	19 757 512

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	2012 R'000	2011 R'000
25. Capital and reserves attributable to shareholders of the Company *(continued)*		
Share capital		
Authorised		
540 000 000 (2011: 540 000 000) ordinary shares of 5 cents each	27 000	27 000
	Number	Number
Issued		
Number of shares issued	327 734 929	327 348 572
Balance at beginning of year	327 348 572	350 144 746
Cancellation of treasury shares	–	(22 796 174)
Shares issued in terms of the share incentive scheme	386 357	–
Less: Shares held by subsidiary as treasury shares	(14 340 363)	(15 658 596)
Balance at beginning of year	(15 658 596)	(27 843 230)
Cancellation of treasury shares	–	22 796 174
Purchase of shares by subsidiary	–	(12 000 000)
Sale of shares by subsidiary to staff in terms of share incentive scheme	1 318 233	1 388 460
Less: Shares held by share purchase scheme	(1 442 092)	(2 669 432)
Balance at beginning of year	(2 669 432)	(3 295 121)
Shares acquired by staff in terms of share incentive scheme	1 227 340	590 120
Shares repurchased from staff	–	35 569
Net shares in issue	311 952 474	309 020 544

30 000 000 (2011: 30 000 000) of the unissued ordinary shares are under the control of the directors until the next annual general meeting.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve includes the fair value of the options granted and conditional share awards made, to executive directors and staff, which have been recognised over the vesting period at fair value with a corresponding expense to the income statement. The reserve also includes a share-based cost resulting from an empowerment transaction entered into by a subsidiary.

26. Share-based payments

The Bidvest Share Incentive Scheme (Scheme) grants options and advances loans to employees of the Group to acquire shares in the Company. Both the share options scheme and share purchase scheme have been classified as equity-settled schemes, and therefore an equity-settled share-based payment reserve has been recognised.

A conditional share plan, which awards employees with a conditional right to receive shares in the Company against the achievement of specific performance conditions, free of any cost, is also operated by the Group. As it is anticipated that the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised.

Share options scheme

The terms and conditions of the options are:

Option holders are only entitled to exercise their options if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the board of the Company to the trustees of the Bidvest Share Incentive Trust.

Option holders in the Scheme may exercise the options at such times as the option holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an option. All options must be exercised no later than the tenth anniversary on which they were granted unless approval is obtained from the trustees.

26. Share-based payments *(continued)*

Share options scheme *(continued)*

The number and weighted average exercise prices of share options are:

	2012		2011	
	Number	Average price R	Number	Average price R
Beginning of the year	**6 716 407**	**96,51**	5 047 057	55,72
Granted	**4 063 000**	**135,11**	3 413 860	135,11
Lapsed	**(90 476)**	**104,12**	(320 481)	54,17
Exercised	**(1 335 521)**	**59,50**	(1 424 029)	52,30
End of the year	**9 353 410**	**118,50**	6 716 407	96,51

The options outstanding at June 30 2012 have an exercise price in the range of R39,10 to R165,72 (2011: R39,10 to R135,15) and a weighted average contractual life of 1,0 to 9,5 years (2011: 1,0 to 9,5 years). The average share price of The Bidvest Group Limited during the year was R164,81 (2011: R147,07).

Share options outstanding at June 30 by year of grant are:

	2012 Number	2012 Average price R	2011 Number	2011 Average price R
2003	**494 000**	**39,11**	923 171	39,68
2004	**704 835**	**50,35**	1 051 145	50,57
2005	**675 705**	**69,12**	1 132 731	69,37
2006	**41 000**	**89,12**	112 500	89,44
2008	**12 500**	**112,00**	20 000	112,00
2010	**41 500**	**100,00**	63 000	100,00
2011	**3 349 870**	**135,11**	3 413 860	135,11
2012	**4 034 000**	**135,12**		
	9 353 410	**118,50**	6 716 407	96,51

The fair value of services received in return for shares allotted is measured based on a binomial model. The contractual life of the option is used as an input into this model.

The fair value of the shares allotted during the current year and the assumptions used are:

	2012	2011
Fair value at measurement date (rand)	**40,14 – 51,96**	53,68 – 55,62
Exercise price (rand)	**134,56 – 160,65**	126,50 – 135,15
Expected volatility (%)	**21,24 – 25,84**	39,03 – 39,07
Option life (years)	**4,00 – 6,00**	3,50 – 5,50
Distribution yield (%)	**2,95 – 3,21**	2,76 – 3,07
Risk-free interest rate (based on national government bonds) (%)	**6,42 – 6,96**	7,01 – 7,88

The volatility is based on the recent historic volatility.

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26. Share-based payments *(continued)*

Share purchase scheme

In terms of the share purchase scheme, the Scheme advances loans to employees to acquire shares in the Company. Interest is charged on the loans at interest rates determined by the board of directors of the Company, the loans must be settled no later than the tenth anniversary on which the shares were allotted and the shares are held by the Scheme as security for the loans.

The employees are entitled to settle the loans at such times as they deem fit, but not so as to result in the following proportions of the employees' total number of allotted shares being paid for prior to: 50% of total number of allotted shares at the expiry of three years; 75% of total number of allotted shares at the expiry of four years; and 100% of total number of allotted shares at the expiry of five years from the date of the holder's acceptance of the allotted share, unless otherwise determined by the board.

Distributions arising on the allotted shares are utilised to settle any interest or income tax obligations with any excess being applied to settle the outstanding liability.

The number and weighted average exercise prices of shares allotted in terms of the share purchase scheme are:

	2012 Number	2012 Average price R	2011 Number	2011 Average price R
Beginning of year	**2 669 432**	**109,26**	3 295 090	110,76
Repurchased	**(17 018)**	**108,54**	(35 538)	110,51
Shares taken up by staff	**(1 210 322)**	**108,89**	(590 120)	117,55
End of year	**1 442 092**	**106,65**	2 669 432	109,26

The fair value of services received in return for shares allotted is measured based on a binomial model. The expected contractual life of the loan obligation is used as an input into this model.

No shares were allotted during the year (2011: Nil).

Conditional share plan

In terms of the conditional share plan scheme, a conditional right to a share is awarded to employees subject to performance and vesting conditions.The vesting period is as follows: 50% of total number of awards vest at the expiry of three years; 75% of total number of awards vest at the expiry of four years; and 100% of total number of allotted awards vest at the expiry of five years from the date of the award, unless otherwise determined by the board. These share awards do not carry voting rights attributable to ordinary shareholders. A total number of 3 277 349 (2011: 3 273 486) conditional share awards are available to be granted to employees in the forthcoming year.

The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted by anticipated future distribution flows. A total number of 886 669 of the 995 169 shares are expected to vest, taking into account the performance of the various operations to date and forecasts to the end of the performance period, against the targets set at the time of the award. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R134,28 per share. These awards will vest in the next four years.

126 599 (2011: 1 730 600) conditional share awards were forfeited as a result of performance conditions not being met.

The number of conditional share awards in terms of the conditional share award scheme are:

	2012 Number	2011 Number
Beginning of year	**1 045 000**	2 785 600
Forfeited during the year	**(126 599)**	(1 730 600)
Allotted during the year	**542 500**	–
Awarded during the year	**(386 357)**	–
Lapsed during the year	**(79 375)**	(10 000)
End of year	**995 169**	1 045 000

	2012 R'000	2011 R'000
27. Life assurance fund		
The carrying value of the assurance fund agrees with the amount of the actuarial value of liabilities under life insurance policies and contracts at that date.		
Net assurance fund at beginning of year	34 014	13 734
Gross	79 601	17 383
Reinsurer's share	(45 587)	(3 649)
Transfer from (to) income statement	(2 374)	20 280
Gross	(27 667)	62 218
Reinsurer's share	25 293	(41 938)
Net assurance fund at end of year	31 640	34 014
28. Borrowings		
Loans secured by mortgage bonds over fixed property (refer note 13)	20 289	35 972
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements (refer note 13)	120 718	41 321
Unsecured loans	7 649 502	7 242 664
Listed bonds	1 850 000	1 850 000
Listed commercial paper	2 105 842	1 961 998
Other	3 693 660	3 430 666
Floorplan creditors secured by pledge of inventories (refer note 22)	440 383	519 355
Borrowings	8 230 892	7 839 312
Bank overdrafts	1 255 848	1 628 225
Total borrowings	9 486 740	9 467 537
Less: Short-term portion of borrowings	(5 446 882)	(5 076 108)
Long-term portion of borrowings	4 039 858	4 391 429
Schedule of repayment of borrowings		
Year to June 2012		3 447 883
Year to June 2013	4 191 034	1 634 573
Year to June 2014	1 168 543	607 809
Year to June 2015	2 022 242	1 923 749
Year to June 2016	467 308	169 460
Thereafter	381 765	55 838
	8 230 892	7 839 312
Total borrowings comprise		
Borrowings	8 230 892	7 839 312
Local subsidiaries	5 127 347	5 138 564
Foreign subsidiaries	3 103 545	2 700 748
Overdrafts	1 255 848	1 628 225
Local subsidiaries	1 217 094	1 627 151
Foreign subsidiaries	38 754	1 074
	9 486 740	9 467 537
	%	%
Effective weighted average rate of interest on		
Local borrowings excluding overdrafts	8,0	8,3
Foreign borrowings excluding overdrafts	2,7	3,0

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	2012 Currency	2012 Nominal interest rate %	2012 Year of maturity	2012 Carrying value R'000	2011 Carrying value R'000
28. Borrowings *(continued)*					
Terms and debt repayment schedule					
Terms and conditions of outstanding loans were:					
Borrowings of local subsidiaries				5 127 347	5 138 564
Unsecured loans	ZAR	1,5 – 12,0	2012 – 2018	4 686 964	4 619 209
Floorplan creditors secured by pledge of inventories	ZAR	7,25 – 9,0	2012	440 383	519 355
Borrowings of foreign subsidiaries				3 103 545	2 700 748
Loans secured by mortgage bonds over fixed property	GBP	7,9 – 9,6	2019	20 289	18 682
	PLN				17 290
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	GBP	5,0 – 8,0	2013 – 2015	7 078	14 511
	PLN	5,5	2015	24 390	14 676
	EUR	1,8 – 4,5	2012 – 2020	85 494	11 084
	Other	2,6 – 10,0	2012 – 2014	3 756	1 050
Unsecured loans	GBP	4,5	2015	517 752	548 296
	EUR	2,3 – 4,9	2012 – 2019	220 782	19 511
	USD	1,2	2012	53 944	74 307
	HKD	1,1 – 3,0	2012– 2013	784 409	592 569
	SGD	1,2 – 1,3	2012– 2013	610 680	524 743
	CZK	2,6 – 3,6	2018	730 075	861 122
	Other	5,9 – 6,9	2013 – 2015	44 896	2 907
Total interest-bearing borrowings				8 230 892	7 839 312

The expected maturity dates are not expected to differ from the contractual maturity dates.

Refer note 36 for further disclosure.

	2012 R'000	2011 R'000
29. Post-retirement obligations		
Defined benefit pension surplus	(100 215)	(111 692)
Post-retirement obligations	380 669	381 332
Post-retirement medical aid obligations	185 203	163 861
Unfunded defined benefit early retirement plan	195 466	217 471
	280 454	269 640

Pension and provident funds

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories and defined contribution provident funds or appropriate industry funds.

There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.

In the current year, a foreign subsidiary accounted for the first time recognition of a defined benefit pension fund in accordance with IFRS. The defined benefit fund was not recognised in previous years as no formal actuarial report was available. As a result, a fund surplus arose on take-on but recognition thereof was limited based on the asset ceiling test.

Employer contributions are set out in note 2.

Summarised details of the defined benefit funds

	2012	2011
Number of members at June 30	2 587	986
	R'000	R'000
Employer contribution	73 589	3 524
Employee contribution	1 067	1 005
Total pension fund asset (unfunded pension liability)		
Fair value of plan assets	1 010 886	714 098
Actuarial present value of defined benefit obligations	(847 436)	(471 499)
Surplus in the plans	163 450	242 599
Unrecognised actuarial gains	(40 545)	(89 589)
Surplus in the plans not recognised due to the uncertainties relating to the apportionment of these surpluses	(22 690)	(41 318)
	100 215	111 692
Movement in the liability for defined benefit obligations		
Balance at beginning of year	(471 499)	(444 957)
Recognised on take-on of funds	(273 642)	–
Benefits paid by plans	25 766	52 992
Current service costs	(54 490)	(9 016)
Interest	(53 218)	(33 978)
Member contributions	(1 067)	(1 005)
Actuarial losses	(101 879)	(24 318)
Past service costs	–	(19 377)
Settlement	106 534	–
Exchange rate adjustments on foreign plans	(23 941)	8 160
Balance at end of year	(847 436)	(471 499)

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	2012 R'000	2011 R'000
29. Post-retirement obligations *(continued)*		
Pension and provident funds *(continued)*		
Movement in the plans' assets		
Balance at beginning of year	**714 098**	709 702
Recognised on take-on of funds	**273 642**	–
Contributions paid into the plans	**74 656**	4 529
Benefits paid by the plans	**(27 806)**	(52 992)
Expected return on plans' assets	**79 535**	61 123
Actuarial gains	**28 201**	2 054
Transfer on settlement	**(157 568)**	
Exchange rate adjustments on foreign plans	**26 128**	(10 318)
Balance at end of year	**1 010 886**	714 098
The plans' assets comprise		
Cash	**76 101**	133 004
Equity securities	**294 245**	330 197
Bonds	**597 162**	204 643
Property	**1 975**	10 297
Other	**41 403**	35 957
	1 010 886	714 098
Amounts recognised in the income statement		
Current service costs	**54 490**	9 016
Interest on obligations	**53 218**	33 978
Expected return on plans' assets	**(79 535)**	(61 123)
Net actuarial losses recognised in current year	**28 285**	31 377
Net amounts not recognised in income statement or statement of the financial position of the Group due to the uncertainties relating to the apportionment of the pension fund surpluses	**26 286**	9 666
	82 744	22 914
Actual return on plan assets	**46 791**	59 973
Key actuarial assumptions	**%**	%
Expected rate of return on plan assets	**7,0 – 8,4**	5,8 – 9,8
Discount rate	**1,1 – 8,4**	2,6 – 9,3
Inflation rate	**1,5 – 5,5**	2,5 – 6,1
Salary increase rate	**1,5 – 6,5**	4,0 – 6,8
Pension increase allowance	**3,9**	3,6 – 5,0
Date of valuations	**June 30 2012**	June 30 2011

Assumptions regarding future mortality are based on published statistics and mortality tables.

The expected long-term rate of return is based on the expected rate of returns on the individual asset categories. The return is based exclusively on historical returns, without adjustments.

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
29. Post-retirement obligations *(continued)*					
Pension and provident funds *(continued)*					
The Group expects to pay R76,0 million (2011: R7,3 million) in contributions to defined benefit plans in the year ending June 30 2013.					
Historical information					
Actuarial present value of the defined benefit obligations	**(847 436)**	(471 499)	(444 957)	(468 574)	(474 008)
Fair value of plans' assets	**1 010 886**	714 098	709 702	668 804	728 892
Surpluses in the plans	**163 450**	242 599	264 745	200 230	254 884
Experience adjustments arising on plans' liabilities – gains (losses)	**(101 879)**	(24 318)	7 601	4 763	(44 057)
Experience adjustments arising on plans' assets – gains (losses)	**59 920**	2 054	44 628	(98 448)	41 789

	2012 R'000	2011 R'000
Post-retirement medical aid obligations		
The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.		
Provision for post-retirement medical aid obligations		
Opening provision raised against unfunded obligation	**163 861**	174 465
Expense (income) recognised in income statement	**27 433**	(997)
Payments charged against provisions	**(9 821)**	(9 607)
Acquisition of businesses	**3 730**	–
Closing provision raised against unfunded obligation	**185 203**	163 861
Actuarially determined present value of total obligation using projected unit credit valuation method	**185 203**	163 861
Key actuarial assumptions	**%**	%
Discount rate	**8,4**	8,8
Inflation rate (CPI)	**5,5**	5,8
Healthcare cost inflation	**6,1**	7,9

A change in the medical inflation rates will not have a significant impact on the post-retirement medical aid costs and related obligations.

Historical information

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Present value of the unfunded obligations	**(185 203)**	(163 861)	(174 465)	(182 884)	(174 649)
Experience adjustments arising on plans' liabilities – losses (gains)	**9 704**	(18 686)	1 816	148	(392)

Unfunded defined benefit early retirement plan

A subsidiary provides an early retirement plan for its employees. The liability recognised is based on the actuarial valuation performed as at June 30.

	2012	2011
Number of members at June 30	**512**	555
	R'000	R'000
Total unfunded pension liability		
Actuarial present value of defined benefit obligations	**154 135**	182 450
Unrecognised actuarial gains	**41 331**	35 021
	195 466	217 471

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	2012 R'000	2011 R'000
29. Post-retirement obligations *(continued)*		
Unfunded defined benefit early retirement plan (continued)		
Movement in the liability for unfunded defined benefit early retirement plan		
Balance at beginning of year	182 450	177 190
Benefits paid by employer	(44 803)	(22 821)
Current service costs	4 593	4 859
Interest	7 269	7 948
Actuarial gains (losses)	(6 832)	6 276
Exchange rate adjustments on foreign plans	11 458	8 998
Balance at end of year	154 135	182 450
Amounts recognised in income statement		
Current service costs	4 593	4 859
Interest on obligations	7 269	7 948
Net actuarial gains recognised in current year	(47 579)	(26 680)
	(35 717)	(13 873)
Key actuarial assumptions	%	%
Discount rate	3,9	4,0
Salary increase rate	1,5	1,5
Date of valuation	June 30 2012	June 30 2011

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Historical information					
Present value of the unfunded obligations	154 135	(182 450)	(177 190)	(210 715)	(261 127)
Experience adjustments arising on plans' liabilities – losses (gains)	6 832	(6 276)	(10 543)	(35 940)	3 283

	2012 R'000	2011 R'000
30. Banking liabilities		
Call deposits	970 255	754 304
Fixed and notice deposits	711 424	521 593
	1 681 679	1 275 897

All banking liabilities mature within one year.

Effective rates of interest	%	%
Call deposits	2,1	2,5
Fixed and notice deposits	6,2	6,6

Banking liabilities other than fixed and notice deposits are at floating interest rates.

Refer note 36 for further disclosure.

	2012 R'000	2011 R'000
31. Operating leases		
The Group has entered into various operating lease agreements in respect of premises.		
Leases which have fixed determinable escalations are charged to the income statement on a straight-line basis and liabilities are raised for the difference between the actual lease expense and the charge recognised in the income statement. The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the income statement amounts.		
Operating lease liabilities	224 423	235 619
Less short-term portion included in trade and other payables	(72 592)	(53 188)
Long-term portion	151 831	182 431
Operating lease commitments		
Land and buildings	7 219 214	7 172 951
Due in one year	1 128 438	1 009 424
Due after one year but within five years	2 980 693	2 762 136
Due after five years	3 110 083	3 401 391
Equipment and vehicles	581 177	393 960
Due in one year	189 013	155 413
Due after one year but within five years	313 898	221 556
Due after five years	78 266	16 991
	7 800 391	7 566 911
Less: Amounts raised as liabilities	(224 423)	(235 619)
	7 575 968	7 331 292

	2012 R'000	2011 R'000
32. Trade and other payables		
Trade payables	13 715 528	11 540 396
Non-interest bearing floorplan creditors	634 439	628 924
Forward exchange contracts liability	6 696	7 239
Other payables and accrued expenses	5 644 437	4 635 928
	20 001 100	16 812 487

The majority of trade and other payables are fixed in the subsidiaries' local currency. Since trade and other payables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

Refer note 36 for further disclosure.

Notes to the consolidated financial statements

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	2012 R'000	2011 R'000
33. Provisions		
Long-term portion	**340 289**	272 400
Short-term portion	**308 261**	237 471
	648 550	509 871

	Onerous contracts R'000	Insurance liabilities R'000	Dismantling and site restoration R'000	Customer loyalty programme R'000	Other R'000	Total R'000
Balance at June 30 2010	88 534	190 363	112 184	31 087	64 720	486 888
Created	59 537	126 062	20 112	26 320	101 652	333 683
Utilised	(58 757)	(104 547)	(606)	(23 625)	(123 496)	(311 031)
Net acquisition of businesses	213	–	16 015	–	(15 087)	1 141
Exchange rate adjustments	(1 362)	–	(2 467)	3 429	(410)	(810)
Balance at June 30 2011	88 165	211 878	145 238	37 211	27 379	509 871
Created	**75 997**	**107 365**	**34 756**	**35 765**	**13 851**	**267 734**
Utilised	**(43 466)**	**(72 525)**	**(23 644)**	**(25 664)**	**(15 014)**	**(180 313)**
Net acquisition of businesses	**7 925**	**–**	**–**	**–**	**360**	**8 285**
Exchange rate adjustments	**9 207**	**–**	**25 780**	**6 478**	**1 508**	**42 973**
Balance at June 30 2012	**137 828**	**246 718**	**182 130**	**53 790**	**28 084**	**648 550**

Onerous contracts

Onerous contracts are identified through regular reviews of the terms and conditions of contracts as well as on acquisition of businesses. A provision for onerous contracts is calculated as the present value of the portion which management deem to be onerous in light of the current market conditions, discounted using market-related rates. An annual expense is recognised over the life of the contracts.

Insurance liabilities

Insurance liabilities include unearned premiums that represent that part of the current year's premiums that relate to risk periods that extend to the following year; claims are calculated on the settlement amount outstanding at year-end; and claims incurred but not reported are maintained at 7% (2011: 7%) of net premium income, for claims arising from events that occurred before the close of the accounting period, but which had not been reported to the Group by that date.

Provision for cost of dismantling and restoration of site

A provision is raised for the estimated costs of dismantling and removing items and restoring the site on which they are located. The change in the liability arising as a result of unwinding the discount is recognised in the income statement as a finance charge. The dismantling of the plant and recomissioning of buildings is expected to coincide with the end of the useful life of the plant and lease periods.

Customer loyalty programme

This is a customer loyalty programme introduced by certain operations within the Group, whereby customers can earn points for redemption in the form of gift certificates and products of the operations. The provision is calculated based on the points outstanding at year-end.

Other

Consists of various individually insignificant provisions.

		2012 R'000	2011 R'000
34.	**Commitments**		
	Capital expenditure approved		
	Contracted for	914 709	756 368
	Not contracted for	575 254	388 383
		1 489 963	1 144 751

Capital expenditure amounting to R1 368 million (2011: R1 067 million) is in respect of property, plant and equipment and the remaining balance is in respect of computer software.

It is anticipated that capital expenditure will be financed out of existing cash resources.

		2012 R'000	2011 R'000
35.	**Contingent liabilities**		
	Guarantees issued in respect of obligations of associates and investments	56 000	56 000

The Group has outstanding legal and other claims arising out of its normal ongoing operating activities which have to be resolved. None of these claims is significant.

Refer note 36 for further disclosure in respect of guarantees.

36. Financial instruments

36.1 Risk management overview

The Group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; interest rate risk; foreign currency risk and market price risk.

This note presents information about the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. IFRS 7 requires certain disclosures by class of instrument. The Group has determined that its classes of instruments would be the segments as disclosed in the segmental report.

The Group's major financial risks are mitigated in the way that it operates firstly through diversification of industry and geography and secondly through decentralisation. Bidvest is an international group with operations in South Africa, United Kingdom, Europe, Asia, Australia, New Zealand, Namibia and various other southern African countries. The Group also comprises a variety of businesses within the services, trading and distribution industries. As a result of this diversification in terms of industry and geographical location, the Group is exposed to a range of financial risks, each managed in appropriate ways. However the impact of any one particular financial risk within any of these geographies or industries, is not considered to be material to the Group.

The Group's philosophy has always been to empower management through a decentralised structure thereby making them responsible for the management and performance of their operations, including managing the financial risks of the operation. The operational management report to divisional management who in turn report to the Group's board of directors. The divisional management are also held responsible for managing financial risks of the operations within the divisions. Operational management's remuneration is based on their operation's performance and divisional management based on their division's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the Group, the Group risk committee has implemented guidelines of acceptable practices and basic procedures to be followed by divisional and operational management. The information provided below for each financial risk has been collated for disclosure based on the manner in which the business is managed and what is believed to be useful information for shareholders.

The total process of risk management in the Bidvest Group, which includes the related system of control, is the responsibility of the board of directors. The Group risk committee has been constituted as a committee of the Group board of directors in the discharge of its duties and responsibilities in this regard. The Group risk committee has a charter and reports regularly to the board of directors on its activities.

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36. Financial instruments *(continued)*

36.1 Risk management overview (continued)

The primary purposes of the Group risk committee are to:

- establish and maintain a common understanding of the risk universe (framework), which needs to be addressed in order to meet Bidvest Corporate objectives;
- identify the risk profile and agree the risk appetite of the Group;
- satisfy the risk management reporting requirements;
- coordinate the Group's risk management and assurance efforts;
- report to the board of directors on the risk management work undertaken and the extent of any action taken by management to address areas identified for improvement; and
- report to the board of directors on the Company's process for monitoring compliance with laws and regulations.

The Group risk committee has documented a formal policy framework in order to achieve the following:

- place accountability on management for designing, implementing and monitoring the process of risk management;
- place responsibility on management for integrating the risk management process into the day-to-day activities and operations of the Group; and
- ensure that the risk strategy is communicated to all stakeholders so that it may be incorporated into the culture of the Group.

The Group has operations trading in the banking, short-term insurance and life assurance industries (included in the financial services segment). These operations are exposed to financial risks which are unique to these industries and differ significantly to the remainder of the Group's operations operating within the services, trading and distribution sectors. Whilst the financial risks to which these particular operations are exposed could have a significant effect on the individual operations, they would not have a significant impact on the Group. For this reason, the information provided below mainly provides qualitative and quantitative information regarding the management and exposure to financial risks to which the trading operations of the Group are exposed based on what is believed to be useful to shareholders. Bidvest Bank Limited is a public company for which financial statements are prepared including detailed disclosure in accordance with the requirements of IFRS 7.

The Bidvest Group has, due to the diversity of its operations in nature and geography, determined that it would be better to develop an in-house strategy, as opposed to adopting a recognised strategy and forcing its operations to adapt to the constraints of the strategy selected. The Group has determined that utilising a common framework for the identification of risk would assist the divisions to reduce the implementation time and cost and would give some assurance that all inherent risks have been considered. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

To assist the Group risk committee in discharging its responsibilities, it has:

- assigned risk management responsibilities to divisional/operational risk committees, and
- determined that each division should appoint risk/compliance officers on a divisional (operational) level as nominated by the divisional risk committees. The role of the risk officer is to develop, communicate, coordinate and monitor the enterprise-wide risk management.

Through the divisional risk committees, each division has a forum for the discussion and identification of risks relevant to the particular division. Only risk matters that affect the Group as a whole are escalated to the Group risk committee. The minutes of the divisional risk committees are submitted to the Group risk committee. The Group risk manager is authorised to attend the divisional risk committee meetings, and to provide guidance to and coordinate the efforts of these committees in providing the Group adequate risk management.

Each division has its own audit committee, which subscribes to the same Group audit committee philosophies and practices. The divisional audit committees report to both the divisional board and the Group audit committee. The Group audit committee reviews the divisional audit committee reports. The divisional audit committees oversee how divisional management monitors compliance with the Group's policies and guidelines in respect of the financial reporting process, the system of internal control, the management of financial risks, the audit process (both internal and external) and code of business conduct. The divisional audit committees are assisted in their oversight role by the Group's internal audit department. Divisional internal audit undertakes both regular and ad hoc reviews of financial and operational risk management controls and procedures, the results of which are reported to the divisional audit committee.

36. Financial instruments *(continued)*

36.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, banking advances, investments and guarantees.

The Group risk committee with the assistance of internal audit has implemented a "limits of authority matrix" which provides guidelines by division, as to the level of authorisation required for various types of transactions.

Except as detailed below in respect of guarantees issued, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk after taking account of the value of any collateral obtained. The carrying values, net of impairment allowances, amount to R11 964 million (2011: R10 480 million) for trade receivables (refer note 23), R717 million (2011: R448 million) for banking and other advances (refer note 20), and R1 889 million (2011: R1 750 million) for investments (refer note 19).

The impairment allowance account in respect of trade receivables and banking advances are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount which is considered irrecoverable is written off against the financial assets directly.

Impairments of investments classified as available-for-sale or held-for-trading are written off against the investment directly and an impairment allowance account is not utilised.

The Group has a general credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In accordance with the decentralised structure, the operational management, under the guidance of the divisional management, are responsible for implementation of policies to meet the above objective. This includes credit policies under which new customers are analysed for credit worthiness before the operation's standard payment and delivery terms and conditions are offered, determining whether collateral is required, and if so the type of collateral to be obtained, and setting of credit limits for individual customers based on their references and credit ratings. Operational management are also held responsible for monitoring the operations' credit exposure.

36.2.1 Trade receivables

Refer note 23 for further disclosure.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed by the operational management on the financial condition of the operation's customers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The largest ten trade debtors based on the turnover derived from these trade debtors was reported by class. On compilation of the information, it was noted that the Group's exposure to any one specific trade debtor is limited.

The total number of debtors per reporting division was obtained and the average turnover per trade debtor was calculated for each reporting division. Based on the average turnover per trade debtor in comparison to the Group's total turnover for the year, there was no significant concentration of credit risk to any single trade debtor. The concentration of credit risk is therefore limited due to the customer base being large and independent.

Each operation establishes an impairment allowance that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

As a result of the decentralised structure, operational management have the responsibility of determining the impairment allowance in respect of trade receivables. This is done under the oversight of the divisional audit committees, and ultimately the Group audit committee. The operations' average credit period depend on the type of industry in which they operate as well as the credit worthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The largest impairment raised for a specific trade receivable was obtained for each reporting operation and calculated as a percentage of the Group's total impairment allowance at year-end and it was determined that the percentage did not exceed 3,7% (2011: 2,3%) of the total allowance raised.

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for the year ended June 30

	2012 R'000	2011 R'000
36. Financial instruments *(continued)*		
36.2 Credit risk *(continued)*		
36.2.1 Trade receivables *(continued)*		
Movement in impairment allowance in respect of trade receivables		
Balance at July 1	427 446	426 848
Allowance raised during the year	180 459	251 968
Bidvest South Africa		
Automotive	22 004	22 208
Electrical	1 911	12 210
Financial Services	5 859	32 434
Freight	6 441	4 160
Industrial	1 417	7 046
Office Products	3 387	9 009
Paper Plus	7 783	7 209
Rental and Products	1 307	5 070
Services	3 576	12 644
Travel and Aviation	5 458	22 800
Bidvest Foodservice		
Asia Pacific	61 782	47 234
Europe	32 322	21 791
Southern Africa	17 828	15 969
Bidvest Namibia	6 791	7 162
Bidvest Corporate	2 593	25 022
Allowance utilised during the year	(110 536)	(137 516)
Bidvest South Africa		
Automotive	(4 345)	(3 210)
Electrical	(15 272)	(13 889)
Financial Services	-	(20 478)
Freight	(1 972)	(2 705)
Industrial	(419)	(668)
Office Products	(2 838)	(4 112)
Paper Plus	(3 726)	(3 156)
Rental and Products	(2 589)	(2 894)
Services	(1 637)	(3 408)
Travel and Aviation	(707)	(718)
Bidvest Foodservice		
Asia Pacific	(30 741)	(24 126)
Europe	(34 050)	(47 059)
Southern Africa	(9 560)	(7 460)
Bidvest Namibia	(2 290)	(1 028)
Bidvest Corporate	(390)	(2 605)
Balance carried forward	497 369	514 300

	2012 R'000	2011 R'000
36. Financial instruments *(continued)*		
36.2 Credit risk *(continued)*		
36.2.1 Trade receivables *(continued)*		
Balance brought forward	497 369	514 300
Net acquisition of businesses and inter-class transfers	23 363	4 972
Bidvest South Africa		
Electrical	16 117	(5 495)
Freight	(1 204)	–
Industrial	–	1 565
Office Products	–	326
Paper Plus	–	279
Rental and Products	1 276	–
Services	–	(777)
Bidvest Foodservice		
Asia Pacific	421	–
Europe	5 459	9 074
Bidvest Namibia	1 294	–
Impairment written off against trade receivables	(110 719)	(119 715)
Bidvest South Africa		
Automotive	(17 865)	(21 347)
Electrical	(445)	(354)
Financial Services	(154)	(23 900)
Freight	(23 165)	(3 032)
Industrial	(1 303)	(11 767)
Office Products	(2 934)	(5 883)
Paper Plus	(3 422)	(3 597)
Rental and Products	(3 551)	(1 641)
Services	(7 744)	(5 890)
Travel and Aviation	(4 261)	(3 546)
Bidvest Foodservice		
Asia Pacific	(31 157)	(36 470)
Europe	(3 412)	10 444
Southern Africa	(5 360)	(7 946)
Bidvest Namibia	(5 902)	(2 887)
Bidvest Corporate	(44)	(1 899)
Exchange rate adjustments	27 296	889
Balance at June 30	437 309	427 446

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for the year ended June 30

36. Financial instruments *(continued)*

36.2 Credit risk (continued)

36.2.1 Trade receivables *(continued)*

Ageing of trade receivables at June 30

	2012 Gross trade receivables R'000	2012 Impairment allowance R'000	2012 Net trade receivables R'000	2011 Gross trade receivables R'000	2011 Impairment allowance R'000	2011 Net trade receivables R'000
Not past due	9 852 406	(30 622)	9 821 784	8 421 922	(31 758)	8 390 164
Bidvest South Africa						
Automotive	252 969	(6 939)	246 030	165 328	(6 879)	158 449
Electrical	482 111	–	482 111	458 464	(3)	458 461
Financial Services	48 169	(17)	48 152	44 900	(2 557)	42 343
Freight	969 063	(554)	968 509	1 233 170	(11 668)	1 221 502
Industrial	97 826	(183)	97 643	148 777	(53)	148 724
Office Products	334 065	–	334 065	331 491	–	331 491
Paper Plus	324 501	(7)	324 494	288 864	(11)	288 853
Rental and Products	144 360	(347)	144 013	106 769	(187)	106 582
Services	151 313	(371)	150 942	139 828	(410)	139 418
Travel and Aviation	266 245	–	266 245	194 525	–	194 525
Bidvest Foodservice						
Asia Pacific	2 429 908	(8 844)	2 421 064	1 808 378	(5 108)	1 803 270
Europe	3 521 624	(12 203)	3 509 421	2 783 645	(3 819)	2 779 826
Southern Africa	577 244	–	577 244	571 061	(1 053)	570 008
Bidvest Namibia	208 075	(1 152)	206 923	110 082	(8)	110 074
Bidvest Corporate	44 933	(5)	44 928	36 640	(2)	36 638
Past due						
0 – 30 days	1 560 250	(28 142)	1 532 108	1 479 919	(20 937)	1 458 982
Bidvest South Africa						
Automotive	99 516	(2 762)	96 754	153 053	(2 904)	150 149
Electrical	176 115	(52)	176 063	194 736	–	194 736
Financial Services	635	(264)	371	8 883	(6)	8 877
Freight	129 608	(1)	129 607	71 996	(6 525)	65 471
Industrial	21 182	(33)	21 149	17 463	(1 429)	16 034
Office Products	107 345	(89)	107 256	90 760	(1 831)	88 929
Paper Plus	112 554	(19)	112 535	102 621	(322)	102 299
Rental and Products	54 737	(91)	54 646	32 441	(228)	32 213
Services	93 450	(27)	93 423	99 780	(16)	99 764
Travel and Aviation	160 606	(1 662)	158 944	181 512	(33)	181 479
Bidvest Foodservice						
Asia Pacific	291 578	(7 137)	284 441	214 064	(4 221)	209 843
Europe	170 106	(15 396)	154 710	200 391	(1 707)	198 684
Southern Africa	74 862	(164)	74 698	61 551	(56)	61 495
Bidvest Namibia	37 292	(445)	36 847	29 804	(1 659)	28 145
Bidvest Corporate	30 664	–	30 664	20 864	–	20 864
Balance carried forward	11 412 656	(58 764)	11 353 892	9 901 841	(52 695)	9 849 146

36. Financial instruments *(continued)*

36.2 Credit risk (continued)

36.2.1 Trade receivables *(continued)*

Ageing of trade receivables at June 30

	2012 Gross trade receivables R'000	2012 Impairment allowance R'000	2012 Net trade receivables R'000	2011 Gross trade receivables R'000	2011 Impairment allowance R'000	2011 Net trade receivables R'000
Balance brought forward	11 412 656	(58 764)	11 353 892	9 901 841	(52 695)	9 849 146
31 – 180 days	702 690	(186 637)	516 053	744 155	(165 630)	578 525
Bidvest South Africa						
Automotive	34 454	(10 222)	24 232	30 301	(11 466)	18 835
Electrical	139 142	(18 969)	120 173	200 390	(5 027)	195 363
Financial Services	15 662	(11 736)	3 926	18 438	(3 750)	14 688
Freight	53 759	(16 060)	37 699	32 227	(3 548)	28 679
Industrial	10 249	(1 555)	8 694	13 584	(1 759)	11 825
Office Products	39 353	(5 930)	33 423	24 865	(8 030)	16 835
Paper Plus	23 529	(5 371)	18 158	31 226	(6 025)	25 201
Rental and Products	23 353	(1 957)	21 396	15 972	(6 127)	9 845
Services	20 106	(2 089)	18 017	32 963	(9 182)	23 781
Travel and Aviation	37 427	(24 898)	12 529	40 954	(952)	40 002
Bidvest Foodservice						
Asia Pacific	111 879	(26 268)	85 611	104 415	(26 313)	78 102
Europe	93 139	(27 181)	65 958	72 150	(27 366)	44 784
Southern Africa	69 589	(29 191)	40 398	66 681	(27 303)	39 378
Bidvest Namibia	22 695	(4 463)	18 232	23 741	(5 612)	18 129
Bidvest Corporate	8 354	(747)	7 607	36 248	(23 170)	13 078
181 + days	285 888	(191 908)	93 980	261 043	(209 121)	51 922
Bidvest South Africa						
Automotive	3 495	(2 086)	1 409	1 783	(959)	824
Electrical	48 722	(20 466)	28 256	37 085	(32 116)	4 969
Financial Services	–	–	–	–	–	–
Freight	28 484	(12 193)	16 291	33 275	(23 179)	10 096
Industrial	5 000	(1 751)	3 249	667	(586)	81
Office Products	7 230	(5 309)	1 921	8 662	(3 853)	4 809
Paper Plus	2 725	(2 158)	567	1 287	(563)	724
Rental and Products	2 959	(1 208)	1 751	1 167	(561)	606
Services	7 630	(5 076)	2 554	10 735	(3 765)	6 970
Travel and Aviation	2 226	(2 226)	–	35 307	(27 178)	8 129
Bidvest Foodservice						
Asia Pacific	54 633	(46 270)	8 363	46 234	(39 109)	7 125
Europe	63 128	(59 722)	3 406	76 855	(71 633)	5 222
Southern Africa	28 884	(2 773)	26 111	1 758	(799)	959
Bidvest Namibia	5 390	(5 390)	–	4 850	(4 278)	572
Bidvest Corporate	25 382	(25 280)	102	1 378	(542)	836
Total	12 401 234	(437 309)	11 963 925	10 907 039	(427 446)	10 479 593

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for the year ended June 30

36. Financial instruments *(continued)*

36.2 Credit risk (continued)

36.2.1 Trade receivables *(continued)*

Collateral held on past due amounts

	2012		2011	
	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000
Personal surety	*	18 944	*	56 670
Bidvest South Africa				
Automotive		3 557		5 341
Freight		1 367		30
Industrial		–		882
Office Products		11 464		8 722
Bidvest Foodservice				
Southern Africa		2 556		1 505
Bidvest Namibia		–		2 945
Bidvest Corporate		–		7 268
Cover by credit insurance	373 544	377 784	401 732	400 919
Bidvest South Africa				
Electrical	215 190	215 190	276 281	275 468
Freight	58 569	58 569	5 129	5 129
Industrial	11 694	11 694	12 976	12 976
Bidvest Foodservice				
Asia Pacific	32 582	32 582	60 689	60 689
Europe	44 379	48 619	44 923	44 923
Southern Africa	3 126	3 126	1 705	1 705
Bidvest Namibia	8 004	8 004	29	29
Pledge of assets	3 794	3 794	15 204	15 204
Bidvest South Africa				
Automotive	211	211	452	452
Office Products	2	2	371	371
Travel and Aviation	3 581	3 581	13 187	13 187
Bidvest Foodservice				
Southern Africa	–	–	1 194	1 194
Other	34 181	34 181	9 440	3 672
Bidvest South Africa				
Automotive	2 375	2 375	9 440	3 672
Industrial	31 806	31 806	–	–
Total	411 519	434 703	426 376	476 465

**An accurate fair value cannot be attached to personal surety.*

In certain instances the Group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. Where it is the business of the operation to finance assets, the assets are held as collateral in respect of the outstanding debt. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

36. Financial instruments *(continued)*

36.2 Credit risk *(continued)*

36.2.2 Banking and other advances

Refer note 20 for further disclosure.

The impairment allowance account comprises a specific and portfolio impairment allowance. Specific impairments are raised for doubtful advances, including amounts in respect of interest not being serviced and after taking security values into account, and are deducted from advances where the outstanding balance exceeds the value of the security held. A portfolio impairment allowance based on historic experience is raised to cover doubtful advances, which may not be specifically identified at the balance sheet date. The specific and portfolio impairments made during the year are charged to the income statement.

Movement in impairment allowance in respect of banking and other advances

	2012 R'000	2011 R'000
Financial Services		
Balance at July 1	29 177	22 577
Allowance raised during the year	7 111	6 600
Allowance utilised during the year	(6 089)	–
Balance at June 30	30 199	29 177

Ageing of banking and other advances at June 30

	2012			2011		
	Gross banking and other advances R'000	Impairment allowance R'000	Net banking and other advances R'000	Gross banking and other advances R'000	Impairment allowance R'000	Net banking and other advances R'000
Not past due	747 494	(30 199)	717 295	418 157	(3 290)	414 867
Past due	1 324	–	1 324	58 956	(25 887)	33 069
0 – 30 days	1 154	–	1 154	5 092	(1 799)	3 293
31 – 180 days	170	–	170	53 335	(23 705)	29 630
181 + days	–	–	–	529	(383)	146
Total	748 818	(30 199)	718 619	477 113	(29 177)	447 936

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for the year ended June 30

36. Financial instruments *(continued)*

36.2 Credit risk *(continued)*

36.2.2 Banking and other advances *(continued)*

Collateral held on past due amounts

	2012		2011	
	Fair value of collateral held R'000	Banking and other advances net of impairment allowance R'000	Fair value of collateral held R'000	Banking and other advances net of impairment allowance R'000
Pledge of assets	1 324	1 324	33 069	33 069

36.2.3 Investments

Refer note 19 for further disclosure.

The classes for investments are listed held-for-trading, unlisted held-for-trading, listed available-for-sale and unlisted available-for-sale, refer note 19 for the carrying amounts for each of these categories.

There were no impairment losses recognised in respect of investments (2011: Nil).

36.2.4 Guarantees

Over and above the guarantees issued to subsidiaries of the Group, the Group has provided guarantees for fixed amounts in respect of obligations of associates.

The maximum exposure to credit risk in respect of guarantees at the reporting date was as follows:

	2012 R'000	2011 R'000
Guarantees issued in respect of obligations of associates	56 000	56 000

36.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its borrowings centrally for each of the following countries and regions: South Africa, United Kingdom and continental Europe and Asia Pacific. The divisions within each region are therefore not responsible for the management of liquidity risk but rather senior management for each of these regions is responsible for implementing procedures to manage the regional liquidity risk.

36. Financial instruments *(continued)*

36.3 Liquidity risk (continued)

36.3.1 Contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements

		Undiscounted contractual cash flows					
	Carrying amount R'000	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
2012							
Total borrowings (refer note 28)							
Loans secured by mortgage bonds over fixed property	20 289	35 825	957	959	1 759	5 935	26 215
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	120 718	121 972	23 479	14 111	21 459	55 320	7 603
Unsecured loans	7 649 502	8 120 157	3 591 356	391 012	2 731 760	1 116 218	289 811
Floorplan creditors secured by pledge of inventories	440 383	440 383	440 383	–	–	–	–
Bank overdrafts	1 255 848	1 255 848	–	1 255 848	–	–	–
	9 486 740	9 974 185	4 056 175	1 661 930	2 754 978	1 177 473	323 629
Trade and other payables (refer note 32)							
Trade and other payables (excluding forward exchange contracts)	19 994 404	19 994 404	19 988 784	5 620	–	–	–
	19 994 404	19 994 404	19 988 784	5 620	–	–	–
Banking liabilities (refer note 30)							
Call deposits	970 255	1 069 110	1 069 110	–	–	–	–
Fixed and notice deposits	711 424	724 074	697 201	26 873	–	–	–
	1 681 679	1 793 184	1 766 311	26 873	–	–	–
2011							
Total borrowings (refer note 28)							
Loans secured by mortgage bonds over fixed property	35 972	35 972	3 837	3 837	7 759	9 675	10 864
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	41 321	41 403	8 935	8 420	14 573	9 475	–
Unsecured loans	7 242 664	8 124 292	2 857 008	338 752	950 711	3 866 721	111 100
Floorplan creditors secured by pledge of inventories	519 355	519 355	519 355	–	–	–	–
Bank overdrafts	1 628 225	1 628 225	–	1 628 225	–	–	–
	9 467 537	10 349 247	3 389 135	1 979 234	973 043	3 885 871	121 964
Trade and other payables (refer note 32)							
Trade and other payables (excluding forward exchange contracts)	16 805 248	16 805 248	16 799 072	6 176	–	–	–
	16 805 248	16 805 248	16 799 072	6 176	–	–	–
Banking liabilities (refer note 30)							
Call deposits	754 304	754 304	754 304	–	–	–	–
Fixed and notice deposits	521 593	529 408	507 915	21 493	–	–	–
	1 275 897	1 283 712	1 262 219	21 493	–	–	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above.

There were no defaults or breaches of any of the borrowing terms or conditions.

Notes to the consolidated financial statements

for the year ended June 30

	2012 R'000	2011 R'000
36. Financial instruments *(continued)*		
36.3 Liquidity risk *(continued)*		
36.3.2 Trade and other payables by class		
Trade payables		
Bidvest South Africa		
Automotive	610 806	525 234
Electrical	652 365	595 770
Financial Services	138 869	157 742
Freight	1 948 337	1 866 644
Industrial	179 621	145 442
Office Products	375 071	341 993
Paper Plus	285 375	320 240
Rental and Products	127 174	92 607
Services	53 385	68 905
Travel and Aviation	371 681	258 034
Bidvest Foodservice		
Asia Pacific	2 817 070	2 332 686
Europe	5 297 849	4 101 029
Southern Africa	532 061	519 725
Bidvest Namibia	265 708	170 911
Bidvest Corporate	60 156	43 434
	13 715 528	11 540 396
Refer note 32 for further disclosure.		
36.3.3 Undrawn facilities		
The Group has the following undrawn facilities at its disposal to further reduce liquidity risk:		
Unsecured bank overdraft facility, reviewed annually and payable on 364 days' notice		
Utilised	1 247 507	1 628 225
Unutilised	11 166 942	10 228 719
	12 414 449	11 856 944
Unsecured loan facility with various maturity dates through to 2016 and which may be extended by mutual agreement		
Utilised	6 682 590	6 699 806
Unutilised	2 733 778	3 019 400
	9 416 368	9 719 206
Secured loan facilities with various maturity dates through to 2012 and which may be extended by mutual agreement		
Utilised	1 116 173	519 355
Unutilised	948 126	1 004 645
	2 064 299	1 524 000
Other banking facilities		
Utilised	586 021	620 152
Unutilised	1 715 063	784 046
	2 301 084	1 404 197
Total facilities		
Utilised	9 632 291	9 467 538
Unutilised	16 563 909	15 036 810
	26 196 200	24 504 347

36. Financial instruments *(continued)*

36.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

36.4.1 Currency risk

The Group's financial instruments are not significantly exposed to currency risk for the reasons provided below. A sensitivity analyses has therefore not been performed.

Borrowings are matched to the same foreign currency as the division raising the loan thereby limiting the divisions' exposure to changes in a foreign currency which differs to their functional currency. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying divisions of the Group thereby providing an economic hedge for each class of borrowing.

Banking advances (refer note 20), banking liabilities (refer note 30) and investments (refer note 19) are all denominated in the same functional currency as the operation in which they are held, thus these financial instruments are not exposed to currency risk.

The Group incurs currency risk as a result of purchases and sales which are denominated in a currency other than the Group entities' functional reporting currency. It is Group policy that Group entities hedge all trade receivables and trade payables denominated in a foreign currency which differs to its functional currency. At any point in time the entities also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases. The Group entities hedge their foreign currency risk exposure either by taking out forward exchange contracts (FECs) or alternatively by purchasing in advance the foreign currency which will be required to settle the trade payables. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity. It is the Group's policy not to trade in derivative financial instruments for speculative purposes with the exception of Bidvest Bank Limited whose business is to trade in derivatives.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies (in relation to the operations' functional currency) and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the forward exchange contracts and the foreign exchange gains and losses relating to the monetary items are recognised in operating profit (refer note 2).

The periods in which the cash flows associated with the forward exchange contracts are expected to occur are detailed below under the heading 'Settlement'. The periods in which the cash flows are expected to impact the income statement are believed to be in the same time frame as when the actual cash flows occur.

Notes to the consolidated financial statements

for the year ended June 30

36. Financial instruments *(continued)*

36.4 Market risk (continued)

36.4.1 Currency risk *(continued)*

	Settlement	Contract value Foreign amount 000's	Contract value Rand amount 000's
2012			
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2012			
Japanese yen	July 2012 to October 2012	(1 944 122)	(193 843)
US dollar	July 2012 to October 2012	(37 573)	(310 111)
Euro	July 2012 to November 2012	(9 105)	(96 826)
Sterling	July 2012 to September 2012	(346)	(4 514)
AUD	July 2012 to September 2012	(1 132)	(10 016)
Other	July 2012 to October 2012	(1 400)	(2 782)
			(618 092)
In respect of forward exchange contracts relating to foreign assets as at June 30 2012			
US dollar	July 2012 to September 2012	231	1 989
Euro	July 2012 to September 2012	375	3 912
			5 901
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at June 30 2012			
Japanese yen	July 2012 to August 2012	(62 404)	(6 546)
US dollar	July 2012 to July 2014	(90 563)	(742 450)
Euro	July 2012 to December 2012	(4 001)	(42 868)
Sterling	July 2012 to August 2012	(71)	(917)
AUD	July 2012 to March 2013	(5 543)	(46 715)
Other	July 2012	(586)	(161)
			(839 657)

36. Financial instruments *(continued)*

36.4 Market risk (continued)

36.4.1 Currency risk *(continued)*

	Settlement	Contract value Foreign amount 000's	 Rand amount 000's
2011			
In respect of forward exchange contracts relating to foreign liabilities as at June 30 2011			
Japanese yen	July 2011 to October 2011	(2 344 362)	(199 258)
US dollars	July 2011 to October 2011	(37 409)	(246 700)
Euro	July 2011 to November 2011	(13 128)	(129 576)
Sterling	July 2011 to October 2011	(299)	(3 342)
AUD	July 2011 to October 2011	(1 461)	(10 608)
Other	July 2011 to August 2011	(2 534)	(3 949)
			(593 433)
In respect of forward exchange contracts relating to foreign assets as at June 30 2011			
US dollars	July 2011 to August 2011	22	148
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at June 30 2011			
Japanese yen	July 2011 to August 2011	(33 890)	(2 867)
US dollars	July 2011 to January 2013	(53 447)	(364 872)
Euro	July 2011 to November 2011	(3 208)	(31 538)
Sterling	July 2011 to January 2012	(262)	(2 941)
Norwegian krone	July 2011 to September 2011	(3 554)	(4 411)
AUD	July 2011 to November 2011	(1 047)	(7 569)
Other	July 2011 to September 2011	(894)	(492)
			(414 690)

The total value of trade receivables and trade payables whose payment terms are fixed in a foreign currency other than its operational currency are R496,1 million (2011: R424,8 million) and R1 141,3 million (2011: R1 020,1 million), respectively.

Notes to the consolidated financial statements

for the year ended June 30

36. Financial instruments *(continued)*

36.4 Market risk *(continued)*

36.4.2 Interest rate risk

The Group adopts a policy of ensuring that its borrowings are at market-related rates to address its interest rate risk. The Group's investments in listed bonds, accounted for as available-for-sale and held-for-trading financial assets and banking advances and liabilities are exposed to a risk of change in fair value due to movements in interest rates. Investments in equity securities accounted for as held-for-trading financial assets and trade receivables and payables are not exposed to interest rate risk.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2012 R'000	2011 R'000
Fixed rate instruments		
Financial assets		
Available-for-sale listed bonds	80 292	62 564
Held-for-trading listed bonds	42 760	26 378
Banking and other advances	205 718	33 972
Financial liabilities		
Borrowings	(4 854 630)	(5 187 234)
Banking liabilities	(63 294)	(132 354)
Variable rate instruments		
Financial assets		
Cash and cash equivalents	5 871 305	4 437 267
Banking and other advances	543 100	443 142
Financial liabilities		
Borrowings	(3 376 262)	(2 652 078)
Banking liabilities	(1 618 385)	(1 143 543)
Overdrafts	(1 255 848)	(1 628 225)

The Group's exposure to interest rates on financial assets and liabilities are detailed in the various notes within the financial statements.

The variable rates are influenced by movements in the prime borrowing rates.

Sensitivity analyses

The effect of a change in interest rate on the fair value of the listed bonds accounted for as held-for-trading and available-for-sale is not believed to have a significant effect on the Group's profit for the period and equity.

Group borrowings have been categorised by geographical location and the percentage change used for each category has been selected based on what could reasonably be expected as a change in interest rates within that region based on historical movements in interest rates within that particular region. These sensitivity analyses have been prepared using the average borrowings for the financial year as the actual borrowings at June 30 are not representative of the borrowings during the year. These analyses assume that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2011. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below.

	2012		2011	
	Increase in interest rates %	Decrease in profit after taxation R'000	Increase in interest rates %	Decrease in profit after taxation R'000
Variable rate borrowings including overdrafts				
Southern Africa	0,50	13 166	0,50	9 765
United Kingdom and continental Europe	0,25	21 138	0,25	10 083
Asia Pacific	0,25	8 508	0,25	6 819
		42 812		26 667

36. Financial instruments *(continued)*

36.4 Market risk (continued)

36.4.3 Market price risk

Equity price risk arises from investments classified as held-for-trading and available-for-sale (refer note 19). Available-for-sale financial assets include listed bonds held by the Group's wholly owned subsidiary Bidvest Bank Limited. Held-for-trading investments comprise listed share portfolios whose performance is monitored closely by senior management and the Group actively trades in these shares. The Group's subsidiaries Bidvest Insurance Limited and Bidvest Life Limited hold investment portfolios with a fair value of R419 million (2011: R343 million) and R199 million (2011: R162,1 million) respectively, for the purpose of being utilised to cover liabilities arising under the assurance funds. These portfolios comprise domestic equity investments and international equity and money market funds. Unlisted investments comprise unlisted shares and loans which are classified as held-for-trading and are valued at fair value using a price earnings (PE) model.

36.5 Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values with the exception of borrowings and trade receivables (which have been accounted for at amortised cost and certain investments where fair value cannot be determined). The fair value of borrowings, together with the carrying amounts shown in the balance sheet, classified by class (being geographical location), are as follows:

	2012		2011	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Borrowings (refer note 28)				
Southern Africa	6 348 681	6 345 687	6 767 235	6 767 235
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	3 252	3 213	445	445
Unsecured loans	4 686 964	4 684 009	4 619 210	4 619 210
Floor plan creditors secured by a pledge of inventories	440 383	440 383	519 355	519 355
Bank overdrafts	1 218 082	1 218 082	1 628 225	1 628 225
Europe	1 572 061	1 572 061	1 505 172	1 514 569
Loans secured by mortgage bonds over fixed property	20 288	20 288	35 972	35 972
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	503	503	40 272	40 272
Unsecured loans	1 513 504	1 513 504	1 428 928	1 438 325
Bank overdrafts	37 766	37 766	–	–
Asia Pacific	1 565 998	1 565 998	1 195 130	1 195 130
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	116 962	116 962	604	604
Unsecured loans	1 449 036	1 449 036	1 194 526	1 194 526
	9 486 740	9 483 746	9 467 537	9 476 934
Unrecognised gain (loss)	2 994		(9 397)	

The methods used to estimate the fair values of financial instruments are discussed in note 40.

The interest rates used to discount cash flows, in order to determine fair values, are based on market related rates at June 30 2012 plus an adequate constant credit spread, and range from 1,1% to 11,3% (2011: 1,2% to 17,8%).

Notes to the consolidated financial statements

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37. Capital management

The board of directors' policy is to maintain a strong capital base so as to maintain investor, supplier and market confidence whilst also being able to sustain future development of the businesses. The board of directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding minority interests and the level of distributions to ordinary shareholders. The Group's objective is to maintain a distribution cover of approximately 2,25 times headline earnings for the foreseeable future. The methods of distribution include dividends, return of share premium, capitalisation issues as well as share buy-backs in lieu of distributions. The level of cover of distributions takes into account prevailing market conditions, future cash requirements of the businesses, Group liquidity requirements, as well as capital adequacy ratios.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of gearing and the advantages and security afforded by a sound equity position. The Group's target is to achieve a return on shareholders' interest of between 25% and 30%. In 2012 the return was 25,1% (2011: 21,1%). Refer to page 14 of this annual integrated report for the historical return on total shareholders ' interest since 2001.

In the early days of the Group, acquisition activity was generally funded via the raising of equity capital however over the past five years, far more favourable credit markets have enabled the use of debt as a far more effective tool of capital. The current credit markets are subject to significant volatility however the cost of debt in the weighted average cost of capital for the Group remains attractive.

From time to time the Group purchases its own shares on the market, the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Bidvest Share Incentive Scheme (refer note 26). The maximum number of share options which can be issued to employees under the Bidvest Share Incentive Scheme is limited in aggregate to 10% of the issued share capital. The Group does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year.

With the exception of the Group's banking and insurance subsidiaries, whose capital is well within the statutory requirements, neither the Company nor any of its other subsidiaries are subject to externally imposed capital requirements. The Group has principally a target debt/equity ratio of 40%, however in a trading and services business, the debt/equity ratio is a poor measure of the funding capacity of the Group. In order to ensure a more reflective measure of debt capacity is utilised, the Group has adopted an interest cover target of between five to six times. Interest cover for the year to June 30 2012 was nine times (2011: nine times).

38. Related parties

Identification of related parties

The Group has a related party relationship with its subsidiaries, associates and joint ventures. Key management personnel has been defined as the executive and non-executive directors of the Company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Independent non-executive directors do not participate in the Group's share option, share purchase schemes or conditional share awards.

Details pertaining to executive directors' compensations are set out in the directors' report. Directors' remuneration in total is included in note 2.

The Group encourages its employees to purchase goods and services from Group companies. These transactions are generally conducted on terms no more favourable than those entered into with third parties on an arm's-length basis, although in some cases nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key management personnel during the year, nor have they resulted in any non-performing debts at the year-end.

38. Related parties *(continued)*

Transactions with key management personnel *(continued)*
Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at Group level.

Certain of the directors of the Group are also non-executive directors of other public companies which may transact with the Group. The relevant directors do not believe they have significant influence over the financial or operational policies of those companies. Those companies are thus not regarded as related parties.

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries of the Group and key management personnel (as defined above) and/or organisations in which key management personnel have significant influence:

	2012 R'000	2011 R'000
Sales and services provided by the Group	1 661	4 049
Purchases	6 194	17 719
Outstanding amounts due to the Group at year-end included in respect of the share purchase scheme	49 372	100 878
Outstanding amounts due to the Group at year-end included in trade receivables	–	34
Outstanding amounts due by the Group at year-end included in banking liabilities	7 578	7 372

Transactions with associates
The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries and associates of the Group:

	2012 R'000	2011 R'000
Sales and services provided by the Group	22 393	9
Purchases	143 014	152 781
Outstanding amounts due to the Group at year-end included in advances to associates	77 872	40 561
Outstanding amounts due to the Group at year-end included in trade receivables	8 018	866
Outstanding amounts due by the Group at year-end included in borrowings	7 853	47 787
Outstanding amounts due by the Group at year-end included in trade payables	27 898	38 795
Guarantees issued	56 000	56 000

Details of effective interest, investments and loans to associates are disclosed in note 18.

39. Accounting estimates and judgements

The board of directors has considered the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

Critical accounting policies
The audit committee is satisfied that the critical accounting policies are appropriate to the Group.

Key sources of uncertainty
Key sources of uncertainty relate to the liabilities of the benefit funds or related assets due to the surplus apportionment in terms of the Pensions Fund Act which have yet to be finalised and approved. Details relating to the current surpluses and deficits are included in note 29.

Critical accounting judgements in applying the Group's accounting policies
Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Property, plant and equipment
The residual values of the property, plant and equipment are reviewed annually after considering future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. The properties held in Bidvest Properties segment are accounted for as own use assets and are thus held at cost less depreciation. Market indicators reflect, that these properties could realise more than their carrying values, if disposed of.

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39. Accounting estimates and judgements *(continued)*

Goodwill

The Group has assessed the carrying value of goodwill to determine whether any of the amounts have been impaired. The carrying values were assessed using a combination of discounted cash flow and price earnings methods, the actual results and forecasts for future years.

Deferred taxation

Deferred taxation assets are recognised to the extent it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

Investments

The Group reflects its held for-trade and available-for-sale investments at fair value. The directors' value of unlisted investments was determined using a combination of discounted cash flow, net asset value and price earnings methods. Investments held are of a long-term nature and uncertainty surrounds their valuation, which may result in a significant change in value.

Inventories

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowances are made with reference to an inventory age analysis.

Trade receivables

Management identifies impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against trade receivables when their collectibility is considered to be doubtful. Management believe that the impairment adjustment is conservative and there are no significant trade receivables that are doubtful and have not been impaired or allowance provided for. In determining whether a particular receivable could be doubtful, the age, customer current financial status and disputes with the customer are taken into consideration.

Provisions

Refer note 33 for further disclosure.

Post-retirement obligations

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories. Actuarial valuations are based on assumptions which include the discount rate, inflation rate, salary increase rate, expected return on plan assets and the pension increase allowance rate.

40. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory.

Investments

Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the statement of financial position date. Fair value of unlisted investments is determined by using appropriate valuation models. (refer note 19)

Forward exchange contracts

The fair value of forward exchange contracts is based on their listed market prices.

40. Determination of fair values *(continued)*

Borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. The carrying value of the bank overdrafts is the fair value.

Share-based payments

The fair value of the share options is measured using a binomial method. Measurement inputs include share price at measurement date, exercise price of the instrument, expected volatility (based on the historic volatility), option life, distribution yield and the risk-free interest rate (based on national government bonds).

41. Accounting standards and interpretations not effective at June 30 2012

At the date of approval of the annual financial statements, the following new standards and interpretations that apply to the Group were in issue but not yet effective:

Standard/interpretation	Description	Effective date
IFRS 9	Financial Instruments	January 1 2015
IFRS 10	Consolidated Financial Statements	January 1 2013
IFRS 11	Joint Arrangements	January 1 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1 2013
IFRS 13	Fair Value Measurement	January 1 2013
IAS 12	Income Taxes: Recovery of Underlying Assets	January 1 2012
IAS 19	Employee Benefits	January 1 2013

IFRS 9

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

Management does not expect any significant impact on the financial results.

IFRS 10

IFRS 10 addresses the divergence arising from the control based principles in IAS 27 and the risks and rewards based approach in SIC 12, and in addition, provides greater guidance on ‘de facto’ control.

Management does not expect any significant impact on the financial results.

IFRS 11

IFRS 11 identifies two types of joint arrangements, joint operations and joint ventures, and prohibits the use of proportionate consolidation for joint ventures.

Management does not expect any significant impact on the financial results.

IFRIC 12

In order to provide greater transparency, IFRS 12 requires disclosure of the nature, risks and financial impact of consolidated and unconsolidated entities.

Management does not expect any significant impact on the financial results.

IFRS 13

IFRS 13 is a single cohesive standard consolidating the principles of fair value measurement and disclosures for financial reporting. Fair value measurements of a non-financial asset will take into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Management does not expect any significant impact on the financial results.

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41. Standards and interpretations not effective at June 30 2012 *(continued)*

IAS 12

For the purposes of measuring deferred tax, the amendments introduce a rebuttable presumption that the carrying amount of investment property measured using the fair value model in terms of IAS 40, will be recovered entirely through sale and thus deferred tax is raised at the capital gains tax rate. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale, and where investment property acquired in a business combination is measured using the fair value model subsequent to the business combination. In these circumstances, deferred tax is raised at the corporate tax rate.

Management does not expect any significant impact on the financial results.

IAS 19

The elimination of the corridor method will require entities to recognise changes in defined obligations and plan assets immediately through Other Comprehensive Income. The amendments in Comprehensive Income presentation result in the consistent treatment of changes in the defined obligation and plan assets.

Management does not expect any significant impact on the financial results.

IASB annual improvements 2009 – 2011 cycle

The amendments embodied in the annual improvements 2009 – 2011 cycle are effective for the Group for the year ending June 30 2014.

As part of its annual improvements project, the International Accounting Standards (IASB) made amendments to a number of accounting standards. These amendments were primarily made to resolve conflicts and remove inconsistencies between standards, clarify the status of application guidances in standards, clarify existing IFRS requirements, as well as conforming the terminology used in standards with that used in other standards and to those more widely used.

Management's assessment of the improvements has not revealed any material impact on the Group's results.

In addition to the aforementioned, management have assessed the impact of the changes to IAS 1; IAS 16; IAS 27; IAS 28; IAS 34 and IFRIC 20 and have determined these changes will not have any material impact on the Group's results.

	2012	2011
42. Foreign currency exchange rates		
The following exchange rates were used in the conversion of foreign interests and foreign transactions at June 30		
Rand/sterling		
Closing rate	12,94	10,97
Average rate	12,34	11,18
Rand/euro		
Closing rate	10,46	9,84
Average rate	10,41	9,56
Rand/Australian dollar		
Closing rate	8,42	7,25
Average rate	8,03	6,94
Rand/New Zealand dollar		
Closing rate	6,60	5,60
Average rate	6,26	5,32
Rand/Hong Kong dollar		
Closing rate	1,07	0,88
Average rate	1,00	0,90
Rand/Singapore dollar		
Closing rate	6,52	5,54
Average rate	6,18	5,43
Rand/Czech Koruna		
Closing rate	0,40	0,41
Average rate	0,42	0,39
Rand/Polish Zloty		
Closing rate	2,41	2,48
Average rate	2,45	2,42
Rand/US dollar		
Closing rate	8,29	6,84
Average rate	7,79	7,03
Rand/Japanese yen		
Closing rate	0,10	0,08
Average rate	0,10	0,08

43. Restatement of segmental information

During the year, certain operations in Bidvest South Africa were reclassified between segments. The comparative year's segmental information has been restated to reflect these changes.

The above reorganisation had no impact on the results of the Group as previously reported, and as such, a restated consolidated financial position for the year to June 30 2010 has not been included with this report.

Company income statement

for the year ended June 30

	Note	2012 R'000	2011 R'000
Dividends received		**1 335 152**	4 849 752
Subsidiaries and joint ventures		**1 291 491**	4 823 121
Associates		**43 661**	26 631
Fair value adjustments and impairment of investment in subsidiaries, joint ventures and associates		**(11 731)**	(50 878)
Profit (loss) on disposal of subsidiaries, joint ventures and associates		**(82 552)**	136 376
Unclaimed dividends written back		**1 230**	–
Profit before taxation		**1 242 099**	4 935 250
Taxation	1	**(97 393)**	(129 462)
Profit for the year attributable to shareholders		**1 144 706**	4 805 788
Total comprehensive income for the year		**1 144 706**	4 805 788

Company statement of cash flows

for the year ended June 30

	Note	2012 R'000	2011 R'000
Cash flows from operating activities		**(775 709)**	3 196 878
Cash generated by operations	2	**1 336 269**	4 850 700
Taxation paid	3	**(97 393)**	(129 462)
Dividends paid		**(2 014 585)**	(1 524 360)
Cash effects of investment activities		**712 077**	249 891
Decrease in advances to subsidiaries		**823 083**	75 621
Acquisition of subsidiaries and associates	4	**(111 006)**	(175 522)
Proceeds on disposal of subsidiaries, joint ventures and associates	5	**–**	349 792
Cash effects of financing activities		**56 247**	(3 465 829)
Proceeds from share issues		**56 247**	–
Buy-back and cancellation of shares		**–**	(3 465 829)
Net increase in cash and cash equivalents		**(7 385)**	(19 060)
Cash and cash equivalents at beginning of year		**97 013**	116 073
Cash and cash equivalents at end of year		**89 628**	97 013

Company statement of financial position

at June 30

	Note	2012 R'000	2011 R'000
ASSETS			
Non-current assets		6 658 751	7 707 370
Interest in subsidiaries	6	6 547 207	7 595 826
Interest in joint ventures	7	4 540	4 540
Interest in associates	8	106 654	106 654
Investments	9	350	350
Current assets			
Cash and cash equivalents		89 628	97 013
Total assets		6 748 379	7 804 383
EQUITY AND LIABILITIES			
Capital and reserves	10	6 737 901	7 793 792
Current liabilities			
Trade and other payables		10 478	10 591
Total equity and liabilities		6 748 379	7 804 383

Company statement of changes in equity

for the year ended June 30

	2012 R'000	2011 R'000
Share capital	16 387	16 367
Balance at beginning of year	16 367	17 507
Shares issued in terms of the share incentive scheme	20	–
Buy-back and cancellation of shares	–	(1 140)
Share premium	137 485	81 258
Balance at beginning of year	81 258	81 258
Share issue costs	(33)	–
Shares issued in terms of the share incentive scheme	56 260	–
Equity-settled share-based payment reserve	147 885	390 144
Balance at beginning of year	390 144	283 594
Arising during the year	117 669	106 550
Utilisation during the year	(56 273)	–
Transfer to investment in subsidiaries	(303 655)	–
Movement in retained earnings	6 436 144	7 306 023
Balance at beginning of year	7 306 023	7 489 284
Total comprehensive income for the year	1 144 706	4 805 788
Buy-back and cancellation of shares	–	(3 464 689)
Dividends paid	(2 014 585)	(1 524 360)
Equity attributable to shareholders of the Company	6 737 901	7 793 792

Notes to the Company financial statements

for the year ended June 30

		2012 R'000	2011 R'000
1.	**Taxation**		
	Current taxation		
	Prior year	**(235)**	34
	Secondary taxation on companies	**94 131**	126 346
	Foreign withholdings tax	**3 497**	3 082
	Total taxation per income statement	**97 393**	129 462
	The reconciliation of the effective tax rate with the Company tax rate is as follows:	**%**	%
	Taxation for the year as a percentage of profit before taxation	**7,8**	2,7
	Dividend and exempt income	**30,2**	28,3
	Withholding taxes	**(0,3)**	(0,1)
	Secondary taxation on companies	**(7,6)**	(2,6)
	Expenses not taxable or allowed	**(2,1)**	(0,3)
	Rate of South African company taxation	**28,0**	28,0
2.	**Cash generated by operations**	**R'000**	R'000
	Profit before taxation	**1 242 099**	4 935 250
	Adjustment for non-cash items	**93 053**	(85 498)
	Retained to finance working capital		
	Increase (decrease) in trade and other payables and provisions	**1 117**	948
	Cash generated by operations	**1 336 269**	4 850 700
3.	**Taxation paid**		
	Amount payable at beginning of year	**–**	–
	Per income statement	**(97 393)**	(129 462)
	Amount payable at end of year	**–**	–
	Amount paid	**(97 393)**	(129 462)
4.	**Acquisition of subsidiaries and associates**		
	Interest in subsidiaries	**(111 006)**	(158 822)
	Interest in associates	**–**	(16 700)
	Amounts paid	**(111 006)**	(175 522)

	2012 R'000	2011 R'000
5. Proceeds on disposal of subsidiaries, joint ventures and associates		
Interest in subsidiaries – Net carrying value	82 552	213 416
Profit (loss) profit on disposal	(82 552)	136 376
Net proceeds	–	349 792
6. Interest in subsidiaries		
Shares at net realisable value	3 517 331	3 740 905
Due by subsidiaries	3 537 335	4 280 247
Due to subsidiaries	(507 459)	(425 326)
	6 547 207	7 595 826
Details of major subsidiaries are reflected on pages 159 to 166 of this report.		
7. Interest in joint ventures		
Shares at cost	4 540	4 540
Details of major joint ventures on page 166 of this report.		
8. Interest in associates		
Listed	5 742	5 742
Unlisted	80 817	80 817
	86 559	86 559
Interest-free advances	20 095	20 095
	106 654	106 654
Market value of listed associates	29 700	29 700
Directors' value of unlisted associates	325 900	342 400
	355 600	372 100
Details of major associates are reflected on page 166 of this report.		
9. Investments		
Unlisted shares	350	350
Directors' value of unlisted investments	350	350
10. Capital and reserves		
Share capital		
Authorised		
540 000 000 (2011: 540 000 000) ordinary shares of 5 cents each	27 000	27 000
	Number	Number
Issued		
Balance at beginning of year	327 348 572	350 144 746
Buy-back and cancellation of shares in subsidiary	–	(22 796 174)
Shares issued in terms of the share incentive scheme	386 357	–
Balance at end of year	327 734 929	327 348 572

Notes to the Company financial statements

for the year ended June 30

	2012 R'000	2011 R'000
10. Capital and reserves *(continued)*		
Issued share capital		
Share capital	**16 387**	16 367
Share premium	**137 485**	81 258
Reserves		
Equity-settled share-based payment reserve	**147 885**	390 144
Retained earnings	**6 436 144**	7 306 023
	6 737 901	7 793 792
30 000 000 of the unissued shares are under the control of the directors until the next annual general meeting.		
11. Contingent liabilities		
In respect of guarantees of banking and other facilities granted to subsidiaries and associates	**26 320 200**	24 560 347
Of which has been utilised	**9 700 291**	9 467 537

12. Borrowing powers

Borrowing powers, in terms of the articles of association, are unlimited.

13. Related parties

The subsidiaries, joint ventures and associates of the Group are identified in the annexure set out on pages 159 to 166. All of these entities are related parties of the Company. The Company has made loans to, and has received loans from, certain of these entities as set out in the said annexure.

Details of income received from these related parties are included in the income statement.

All expenditure incurred by the Company is borne by a subsidiary in lieu of administration fees and interest.

Interest in subsidiaries, joint ventures and associates

as at June 30

	Effective holdings		Shares		Indebtedness	
Major subsidiaries	**2012 %**	2011 %	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Bidvest Automotive[A]						
Autohaus Centurion (Pty) Limited	**50**	50	**–**	–	**–**	–
Coltish Investments (Pty) Limited	**100**	100	**–**	–	**–**	–
Eliance (Pty) Limited	**100**	100	**–**	–	**–**	–
Inyanga Motors (Pty) Limited	**90**	90	**–**	–	**–**	–
Inyanga Plaza Investments (Pty) Limited	**90**	90	**–**	–	**–**	–
Kunene Motor Holdings Limited	**64**	51	**–**	–	**–**	–
McCarthy Limited	**100**	100	**759 301**	795 804	**–**	–
Bidvest Electrical[B]						
Bellco Electrical (Pty) Limited	**100**	100	**–**	–	**–**	–
Sanlic International (Pty) Limited	**100**	100	**–**	–	**–**	–
Versalec Cables (Pty) Limited	**100**	100	**84 315**	84 373	**–**	–
Voltex (Pty) Limited	**100**	100	**–**	–	**(9 824)**	(9 824)
Voltex Holdings Limited	**100**	100	**251 074**	273 147	**–**	–
Bidvest Financial Services[C]						
Bidvest Bank Holdings Limited	**100**	100	**546 660**	455 373	**163**	163
Bidvest Bank Limited	**100**	100	**–**	–	**49 833**	136 376
Bidvest Capital (Pty) Limited	**100**	100	**–**	–	**–**	–
Bidvest Insurance Limited	**100**	100	**–**	–	**–**	–
Bidvest Life Limited	**100**	100	**–**	–	**–**	–
Master Currency (Pty) Limited	**100**	100	**17 283**	46 476	**–**	–
McCarthy Retail Finance (Pty) Limited	**100**	100	**–**	–	**–**	–
MCY Management Services (Pty) Limited	**100**	100	**716**	741	**–**	–
Namibia Bureau de Change (Pty) Limited[17]	**51**	51	**–**	–	**–**	–
Rennies Foreign Exchange (Botswana) (Pty) Limited[3]	**51**	51	**–**	–	**–**	–
Rennies Travel Holdings (Malawi) Limited[13]	**100**	100	**–**	–	**–**	–
Viamax (Pty) Limited	**100**	100	**–**	–	**–**	–
Viamax Fleet Solutions (Pty) Limited	**100**	100	**–**	–	**–**	–
Bidvest Freight[D]						
African Shipping Limited	**100**	100	**9 377**	9 798	**–**	–
Bidfreight Intermodal (Pty) Limited#	**100**	100	**–**	–	**–**	–
Bidfreight Port Operations (Pty) Limited#	**100**	100	**–**	–	**–**	–
Bidfreight Terminals (Pty) Limited#	**100**	100	**–**	–	**–**	–
Bidvest Freight (Pty) Limited#	**100**	100	**–**	–	**–**	–
Bulk Connections (Pty) Limited#	**100**	100	**–**	–	**–**	–
Durban Coal Terminals Company Limited	**100**	100	**111 230**	110 236	**–**	–
Freightbulk (Pty) Limited	**100**	100	**760**	760	**(1)**	(1)
Island View Storage Limited	**100**	100	**369 560**	369 080	**–**	–
Island View Storage Richards Bay (Pty) Limited	**100**	100	**–**	–	**–**	–
Manica (Botswana) (Pty) Limited[3]	**100**	100	**–**	–	**–**	–
Manica (Malawi) Limited[13]	**100**	100	**–**	–	**–**	–
Manica (Zambia) Limited[28]	**100**	100	**–**	–	**–**	–
Manica Africa (Pty) Limited	**100**	100	**–**	–	**–**	–
Manica Holdings Limited	**100**	100	**153 990**	133 540	**–**	–
Manica Zimbabwe Limited[29]	**100**	100	**–**	–	**–**	–
Mocambique Freight Services Limitada[16]	**100**	100				
Naval Servicos A Navegacao Limitada[16]	**100**	100	**–**	–	**–**	–
P & I Associates (Pty) Limited#	**100**	100	**–**	–	**–**	–
Renfreight (Pty) Limited	**100**	100	**96 032**	96 559	**(108)**	(108)
Rennie Murray and Company (Pty) Limited#	**100**	100	**–**	–	**–**	–
Rennies Distribution Services (Pty) Limited#	**100**	100	**–**	–	**–**	–
Rennies Property Holdings (Pty) Limited	**100**	100	**54 000**	54 000	**–**	–
Rennies Ships Agency (Pty) Limited#	**100**	100	**–**	–	**–**	–

Interest in subsidiaries, joint ventures and associates

as at June 30

	Effective holdings		Shares		Indebtedness	
Major subsidiaries	**2012 %**	2011 %	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Bidvest Freight[(D)] *(continued)*						
Safcor Freight (Pty) Limited (t/a Bidvest Panalpina Logistics)	**100**	100	**105 885**	108 274	**–**	–
South African Bulk Terminals Limited	**100**	100	**52 444**	52 475	**–**	–
South African Container Depots (Pty) Limited#	**100**	100	**–**	–	**–**	–
South African Container Stevedores (Pty) Limited	**82**	82	**1**	91	**–**	–
Bidvest Industrial[(E)]						
Afcom Group Limited	**100**	100	**12 496**	12 496	**31 587**	31 587
African Commerce Developing Company (Pty) Limited#	**100**	100	**–**	–	**–**	–
Berzack Brothers (Jhb) (Pty) Limited	**100**	100	**–**	–	**–**	–
Berzack Brothers (Pty) Limited	**100**	100	**–**	–	**–**	–
Bidvest Materials Handling (Pty) Limited	**100**	100	**–**	–	**–**	–
Bloch & Levitan (Pty) Limited	**100**	100	**–**	–	**–**	–
Buffalo Executape (Pty) Limited#	**100**	100	**–**	–	**–**	–
Buffalo Tapes (Pty) Limited#	**100**	100	**–**	–	**–**	–
Ram Fasteners (Pty) Limited	**100**	100	**3 319**	3 525	**4 806**	4 806
Sellotape (Pty) Limited#	**100**	100	**–**	–	**–**	–
Tuning Fork (Pty) Limited	**100**	100	**–**	–	**180 000**	–
Vulcan Catering Supplies (Pty) Limited	**100**	100	**–**	–	**–**	–
Bidvest Office[(F)]						
Back To School Supplies (Pty) Limited	**100**	100	**36**	36	**(36)**	(36)
Bid Information Exchange (Pty) Limited#	**100**	100	**–**	–	**–**	–
Bidoffice (Pty) Limited	**100**	100	**–**	–	**–**	–
Bidoffice Furniture Manufacturing (Pty) Ltd#	**100**	–	**–**	–	**–**	–
Bonanza Holdings (Pty) Limited#	**100**	100	**–**	–	**–**	25
Budget Desks And Chairs (Pty) Limited#	**100**	100	**–**	–	**–**	–
Cecil Nurse (Pty) Limited#	**100**	100	**–**	–	**–**	–
Contract Office Products (Pty) Limited#	**100**	100	**–**	–	**–**	–
Dauphin Office Seating S.A. (Pty) Limited	**71**	71	**1 461**	1 908	**–**	–
Ditulo Office (Pty) Limited	**43**	43	**143**	143	**–**	–
Global Payment Technologies (Pty) Limited#	**100**	100	**44 301**	44 301	**(71 734)**	–
Hortors Stationery (Pty) Limited#	**100**	100	**–**	–	**–**	–
Minolco (Pty) Limited#	**100**	100	**–**	–	**–**	–
Nuclear Corporate Furniture (Pty) Limited#	**100**	100	**–**	–	**–**	–
Offurn Clearance House (Pty) Limited#	**100**	100	**5 963**	5 963	**(6 551)**	(6 551)
Pago Designs (Pty) Limited#	**100**	100	**–**	–	**600**	600
Seating (Pty) Limited#	**100**	100	**–**	–	**–**	–
South African Diaries (Pty) Limited#	**100**	100	**–**	–	**–**	–
Waltons (Pty) Limited#	**100**	100	**31**	31	**(31)**	(31)

	Effective holdings		Shares		Indebtedness	
Major subsidiaries	**2012 %**	2011 %	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Bidvest Paperplus[(G)]						
Bidpaper Plus (Pty) Limited	**100**	100	**–**	–	**–**	–
Bidpaper Plus Holdings Limited	**100**	100	**139 655**	145 425	**–**	–
Blesston Printing and Associates (Pty) Limited	**100**	100	**–**	–	**–**	–
Email Connection (Pty) Limited	**100**	100	**1 708**	1 708	**–**	–
Expressed Solutions (Pty) Limited	**100**	100	**–**	–	**–**	–
Globe Stationery Manufacturing Company (Pty) Limited	**100**	100	**–**	–	**–**	–
Kolok (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Kolok Africa (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Afric Mail Cape (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Afric Mail JHB (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Corporate (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Group Services (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech International Limited[(27)]	**100**	100	**–**	–	**–**	–
Lithotech Labels (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Manufacturing Pinetown (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Sales Cape (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Sales Johannesburg (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Sales Port Elizabeth (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Sales Pretoria (Pty) Limited	**100**	100	**–**	–	**–**	–
Lithotech Solutions (Pty) Limited	**100**	100	**–**	–	**–**	–
Lufil Packaging (Pty) Limited	**100**	100	**59 244**	59 244	**(73 462)**	–
Mocobe Properties (Pty) Limited	**100**	100	**–**	–	**–**	–
Ozalid South Africa (Pty) Limited	**100**	100	**–**	–	**–**	–
Paragon Business Communications Limited	**100**	100	**58 809**	58 893	**–**	–
Phakama Print (Pty) Limited	**40**	40	**–**	–	**–**	–
Rotolabel (Tvl) (Pty) Limited	**100**	100	**–**	–	**–**	–
Silveray Manufacturers (Pty) Limited	**100**	100	**–**	–	**–**	–
Silveray Statmark Company (Pty) Limited	**100**	100	**9 844**	6 848	**(9 844)**	(3 089)
Bidvest Rental and Products[(H)]						
Bidserv Industrial Products (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidvest (Zambia) (Pty) Limited[(28)]	**100**	100	**–**	–	**–**	–
Bosnandi Laundry (Pty) Limited	**51**	51	**–**	–	**–**	–
Clockwork Giant Clothing (Pty) Limited[(25)]	**100**	100	**–**	–	**–**	–
Execuflora (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
First Garment Rental (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Giant Clothing Limited[(13)]	**100**	100	**–**	–	**–**	–
Hotel Amenities Suppliers (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Industro–Clean Botswana (Pty) Limited[(3)]	**75**	75	**–**	–	**–**	–
Masterguard Fabric Protection Africa (Pty) Limited[#]	**100**	100	**2 597**	2 597	**–**	–
Pureau Fresh Water Company (Pty) Limited	**82**	82	**24 570**	24 570	**–**	–
Rochester Midlands Industries SA (Pty) Limited	**50**	50	**167**	167	**–**	–
Silk By Design (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Steiner Environmental Solutions (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Steiner Hygiene (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Steiner Hygiene Swaziland (Pty) Limited[(25)]	**100**	100	**–**	–	**–**	–
Umoja Property Solutions (Pty) Limited	**51**	51	**–**	–	**–**	–
G Fox Swaziland (Pty) Limited[(25)]	**100**	–	**–**	–	**–**	–

Interest in subsidiaries, joint ventures and associates

as at June 30

	Effective holdings		Shares		Indebtedness	
Major subsidiaries	**2012 %**	2011 %	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Bidvest Services[(I)]						
African Consultancy For Transportation Security (Pty) Limited	**50**	50	**–**	–	**–**	–
Bidserv (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidtrack (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidvest Magnum (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidvest Magnum Mining Security (Pty) Limited	**58**	58	**–**	–	**–**	–
Dinatla Property Services (Pty) Limited	**100**	100	**9 948**	9 948	**–**	–
First In Staffing Solutions (Pty) Limited	**100**	100	**–**	–	**–**	–
Langa Status Property Services (Pty) Limited	**90**	90	**–**	–	**–**	–
Nomtsalane Property Services (Pty) Limited	**86**	86	**–**	–	**–**	–
Prestige Cleaning Services (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Setsebi Property Services (Pty) Limited	**100**	100	**–**	–	**–**	–
Taemane Cleaning Services (Pty) Limited	**100**	100	**–**	–	**–**	–
TMS Group (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
TMS Group Industrial Services (Pty) Limited[#]	**100**	100	**–**	–	**32**	32
Top Turf Botswana (Pty) Limited[(3)]	**100**	100	**–**	–	**–**	–
Top Turf Group (Pty) Limited[#]	**100**	100	**4**	4	**(4)**	(4)
Top Turf Mauritius (Pty) Limited[(15)]	**100**	100	**–**	–	**–**	–
Top Turf Seychelles (Pty) Limited[(22)]	**100**	100	**–**	–	**–**	–
Top Turf Lesotho (Pty) Limited[(11)]	**100**	100	**–**	–	**–**	–
Top Turf Swaziland (Pty) Limited[(25)]	**100**	100	**–**	–	**–**	–
Total Manpower Solutions (Pty) Limited	**100**	100	**–**	–	**–**	–
Total Outdoors (Swaziland) (Pty) Limited[(25)]	**100**	100	**–**	–	**–**	–
Vericon Outsourcing (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Veriserv (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidvest Travel and Aviation[(J)]						
Bidair Services (Pty) Limited	**100**	100	**226**	921	**(11 734)**	59 291
Bidtravel (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Commuter Handling Services (Pty) Limited	**60**	60	**–**	–	**–**	–
Concorde Travel (Pty) Limited t/a Carlson Wagonlit Travel	**90**	90	**47 161**	47 644	**–**	–
Connex Travel (Pty) Limited t/a BCD Travel	**61**	61	**18 594**	18 146	**6 738**	5 513
EAS Tanzania Limited	**100**	100	**–**	–	**–**	–
Express Air Services Limited[(30)]	**100**	100	**–**	–	**–**	–
EAS Kenya Limited[(9)]	**99**	99	**–**	–	**–**	–
EAS Zimbabwe (Pvt) Limited[(29)]	**100**	100	**–**	–	**–**	–
EAS Zambia Limited[(25)]	**60**	60	**–**	–	**–**	–
Express Air Services (Namibia) (Pty) Limited[(17)]	**90**	90	**–**	–	**–**	–
Express Air Services (Pty) Limited	**100**	100	**–**	–	**–**	–
Harvey World Travel Southern Africa (Pty) Limited	**50**	50	**3 464**	3 464	**–**	–
Macardo Lodge (Pty) Limited t/a Travelwise Travel[(3)]	**51**	51	**–**	–	**–**	–
McCarthy Car Hire (Botswana) (Pty) Limited[(3)]	**100**	100	**–**	–	**–**	–
MyMarketdot Com (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Rennies Travel (Pty) Limited t/a HRG Rennies Travel[#]	**100**	100	**–**	2 054	**–**	(8 431)
Travel Connections (Pty) Limited	**60**	60	**9 000**	9 195	**–**	–
World Travel (Pty) Limited[#]	**100**	100	**7 156**	7 407	**(3 350)**	(3 601)

Major subsidiaries	Effective holdings 2012 %	Effective holdings 2011 %	Shares 2012 R'000	Shares 2011 R'000	Indebtedness 2012 R'000	Indebtedness 2011 R'000
Bidvest Foodservice Asia Pacific[K]						
Angliss (Shenzhen) Food Service Company Limited[4]	**100**	100	**–**	–	**–**	–
Angliss Beijing Food Service Limited[4]	**70**	70	**–**	–	**–**	–
Angliss China Limited (Acl)[7]	**100**	100	**–**	–	**–**	–
Angliss Guangzhou Food Service Limited[4]	**90**	90	**–**	–	**–**	–
Angliss Hong Kong Food Service Limited[7]	**100**	100	**–**	–	**–**	–
Angliss International Investment Limited[7]	**100**	100	**–**	–	**–**	–
Angliss Macau Food Service Limited[4]	**100**	100	**–**	–	**–**	–
Angliss Seafood Pte Limited[23]	**100**	100	**–**	–	**–**	–
Angliss Shanghai Food Service Limited[4]	**70**	70	**–**	–	**–**	–
Angliss Shanghai International Trading Limited[4]	**100**	100	**–**	–	**–**	–
Angliss Singapore Pte Limited[23]	**100**	100	**–**	–	**–**	–
Avid Foodservice Sdn Bhd[14]	**100**	100	**–**	–	**–**	–
Bidvest (N.S.W) Limited[1]	**100**	100	**–**	–	**–**	–
Bidvest (Victoria) (Pty) Limited[1]	**100**	100	**–**	–	**–**	–
Bidvest (W.A.) (Pty) Limited[1]	**100**	100	**–**	–	**–**	–
Bidvest Australia Limited[1]	**100**	100	**–**	–	**–**	–
Bidvest New Zealand Limited[19]	**100**	100	**–**	–	**–**	–
Burleigh Marr Distributions (Pty) Limited[1]	**100**	100	**–**	–	**–**	–
CaterPlus (Pty) Limited[1]	**100**	100	**–**	–	**–**	–
Crean Foodservice Limited[19]	**100**	100	**–**	–	**–**	–
Him Kee Food Distribution Co Limited[7]	**100**	100	**–**	–	**–**	–
John Lewis Foodservice (Pty) Limited[1]	**100**	100	**–**	–	**–**	–
N Stephenson (Pty) Limited[1]	**100**	100	**–**	–	**–**	–
Ocean Fresh Asia Limited[7]	**100**	100	**–**	–	**–**	–
Pastry Global Food Service Limited[7]	**100**	100	**–**	–	**–**	–
Bidvest Foodservice Europe[K]						
Al Diyafa Company for Catering Services LLC[21]	**53**	53	**–**	–	**–**	–
BFS Group Limited (trading as 3663 and Bidvest Logistics)[27]	**100**	100	**–**	–	**–**	–
Bid Foodservice (Europe) Limited[27]	**100**	100	**–**	–	**–**	–
Bid Foodservice (Middle East) Holdings Limited[8]	**100**	100	**–**	–	**–**	–
Bidcorp Finance Limited[8]	**100**	100	**–**	–	**–**	–
Bidvest (UK) Limited[27]	**100**	100	**–**	–	**–**	–
Bidvest Czech Republic s.r.o.[5]	**94**	94	**–**	–	**–**	–
Bidvest Foodservice International Limited[8]	**100**	100	**–**	–	**–**	–
Bidvest Slovakia s.r.o.[24]	**94**	94	**–**	–	**–**	–
Deli XL Europe BV[18]	**100**	100	**–**	–	**–**	–
Deli XL Flanders NV[2]	**100**	100	**–**	–	**–**	–
Deli XL NV[2]	**100**	100	**–**	–	**–**	–
Deli XL Belgie NV[2]	**100**	100	**–**	–	**–**	–
Deli XL BV[18]	**100**	100	**–**	–	**–**	–
Farutex Sp.z.o.o[20]	**91**	91	–	–	–	–
Horeca KSA Trading FZCO[26]	**53**	53	**–**	–	**–**	–
Horeca Trade LLC[26]	**80**	80	**–**	–	**–**	–
Nowaco Eesti OU[6]	**100**	–	**–**	–	**–**	–
Seafood Holdings Limited[27]	**100**	100	**–**	–	**–**	–
SIA Nowaco Latvia[10]	**100**	–	**–**	–	**–**	–
UAB Nowaco Lietuva[12]	**100**	–	**–**	–	**–**	–

Interest in subsidiaries, joint ventures and associates

as at June 30

	Effective holdings		Shares		Indebtedness	
Major subsidiaries	**2012 %**	2011 %	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Bidvest Foodservice Southern Africa[K]						
3663 First for Food Service (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Andostar (Pty) Limited	**50**	50	**–**	–	**–**	–
Bidfood Exports (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidfood Ingredients (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
BidFood Solutions (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidfood Technologies (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidvest Foodservice (Pty) Limited[#]	**100**	100	**–**	–	**2 429**	2 429
Blue Marine Frozen Foods (Pty) Limited[#]	**100**	100	**–**	–		
C.C.W. Catering Supplies (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Caterplus (Botswana) (Pty) Limited[3]	**100**	100	**–**	–	**–**	–
Catersales (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Chipkins Bakery Supplies (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Chipkins Catering Supplies (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Crown National (Pty) Limited[#]	**100**	100	**10**	10	**(10)**	(10)
D and R Lowe Catering Supplies (Pty) Limited[#]	**100**	100	**–**	–	**(312)**	(312)
Everyday Foods (Pty) Limited	**100**	100	**–**	–	**507**	–
First Food Distributors (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
International Bakery Ingredients (Pty) Limited	**100**	100	**7 830**	7 830	**–**	–
Lou's Wholesalers (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
M & M Quality Choice (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
NCP Yeast (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Patleys (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
RFS Catering Supplies (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Tri–Mark Industries (Pty) Limited	**100**	100	**673**	1 007	**–**	–
Bidvest Namibia[B,D,F,J,K,L]						
Bidvest Fisheries Holdings (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Bidvest Namibia Commercial Holdings (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Bidvest Namibia Information Technology (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Bidvest Namibia Limited[17]	**51**	52	**212 806**	224 534	**(1)**	(1)
Bidvest Namibia Property Holdings (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Budget Rent a Car (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Caterplus Namibia (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Cecil Nurse Namibia (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Cornet Investments Capital Incorporated[17]	**35**	36	**–**	–	**–**	–
Elzet Development (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Kolok (Namibia) (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Lubrication Specialists (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Luderitz Bay Shipping & Forwarding (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Manica Group Namibia (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Matador Enterprises (Pty) Limited[17]	**51**	–	**–**	–	**–**	–
Minolco (Namibia) (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Namibian Sea Products Limited[17]	**35**	36	**–**	–	**–**	–
Namsov Fishing Enterprises (Pty) Limited[17]	**35**	36	**–**	–	**–**	–
Namsov Industrial Properties (Pty) Limited[17]	**35**	36	**–**	–	**–**	–
Rennies Travel (Namibia) (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Taeuber & Corssen (Pty) Limited[17]	**51**	–	**–**	–	**–**	–
T&C Properties (Pty) Limited[17]	**51**	–	**–**	–	**–**	–
T&C Trading (Pty) Limited[17]	**51**	–	**–**	–	**–**	–
Tetelestai Mariculture (Pty) Limited[17]	**35**	36	**–**	–	**–**	–
Trachurus Fishing (Pty) Limited[17]	**21**	27	**–**	–	**–**	–
Twafika Fishing Enterprises (Pty) Limited[17]	**27**	39	**–**	–	**–**	–

	Effective holdings		Shares		Indebtedness	
Major subsidiaries	**2012 %**	2011 %	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Bidvest Namibia*[B,D,F,J,K,L] *(continued)						
United Fishing Enterprises (Pty) Limited[17]	**35**	36	**–**	–	**–**	–
Voltex Namibia (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Waltons Namibia (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Walvis Bay Airport Services (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
Walvis Bay Stevedoring Company (Pty) Limited[17]	**28**	29	**–**	–	**–**	–
Woker Freight Services (Pty) Limited[17]	**51**	52	**–**	–	**–**	–
***Bidvest Corporate*[L]**						
Abland North (Pty) Limited	**50**	50	**–**	–	**–**	–
Airport Logistics Property Holdings (Pty) Limited	**50**	50	**142**	142	**–**	–
BB Investment Company (Pty) Limited	**100**	100	**–**	–	**–**	–
Bid Corporation (Pty) Limited	**100**	100	**51 389**	33 208	**2 578 143**	2 700 757
Bid Financial Services (Pty) Limited	**100**	100	**–**	–	**14 252**	14 252
Bid Industrial Holdings (Pty) Limited	**100**	100	**63 257**	241 611	**446 464**	306 455
Bid Services Division (IOM) Limited[8]	**100**	100	**–**	–	**–**	–
Bid Services Division (Pty) Limited	**100**	100	**310**	921	**102 462**	690 003
Bid Services Division (UK) Limited[27]	**100**	100	**–**	–	**–**	–
Bid Services Division Mauritius Limited[15]	**100**	100	**–**	–	**–**	–
Bidcorp Limited	**100**	100	**–**	–	**–**	–
Bidcorp Outsourced Services Limited[27]	**100**	100	**–**	–	**–**	–
Bidcorp Property Limited[27]	**100**	100	**–**	–	**–**	–
Bidvest Corporate Services (Pty) Limited[#]	**100**	100	**–**	–	**52**	52
Bidvest International Limited[8]	**100**	100	**–**	–	**–**	–
Bidvest Procurement (Pty) Limited[#]	**100**	100	**–**	–	**–**	–
Bidvest Properties (Pty) Limited	**100**	100	**–**	–	**180**	19 180
Bidvest Properties International Limited[8]	**100**	100	**–**	–	**–**	–
Bidvest Wits University Football Club (Pty) Limited	**60**	60	**–**	–	**–**	40 453
Bidvestco Limited	**100**	100	**44 068**	44 059	**(44 068)**	(44 068)
Brentwood Technical Services Limited[27]	**100**	100	**–**	–	**–**	–
Gerlan Properties (Pty) Limited	**50**	50	**5 700**	5 700	**–**	–
McProp Properties (Pty) Limited	**100**	100	**–**	–	**–**	–
Ontime Automotive (Specialist Operations) Limited[27]	**100**	100	**–**	–	**–**	–
Ontime Automotive Limited[27]	**100**	100	**–**	–	**–**	–
Ontime Parking Solutions Limited[27]	**100**	100	**–**	–	**–**	–
Ontime Rescue & Recovery Limited[27]	**100**	100	**–**	–	**–**	–
Primeinvest 5 (Pty) Limited	**100**	100	**–**	–	**30 120**	30 051
Siki Fox Properties (Pty) Limited	**50**	50	**1 002**	1 002	**–**	–
Silveray Properties (Pty) Limited	**100**	100	**8 833**	8 833	**–**	–
Skillion Limited[27]	**100**	100	**–**	–	**–**	–
Trustone Investments (Pty) Limited	**100**	100	**–**	–	**–**	–
Other			**48 786**	114 683	**(187 422)**	(111 037)
			3 517 331	3 740 905	**3 029 876**	3 854 921

Interest in subsidiaries, joint ventures and associates

as at June 30

	Effective holdings		Shares		Indebtedness	
Major subsidiaries	**2012 %**	2011 %	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Major joint ventures						
Ensimbini Terminals (Pty) Limited(D)	**50**	50	**4 540**	4 540	**–**	–
			4 540	4 540	**–**	–
Major associates						
"K" Line Shipping (South Africa) (Pty) Limited (December 31 year–end)(D)	**49**	49	**–**	–	**–**	
Amalgamated Appliance Holdings Limited(E)	**28**	28	**–**	–	**–**	–
Amalgamated Automobile Distributors (Pty) Limited(A)	**50**	50	**10 000**	10 000	**–**	–
Bidsport (Pty) Limited (trading as MSC Sports)(L)	**50**	50	**9 636**	9 636	**–**	–
Comair Limited(J)	**26**	26	**–**	–	**–**	–
Compu–Clearing Outsourcing Limited(D)	**21**	21	**5 742**	5 742	**–**	–
CSAV Group Agencies (South Africa) (Pty) Limited(D)	**40**	40	**–**	–	**–**	–
Imperial McCarthy (Pty) Limited(A)	**50**	50	**–**	–	**–**	–
Mvelaserve Limited(I)	**26**	–	**–**	–	**–**	–
Sebenza Forwarding & Shipping (Pty) Limited (March 31 year–end)(D)	**45**	45	**5 011**	5 011	**–**	–
Silapha Office Products (Pty) Limited(F)	**40**	40	**20**	20	**–**	–
Stellar Africa (Pty) Limited(L)	**25**	25	**–**	–		
Supaswift (Pty) Limited(D)	**36**	36	**–**	–	**20 000**	20 000
Ubuhle Be Dauphin Office Seating (Pty) Limited(F)	**28**	28	**–**	–	**–**	–
Waltons Mozambique Limitada (December 31 year-end)(F) (13)	**50**	50	**–**	–	**–**	–
Yeastpro (Pty) Limited (April 30 year-end)(K)	**25**	25	**32 381**	32 381	**–**	–
Other			**23 769**	23 769	**95**	95
			86 559	86 559	**20 095**	20 095

Amounts owing by or to subsidiaries, joint ventures and associates are unsecured, interest-free and have no fixed terms of repayment.

**Less than R1 000*
#Trading as an agent

Country of incorporation if not South Africa

(1) Australia
(2) Belgium
(3) Botswana
(4) China
(5) Czech Republic
(6) Estonia
(7) Hong Kong
(8) Isle of Man
(9) Kenya
(10) Latvia
(11) Lesotho
(12) Lithuania
(13) Malawi
(14) Malaysia
(15) Mauritius
(16) Mozambique
(17) Namibia
(18) Netherlands
(19) New Zealand
(20) Poland
(21) Saudi Arabia
(22) Seychelles
(23) Singapore
(24) Slovakia
(25) Swaziland
(26) United Arab Emirates
(27) United Kingdom
(28) Zambia
(29) Zimbabwe
(30) Uganda

Nature of business

(A) Motor vehicle retailing and related services
(B) Manufacturer and distributor of electrical products and services
(C) Banking products and services, foreign exchange and insurance
(D) Freight, forwarding, clearing, distribution, warehousing and allied activities
(E) Distributor of forklifts, power and marine products, music and sound equipment, electrical appliances, packaging closures and catering equipment
(F) Distributor of office stationery; furniture and office automation products and related services
(G) Manufacturer, supplier and distributor of commercial office products, printer products, services, stationery and packaging products
(H) Rental hygiene equipment, garments and water coolers; suppliers of consumables, specialised clothing and laundry services
(I) Cleaning, hygiene, security, and interior and exterior landscaping services
(J) Travel management services, aviation services and car rental
(K) Catering supplies, food and allied products
(L) Group services, investment and property holding

Shareholder information

as at June 30 2012

Beneficial shareholding	Number of shares held	% of shares issued	% of effective holding
Major shareholders holding 1% or more of the shares in issue			
Government Employees Pension Fund (GEPF)	56 858 609	17,35	18,23
State Street Bank and Trust	33 019 988	10,08	10,58
BB Investment Company (Pty) Limited	14 340 371	4,38	
SSB Client Omnibus	14 281 786	4,36	4,58
Dinatla Investment Holdings	9 795 275	2,99	3,14
Northern Trust Company London	9 499 119	2,90	3,05
JP Morgan Chase Bank London	8 935 957	2,73	2,86
Vanguard Emerging Markets	5 507 127	1,68	1,77
Sanlam	5 025 837	1,53	1,61
Genesis Emerging Markets	4 269 780	1,30	1,37
JP Morgan Chase Bank Omnibus clients	4 048 079	1,24	1,30
JP Morgan Bank Luxembourg	3 744 900	1,14	1,20
Bank of New York 15 Omnibus Account	3 704 218	1,13	1,19
Old Mutual Life Assurance Company South Africa	3 697 497	1,13	1,19
Bank of New York	3 686 404	1,12	1,18
	180 414 947	55,06	53,25
Investment management holdings			
Fund managers managing 3% or more of the shares in issue			
Public Investment Corporation	44 033 615	13,44	14,12
Lazard Asset Management LLC Group	20 418 131	6,23	6,55
Sanlam Investment Management	19 863 127	6,06	6,37
Coronation Asset Management (Pty) Limited	16 408 643	5,01	5,26
Genesis Investment Management	15 509 753	4,73	4,97
BB Investment Company (Proprietary) Limited	14 340 371	4,38	
JP Morgan Asset Management Group	10 675 589	3,26	3,42
Momentum Asset Management	10 456 254	3,19	3,35
Old Mutual Investment Group South Africa	10 396 113	3,17	3,33
	162 101 596	49,47	47,37
Shares in issue			
Total number in issue	327 734 929		
BB Investment Company (Pty) Limited (treasury shares)	(14 340 371)		
The Bidvest Incentive Scheme	(1 442 026)		
Effective number of shares in issue	311 952 532		

Shareholder information

as at June 30 2012

	Number of shares held	% of shares issued
Shareholder categories		
Pension funds	142 956 825	43,62
Unit trusts/mutual fund	90 330 597	27,56
Other managed funds	25 226 143	7,70
Private investors	15 275 987	4,66
Sovereign wealth	11 531 159	3,52
Black economic empowerment	9 795 275	2,99
Local authority	8 452 711	2,58
Insurance companies	7 759 226	2,37
Investment trust	4 182 095	1,28
Charity	2 908 210	0,89
University	2 166 765	0,66
American depositary receipts	1 055 073	0,32
Corporate	293 008	0,09
Exchange traded fund	130 431	0,04
Hedge fund	45 903	0,01
Remainder	5 625 521	1,71
	327 734 929	100,00
Geographic split of beneficial shareholders		
South Africa	194 829 519	59,45
United States of America and Canada	67 910 102	20,72
United Kingdom	13 390 097	4,08
Rest of Europe	22 485 445	6,86
Rest of the world	29 119 766	8,89
	327 734 929	100,00

	Number of members	% of all members	Number of shares held	% of shares issued
Analysis of shareholdings				
1 – 1 000	18 828	76,97	6 046 500	1,85
1 001 – 10 000	4 566	18,67	12 961 581	3,95
10 001 – 100 000	819	3,35	25 103 018	7,66
100 001 – 1 000 000	199	0,81	56 180 601	17,14
1 000 001 – and more	49	0,20	227 443 229	69,40
	24 461	100,00	327 734 929	100,00
Shareholder spread				
Public shareholders	24 440	99,92	298 708 544	91,14
Non-public shareholders	21	0,08	29 026 385	8,86
The Bidvest Incentive Scheme	1	–	1 442 026	0,44
BB Investment Company (Pty) Limited	1	–	14 340 371	4,38
Dinatla Investment Holdings	1	–	9 795 275	2,99
Directors and family trusts	18	0,08	3 448 713	1,05
	24 461	100,00	327 734 929	100,00

Shareholders' diary

Financial year-end		June 30
Annual general meeting		November
Report and accounts		
Interim report for the half year ending December 31		February/March
Announcement of annual results		August/September
Annual report		October
Distributions	**Declaration**	**Payment**
Interim distribution	February/March	March
Final distribution	August/September	September

Glossary and definitions

ART	antiretroviral treatment for those suffering from or exposed to HIV/Aids
B-BBEE	broad-based black economic empowerment
BEE	black economic empowerment
CDP	carbon disclosure project
CO_2	Carbon dioxide is the most abundant of the three major greenhouse gases: carbon dioxide, methane (CH_4) and nitrous oxide (N_2O)
CO_2e	Since all greenhouse gases have different impacts on global warming, the impact of the other gases are converted to that of CO_2. This allows their impact to be stated as CO_2 equivalents.
CPI	consumer price index
CPA	Consumer Protection Act
CSI	Corporate Social Investment
DTI	South Africa's Department of Trade and Industry
EMS	environmental management system
Eskom	South African national electricity supply company
ERP	enterprise resource planning
GDP	gross domestic product
GHG	greenhouse gas
GRI	Global Reporting Initiative
HACCP	hazard analysis critical control point
IAS	International Auditing Standards
IFRS	International Financial Reporting Standards
Industry charter(s)	voluntary, wide commitments to black economic empowerment goals
Intensity measures	in this report they are specifically used to indicate how efficiently fossil fuels and water are being used: GHG emissions in tonnes CO_2e per revenue earned or per people employed and water in kilolitres used per revenue earned
ISO	International Organisation for Standardisation quality management and quality assurance series of standards (9000) and environmental management series of standards (14001)
JSE	the Johannesburg Stock Exchange
KZN	KwaZulu-Natal
LRA	Labour Relations Act
LTIFR	the lost-time injury frequency rate (injury rate) reflects the lost-time injuries per 200 000 manhours worked (100 people working for a year). The injury rate has this year been restated according to GRI guidelines as the number of lost-time injuries per 200 000 hours worked. Some businesses in the Europe and Asia Pacific regions use different definitions for what constitutes a lost-time injury. This distorts the Group rate upwards. Over time these definitions are being aligned with those recommended by the GRI
NUMSA	National Union of Metal Workers of South Africa
OEM	original equipment manufacturer
OHS	Occupational Health and Safety Act (No. 85 of 1993), South Africa
PPP	public-private partnership
QMS	quality management system
QSR	quick-service restaurant
SADC	Southern African Development Community
SARB	South African Reserve Bank

Scope 1 emissions	direct GHG emission caused by equipment that is owned or controlled by the reporting company. In Bidvest's case this mostly results from the combustion of diesel, gasoline, coal and gases
Scope 2 emissions	indirect GHG emission resulting from the consumption of purchased electricity, heat or steam
Scope 3 emissions	indirect emissions resulting from other activities of a reporting company, such as commuting travel, business air travel, paper consumption and activities such as the extraction and production of purchased materials and fuels
SED	socio-economic development
SETA	sectoral education and training authorities
SHERQ	Safety, health, environment, risk, quality
SRI Index	Socially Responsible Investment Index
the Codes/ the DTI Codes	codes of good practice for broad-based black economic empowerment as published by the Department of Trade and Industry, South Africa
TNPA	Transnet National Ports Authority
VCT	voluntary counselling and testing (HIV/Aids-related)

Administration

The Bidvest Group Limited
Incorporated in the Republic of South Africa
Registration number: 1946/021180/06
ISIN: ZAE000117321
Share code: BVT

Secretary
Craig Brighten

Auditors
Deloitte & Touche

Legal advisers
Edward Nathan Sonnenbergs
Baker & McKenzie
Maitland & Co
Werksmans Inc

Bankers
The Standard Bank of South Africa Limited
Nedbank Limited
Investec Bank Limited
HSBC Bank plc
FirstRand Group Limited
Commonwealth Bank of Australia Limited
Barclays Bank Limited
ASB Bank Limited
ABSA Bank Limited

Share transfer secretaries
Computershare Investor Services (Pty) Limited
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Sponsor
Investec Securities Limited

Group financial director, Group corporate finance and investor relations
David Cleasby

Communications
Junette Davidson

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Bidvest publications:
Annual integrated report (including sustainable development and black economic empowerment)
Our businesses and products
Bidvoice (quarterly)
Transformation and empowerment
Television and print advertisements
A practical guide to sustainable development
Green office guide