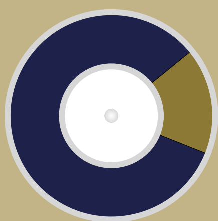
The Services Division – Bidfreight

Bidfreight

Bidfreight is the leading freight management group in sub-Saharan Africa, with international representation and operations in the United Kingdom and continental Europe. Bidfreight consists of several independent businesses focusing on freight terminals, international freight forwarding, logistics and marine services.

- *Bidfreight Terminals*
- *International Forwarding*
- *Marine Services*
- *Manica Africa*
- *Dartline*
- *Ontime Automotive*

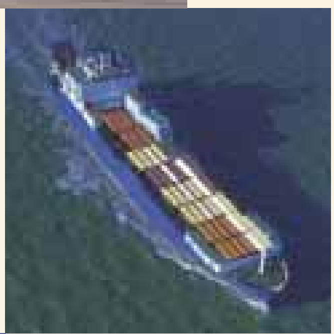
Contribution to Group trading income



16,9%

Ontime Automotive:
The vehicle transportation arm of Bidcorp in the United Kingdom

Bidfreight Terminals:
A leading provider of storage and handling facilities for containerised, bulk and break-bulk cargo



Marine Services:
Represented in all major South African seaports and inland centres

Bidfreight Terminals:
The forest products terminals handle the bulk of South Africa's forest product exports

Southern African trading margin
increases to 3,4% **from 2,9%**

Terminals profits up 17%
despite exchange rate effect on trading patterns

R222 million capital expenditure **on new infrastructure**

International Forwarding:
Safcor Panalpina is the country's largest freight forwarder

Dave Rosevear
Chairman
Dave is a chartered accountant with many years of diverse experience.

Bidfreight is the largest non-governmental entity engaged in freight management in sub-Saharan Africa. It has operations at all major South African seaports and a growing airfreight business. The division also has a strategic presence in the UK with cross-channel operations into Europe.

Within South Africa, the two key macro-economic factors of 2004, the strong rand and falling interest rates, were generally negative. Whilst import volumes increased, the rand value of these goods decreased. Some export volumes dropped, margins came under pressure and competition intensified. However, the broad spread of Bidfreight's activities and its strong relationships with a blue-chip client base enabled growth in most areas of its business.

The issues confronting freight management and port operations, both for South Africa and Bidfreight, are largely the challenges of growth. Trade volumes continue at a high level as South Africa reintegrates itself into the global economy.

An encouraging development is the growing sense of partnership with the National Ports Authority (NPA), Transnet and other state agencies. We have a common agenda – efficient harbours, transport infrastructure and freight management systems. Bidfreight supports government policy of creating clear lines of responsibility between an NPA tasked with providing world-class port systems on the one hand and SA Port Operations, the Transnet unit tasked with efficient cargo-handling and management, on the other hand.

Negotiations with the NPA to rationalise the leases held by Bidfreight Terminals culminated in a memorandum of understanding, which paves the way for future opportunities.

Operational highlights

Our policy of investing in facilities for our customers was highlighted by a R222 million investment in new infrastructure and facilities.

The overall strategy of building high value airfreight volumes was rewarded in March 2004 when a new monthly record for import volumes was achieved. The monthly import level was 20% up on the same month in 2003.

South African Container Depots' cargo handling business has grown by 72% in the last two years.

The Rennies Bulk Terminal facility handled its greatest ever tonnage in a single month, being 106 000 tons in February 2004.

Island View Storage achieved record throughput in a single month in June 2004, with over 166 000 tons handled through its facilities.

Clearer focus on core competencies drove a significant realignment of the businesses previously housed within the Bidfreight Logistics unit. Rennies Technology Logistics was sold with effect from December 1 2003. Fedex and Express Air Services were transferred to Bidserv.

Financial review

Overall revenue excluding Namsov and Bidcorp was down 11,5% from R13,7 billion to R12,1 billion mainly as a result of the strong rand and rationalisation charges that occurred at Bidlog. Trading income increased by 5,5% from R395,4 million to R417,3 million.

For Bidfreight as a whole, capital expenditure was R222,1 million and depreciation R198,9 million. The return on average funds employed was 61,5%, marginally down on 2003.

Business risks

As a derived-demand business, Bidfreight would be impacted by the knock-on effect if trade volumes fall. It manages this risk through long-term partnerships with major customers in sectors that demand special expertise. Strategic partnerships exist with leaders in the iron and steel, forestry products, chemical and mining industries.

At Bidvest Terminals the joint-planning horizon can stretch 15 to 20 years and may involve eight- and nine-figure investments every year. The benefit is predictable, long-term throughput. This characteristic was highlighted in 2004 when a resurgent rand hit the margins of many exporters, but industry leaders maintained strong exports in key cargo categories.

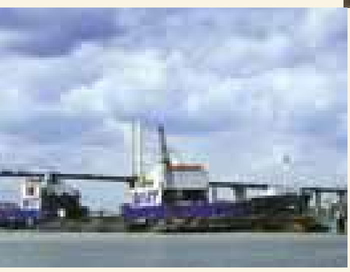
Bidfreight carries credit risk as some subsidiaries make disbursements on behalf of clients and recover the outlay, plus interest charges and fees when all

Review of Operations

The Services Division – Bidfreight

Safcor Panalpina:
Exclusively represents the Panalpina World Transport group of companies in South Africa

South African Bulk Terminals:
Has two of three terminals in Durban handling minerals, grain, maize and other agricultural products



Dartline:
The cross-channel ferry services of Bidcorp Shipping, operate out of Dartford in the United Kingdom

transactions are complete. A solid core of repeat business helps manage this risk. Relationships with some customers go back more than 30 years. Stringent credit management programmes are also in place. Other business units have low credit risk as goods in storage or transit can act as security.

Risk is managed by diversification across a broad range of services, with facilities in place to handle bulk, break-bulk and containerised goods.

The freight management "pie" is growing and the private and public sectors have a common vision of freight operations that are modern, efficient and underpin the prosperity of South Africa. Co-operation is in the national interest.

HIV/Aids

The risk of HIV/Aids varies according to the profile of the workforce in our various operations.

Bidfreight takes a proactive stance, focusing efforts on HIV/Aids awareness education and distributing anti-retroviral drugs.

Empowerment

Our heightened BEE profile has assisted both business retention and our new business drive. The appointment of historically disadvantaged individuals to senior positions has given new impetus to co-operation with government agencies.

Recruitment and internal development of the historically disadvantaged have high priority. Bidfreight is an active supporter of both the Maritime Charter and the Charter for the Forwarding and Clearing Industry. In addition, Bidfreight is actively engaged in the implementation of the enterprise-based Bidvest Charter.

BIDFREIGHT TERMINALS

Bidfreight Terminals, a leading provider of storage and handling facilities for containerised, bulk and break-bulk cargo, enjoyed good volume growth overall, though the experience across different cargo categories fluctuated significantly. Steel, paper and forestry products showed pleasing growth despite the pressures of the rand. However, exports of coal fell, while chemical volumes were flat. Volumes of containerised cargoes rose, spurred mainly by a strong demand for imports.

Rigorous cost controls were maintained and revenue growth pursued in a difficult operating environment. A highly motivated team achieved creditable results in a challenging year.

The strategy of partnership with industries with special needs was underpinned by ongoing investments, which included the purchase of 25 000 m^2 prime warehouse space for the Super Terminal for the

paper industry. A R17 million investment was made in 15 000 m³ of vegetable oil tankage at Maydon Wharf, Durban. Two container cranes at BMA were refurbished at a total cost of R25 million. Six new grain silos with total capacity of 15 000 m² were built in support of South African Bulk Terminals.

Investment continued in environmental monitoring systems to guard against the risk of air, ground or water pollution.

Bluff Mechanical Appliance (BMA)
BMA has long specialised in the bulk handling of coal exports and coke imports. BMA faced a difficult year as a result of high transport costs and pressures on margins. Despite these factors, BMA will continue to strive to increase volumes and is targeting bulk commodity products.

Negotiations have begun with the NPA to explore the possibility of using BMA's prime Durban site to handle other cargo.

Island View Storage (IVS)
IVS provides liquid bulk storage and handling services to the chemical and edible oil industries. Some petroleum products are handled, but no fuel and additives.

IVS faced a challenging year. Dwell times declined as IVS worked in partnership with clients to ensure throughput efficiency. Volumes showed no growth. The net result was a decline in average tank occupancy and storage revenue. Rigorous action was taken to improve efficiency and a satisfactory increase in operating profit was recorded.

Completion of new tankage at Maydon Wharf will create additional capacity and provide a base for revenue growth.

Rennies Cargo Terminals (RCT)
RCT is focused on wharfside handling of high value break-bulk cargoes for which it creates customer- or industry-specific materials handling and storage solutions. Despite the strong rand, export volumes of pulp, steel and sugar showed good growth.

A strong earnings contribution was made by South African Stevedores, which was integrated into RCT. Administrative and operational efficiencies contributed to significant cost savings.

South African Container Depots (SACD)
SACD is a market leader in container and cargo handling, operating at all major seaports and at the inland port of City Deep.

Import volumes rose strongly at SACD while margins were rigorously managed. The integration of Bidfreight Intermodal into SACD created operational efficiencies while strengthening SACD's added value offering.

The combination of stronger volumes and greater internal efficiency ensured good results.

South African Bulk Terminals (SABT)
SABT has two terminals in Durban handling minerals, grains, maize and other agricultural products.

Grain-handling and storage showed growth. However, food imports by international development agencies declined.

Rennies Distribution Services (RDS)
RDS is a newly created grouping of businesses formally housed in RCT and Bidfreight Logistics which operate away from the port zones.

RDS offers warehouse-to-customer landside distribution with the capacity to customise solutions for specific industries or clients.

Organic growth from existing clients in forestry products and chemical industries plus significant non-food volumes for an upmarket retail chain contributed to strong overall performance.

Efficiencies flowing from the restructure supported solid earnings growth.

Naval
Naval Mozambique offers a full range of freight handling and management services, with the exception of tankage. Naval provides stevedoring services and handles a wide range of bulk business, including ferro-chrome, coal, alumina, bagged sugar and citrus exports. There is strong potential for long-term growth due to the Mozambique Corridor development.

Naval recorded pleasing results, with strong volume growth.

The Services Division – Bidfreight

RDS created incorporating some of the businesses of RCT and Bidfreight Logistics

SACD revenue grew by 52% in the last two years

IVS achieved record throughput in June 2004 with over 166 000 tons handled

South African Bulk Terminals: Grain-handling and storage in Durban port

Island View Storage: Provides liquid bulk storage and handling services to the chemical and edible oil industries

INTERNATIONAL FORWARDING

Safcor Panalpina

Safcor Panalpina is the country's largest international freight forwarder and within South Africa exclusively represents the Panalpina World Transport group of companies. Panalpina World Transport has more than 400 offices worldwide and has a 31-year relationship with Safcor Panalpina.

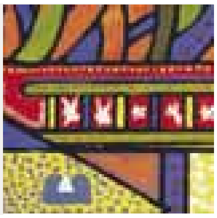
Safcor Panalpina's revenues are based largely on the rand value of imports and exports. The stronger rand adversely affected income, as did lower interest rates, depressing earnings on payments made on behalf of clients.

Safcor Panalpina offers value added, door-to-door freight solutions by air, sea and land, providing supply chain solutions to the pharmaceutical, automotive and retail, chemical, IT and telecom sectors, and serves a mainly blue-chip client base.

The business' quest for higher volumes was assisted by some growth in world trade and a rise in local business confidence. Volumes by mass rose materially, a creditable achievement as the operation's continuing productivity drive saw a small drop in employee numbers (a function of non-replacement, rather than retrenchment). However, net revenues fell on the back of a weaker rand.

A key differentiator for Safcor Panalpina is the three-a-week freight service facility out of Europe offered to airfreight customers. No competitor has a comparable service offering. This service has been strongly marketed and substantial volume growth is apparent.

Continued investments were made in IT systems and skills development. The training spend rose year on year and is set to increase substantially in the year ahead.



Sebenza Forwarding and Shipping Consultancy

This joint venture is the largest majority black-owned forwarding company in South Africa. In common with the industry as a whole, Sebenza faced a challenging year. Operating profit fell as a result of lower activity levels by certain key clients and the negative effect of a stronger rand on imported values and disbursements. Management took energetic steps to win new business and succeeded in attracting a number of new clients, notably among parastatals.

The operational environment is expected to remain challenging. Management is committed to energetic action to withstand competitive pressures and broaden the client base.

MARINE SERVICES

Marine Services provides ships agency and associated services and is represented in all major South African seaports and inland centres.

Rennies Ships Agency

Despite difficult trading conditions, Rennies Ships Agency retained its leadership position owing to the acquisition of new business and the increased activity of key principals. Activities related to liner traffic were affected by rand strength and the tendency of principals to reschedule their vessels to bypass South African ports during periods of container terminal congestion.

Non-liner activities were affected by freight market volatility, soaring freight rates and a strengthening of owner influence over agency appointments. A significant trade swing to China and the East was evident.

System upgrades received priority, focusing on security, controls and risk management. Networking within the Group and resulting synergies continue to add value for customers.

Despite persistent rand strength, prospects are encouraging. An increase in volume is anticipated, with favourable effects on operating margins.

Bidfreight Intermodal

Bidfreight International showed continued growth and was repositioned within Terminals.

Freightbulk

Freightbulk continues to provide bulk logistics services to niche sectors across a range of disciplines. These operations are International Standards Organisation (ISO) accredited. Satisfactory growth was achieved. Growth can be expected in the year ahead.

Marine Insurance Division

The division comprises Rennie Murray & Co. and P&I Associates. Rennie Murray performs marine and cargo surveying services for local and overseas insurance markets. P&I Associates are the southern African correspondents for all the protection and indemnity clubs internationally which underwrite shipowners' third-party liabilities.

Both operations had a disappointing year financially as dollar-denominated income was affected by a strengthening rand. Port activity levels, particularly Richard's Bay and Cape Town, were also at a low level. Service standards remain high as does the division's international reputation.

A Rennie Murray office was opened in Port Elizabeth to take advantage of business opportunities in Port Elizabeth and Coega.

MANICA AFRICA (Manica)

Manica offers a total freight management solution to exporters and importers across the southern African region. Forwarding and clearing services are complemented by a network of container terminals, warehousing and sophisticated tracing and tracking systems.

Manica's infrastructure is a key resource as South Africa strengthens its ties with Southern African Development Community (SADC) countries. However, stagnant or declining economies in some neighbouring states had a depressing effect on volumes of both imports and exports. The strong rand increased the cost of transport for our neighbours.

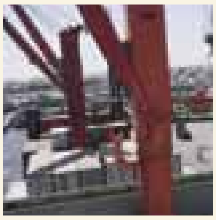
Manica Group Namibia offers a full freight management solution, consisting of stevedoring, warehousing, container terminals, clearing and forwarding, customs broking, shipping agencies and husbandry both in the liner and non-liner categories. Volumes are dependent on transit cargo into neighbouring markets, primarily Zambia and Gauteng.

Review of Operations

The Services Division – Bidfreight

Bluff Mechanical Appliance:
Specialises in the bulk handling of coal exports and coke imports for the domestic and export markets

Manica Africa:
Offers total freight management solutions to exporters and importers across southern Africa



Exchange rate impact on Safcor Panalpina profits of approximately R30 million. Margin improved in part **due to volume increases especially in high-value airfreight imports**

Three-a-week airfreight service **out of Europe offered to Safcor Panalpina customers**

New SABT silos take capacity from 51 500 tons to 68 000 tons

Bidfreight maintains its footprint in Africa through its investments in Manica Botswana, Manica Malawi, Manica Zambia and Manica Zimbabwe. Difficulties were experienced. However, Bidfreight is in a strong position to take advantage of the growth potential that exists in these countries.

BIDCORP PLC

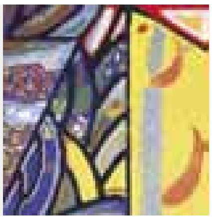
Bidcorp revenue decreased by 25,2% to R1,5 billion (2003: R2,0 billion) resulting in a trading loss of R21,8 million (2003: R0,8 million trading income).

Bidvest's offer to minority shareholders in Bidcorp was accepted by an overwhelming majority and procedures instituted to delist Bidcorp from the London Stock Exchange were completed in August, setting the scene for expansion following 30 months of consolidation and reorganisation.

Bidcorp comprises three divisions, Automotive Services, Shipping Services and Property and Outsourced Services. Bidcorp owns the Thames-Euro Port, six short-sea ferries and fleets of rescue and recovery vehicles and vehicle transporters.

Loss-making operations and non-core assets have been sold or closed. A substantial business base remains. Bidcorp's revival strategy calls for critical mass to be built in areas where it has the potential for sector leadership.

All of its vehicle transportation and allied activities have now been grouped under a single brand name, Ontime. Twelve disparate



rescue and recovery operations were consolidated into a single business and, through franchising arrangements, has become the biggest independent operator in its sector with nationwide representation and 300 vehicles on the road. In addition to the vehicles of the transportation fleet, over 600 vehicles carry the Ontime brand name.

Bidcorp's automotive volume distribution business has secured a blue-chip client base among leading motor manufacturers.

Bidcorp Shipping's cross-channel ferry services, operated under the Dartline brand, won the Lloyd's List Short-Sea Ferry Operator of the Year Award – the industry's most sought after accolade as it is adjudicated by customers. Bidcorp is the third largest customer of the Port of London Authority and accounts for approximately 40% of roll-on-roll-off ferry traffic along the Thames.

Bidcorp has downsized and expects to reverse its losses and move toward profit in the year ahead. Bidcorp has a strong net asset value underpin and provides a solid international platform for expansion. Opportunities will be investigated in several areas of the business.

NAMIBIAN FISHING OPERATIONS (Namsov)
Namsov, a partnership with Namibian citizens and empowerment organisations, is primarily involved in mid-water trawling. Bidfreight has an effective 31% shareholding. As more than 95% of sales are denominated in US dollars, the stronger rand negatively impacted results.

The vessels brought in a record catch, driving up trading profit by 12%. Namsov is party to catch agreements for the 2004 calendar year, which will ensure sufficient quotas for catching and processing.

Capital investments into the fishing fleet are planned to further enhance efficiency.

PROSPECTS
There are indications that exporters who were hard hit by the strong rand now have their costs under tighter control, suggesting that export growth should materialise. These conditions will provide a base for improved earnings, though the highly competitive environment will continue.

New business remains a priority. Opportunities will be exploited among suppliers to parastatals and Government. New investment opportunities will also be explored.

Public-private partnership opportunities will be explored in many areas as we join Government in the quest for higher levels of port efficiency. Our BEE partnership with Dinatla adds substantial value to this process.

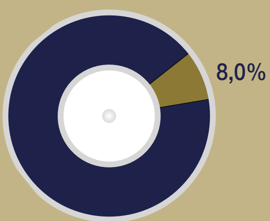
The Services Division – Bidserv

Bidserv

Bidserv operates in the outsourcing market by supplying cleaning, laundry hygiene, security, interior and exterior landscaping, aviation services as well as janitorial products and industrial work-wear.

- *Cleaning Services*
- *Laundry Services*
- *Hygiene Services*
- *Green Services*
- *Aviation Services*
- *Security Services*

Contribution to Group trading income



Aviation Services:
Is a new division consisting of Fedex, Airport Handling Services and Express Air Services

Cleaning Services:
Prestige Group delivers expert cleaning services to hospitals and healthcare facilities and the food hygiene, retail, industrial, educational and commercial sectors

Laundry Services:
The new laundry facility in Johannesburg will have a capacity of 60 tons per day

Hygiene Services:
Commercial Sundries is one of the largest distributors of cleaning and janitorial products

Trading margin **broadly stable at 9,5%**

Steiner and laundry expand **at the expense of competitors**

Laundry capital expenditure of R120 million over five years a competitive advantage

Security Services:
Magnum Shield creates integrated tailor-made security solutions for each client

Green Services:
This new division comprises Top Turf and Execuflora

Lindsay Ralphs
Chairman
Lindsay joined Bidvest as Operations Director in 1992. In 1994 he was appointed Managing Director of Steiner and following the acquisition of Prestige to form Bidserv, appointed Chairman of Bidserv.

Operational environment

As soft service providers within the facilities management industry, Bidserv companies work for property owners, property groups and a broad range of corporate clients. Without exception, client companies are engaged in rigorous cost-containment programmes. Competition, always strong, has intensified. Among larger groups one reflection of this competition is the move away from single-property contract renewals to multi-property packages that go out to tender as a single portfolio. Up to 100 buildings may be "packaged". Higher volumes are obviously available but at much lower margins.

Bidserv has the stature and capacity to handle big portfolio business, but participation in the tender process is de facto acceptance of margin-squeeze.

Macro-economic factors compounded the situation as falling interest rates and lower inflation encouraged extreme resistance to every price increase by every client, not only the major groups. For Bidserv this development meant our ability to recoup higher input costs was constrained.

Bidserv responded by the single-minded pursuit of real volume growth through aggressive pricing. As a result, a series of tenders was won. Strong cash flows were maintained and turnover increased significantly – a commendable achievement in such a competitive environment. Growth through strategic acquisition was also achieved.

A contributing factor was Bidserv's improved BEE profile arising out of the Dinatla transaction. Many well-led companies in our sector are eager to secure a bigger share of the future by selling all or part of their business to a BEE partner that can help them grow. Bidserv fits the bill.

Another positive development is the increasing willingness of parastatals and official departments at national and provincial level to consider partnerships with soft service providers. Bidserv already has a track record of successful collaboration with public bodies and is well positioned to develop this aspect of the business.

Operational highlights

Though Bidserv is committed to operational efficiency and lean structures the division still emerged as a net creator of jobs. This status is noteworthy as most jobs at most Bidserv operations fall into the low-skill category where the greatest need exists for new employment opportunities.

In a major strategic initiative, Bidserv further broadened its range of services by creating a Greens Division, with the initial acquisition of Top Turf and Execuflora.

A strategic realignment saw Express Air Services (EAS) and Federal Express (Fedex) move from under the Bidfreight "umbrella" to Bidserv. Fedex finds a neat fit as most Bidserv customers operate courier and parcel services. Fedex adds value and strengthens the bond with these customers. EAS provides cargo-handling services to airlines. It augments the Bidserv presence in the airport and aviation sector, a strategic point of focus.

A series of bolt-on acquisitions took place in the security business. The net effect was to broaden the footprint in the Cape. Though the scale of these transactions was small, they have strategic implications. The security division is now a strong, credible player in every region.

The security industry trend is for clients to seek cost efficiencies by complementing the physical presence of guards with remote control, alarm and surveillance systems.

The division stayed ahead of the techno trend by acquiring C.E.S. (a remote monitoring security company) and International Payment Systems (a high-tech solution for cash validation and sorting), including the De La Rue and Ingenico agencies.

In a significant post-balance sheet event, Bidserv sought Competitions Board approval for the acquisition of G. Fox, a major supplier of janitorial supplies to industry. The G. Fox range includes workwear, rags, industrial safety equipment, chemicals, soaps and paper. The acquisition would make Bidserv South Africa's largest provider of janitorial services.

Laundry operations had a breakthrough year, significantly growing market share and earnings. Over five years, R120 million has been invested in new infrastructure, creating a world-class laundry business.

Review of Operations

The Services Division – Bidserv

Hygiene Services:
Steiner Hygiene is the leading provider of hygiene services in South Africa

Over five years, R120 million has been invested in laundry operations

Acquisitions of Top Turf, Execuflora, G. Fox and IPS

Laundry Services:
Boston Launderers is the largest commercial laundry operation in the country

Cleaning Services:
The TMS Group provides expert cleaning services to the industrial sector

Competitors failed to react with corresponding investment. Bidserv sets the quality standard for the industry and continues to grow its base of business in the healthcare and hospitality sectors.

Financial review

Bidserv's revenue increased by 24,8% to R2,2 billion (2003: R1,7 billion) and trading income rose 23,3% to R205,6 million (2003: R166,7 million).

Business risks

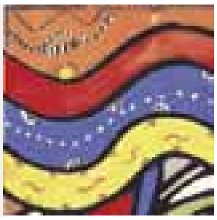
Bidserv employs in excess of 40 000 people. Many are low-skilled workers in low-income groups, an area in which labour law legislators have a keen interest. Bidserv is therefore faced with statutory risk as new legislation can affect the cost of labour, hours worked and labour flexibility.

The challenge was showcased two years ago when the Conditions of Employment Act reduced the number of hours a security guard was allowed to work. Two-shift arrangements had to be replaced by three-shift systems. At the same time, security companies were prevented from reducing pay in line with the reduction in the working week. Clients resisted efforts to pass on increased costs, impacting profitability.

The security sector subsequently witnessed a series of insolvencies while industry consolidation accelerated. A major player like Bidserv managed the lower margins, grew by acquisition and won business previously held by industry casualties. It was strengthened by adversity.

Statutory risk remains a challenge, but recent history indicates that Bidserv has the scale, resources and management skill to survive and thrive.

There is a relatively low cost of industry entry in most areas of Bidserv's business. The risk of competition from new entrants is ever-present. However, the trend is for customers to demand pricing efficiencies for volume or to seek the convenience of a single relationship across a



range of disciplines. Poorly capitalised entrants can't meet these demands. Bidserv can.

Bidserv runs a stable, balanced business. Its earnings are not skewed by fashion nor endangered by over-dependence on a single customer or industry. It serves enterprises large and small across the entire economy. It provides basic, must-have services that are not affected by sudden changes in spending patterns. Reliable, largely predictable contract-based annuity income drives the business.

Increasing use is made of technology and business systems, but technology risk is low. The accent is on system reliability, not "bleeding-edge" innovation.

People risk is substantial, however, as Bidserv services are driven by energetic and motivated human capital. Here, the impact of HIV/Aids cannot be ignored.

For several years, Bidserv has invested in HIV/Aids awareness and education. This investment continues to grow. Bidserv is strongly committed to people development as it competes on quality and efficiency, not just price.

Empowerment

BEE does not represent a risk, but an opportunity. Bidserv's BEE profile contributed to several tender successes as most corporate clients are applying preferential procurement programmes. Simultaneously, the Group's BEE credentials proved beneficial in discussions with official departments and parastatals.

New appointment

We welcome Lionel Jacobs, our new Business Development and Transformation Director. As a member of the Dinatla team he contributes a fresh, broader perspective. He also sits on the main board of Bidvest. Bidserv could hardly have a more high-powered individual to drive internal transformation and the commitment to broad-based empowerment.

Bidserv Integrated Service Solutions (ISS)

The international trend in soft services is for integrated, wide-ranging solutions from a single provider. ISS was created to deliver this all-in-one capability nationwide.

The scope of the total ISS solution has widened even further following the creation of the Greens Division.

The all-in-one concept is still novel locally. The ISS team is concentrating on market education while addressing the perception that the A-Z solution, for all its efficiency, can lead to over-reliance on a single supplier. Steady progress has been made in this regard.

Prestige Group

Prestige business units provide specialist focus on well defined sectors, delivering expert cleaning services to hospitals and healthcare facilities and the food hygiene, retail, industrial, educational and commercial sectors.

Prestige achieved satisfactory results while establishing the basis for further growth.

Steiner Hygiene

Steiner provides washroom products and consumables to the commercial, industrial, food and health sectors. Competition remains intense. However, a highly motivated team secured significant new business growth. The Puréau Fresh Water Company – a division of Steiner Hygiene – put in a strong performance. This supplier of purified drinking water, water coolers and dispensers was launched as a greenfields project and has made a positive contribution to Group results for the first time.

Security

Bidserv's Security Division now has three distinct operational arms: Magnum Shield Security Services (a leader in the guarding industry), Provicom Electronics (a provider of customised electronic security systems) and newly acquired International Payment Systems.

Magnum Shield Security Services

Margins remain under pressure across the industry following the period of consolidation in the wake of new labour legislation. However, turnover has grown as a result of new business gains and several acquisitions in the Cape. The business was further strengthened by the acquisition of C.E.S.

Provicom Electronics

Provicom performed strongly and was successful with several large tenders. Its full package of electronic security solutions enjoys growing market acceptance. Healthy profit growth was secured.

Review of Operations

The Services Division – Bidserv

Green Services:
Top Turf has a strong resort and hotel element

BidAviation created to leverage off FedEx, Express Air Services and Airport Handling Services to extract synergies

Magnum Shield remains profitable in a security industry which is in disarray

Hygiene Services:
Puréau provides bottled or re-mineralised cooler water

Hygiene Services:
Steiner continues to be the market leader in washroom-related products

International Payment Systems (IPS)

The new business unit performed well, fully in line with expectations at the time of its acquisition.

Laundry Services

The division adopts a multi-brand strategy. It serves the hospitality industry through off-site installations operated by Boston Launderers. Workwear rental to industry is the speciality of First Garment Rental. The healthcare industry is served via the on-premises operations of Montana Laundries. Expansion of services to the healthcare sector continues to gain momentum. In two years, these operations have grown 60%.

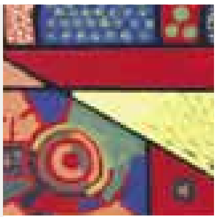
Clockwork Clothing and Commercial Sundries

Significant efficiency gains were achieved by the consolidation of Clockwork Clothing, Admiral Sportswear and Commercial Sundries. Clockwork makes and distributes workwear to industrial companies in South Africa and abroad. Admiral Sportswear distributes sports clothing and footwear sourced from Malawi and Asia. Commercial Sundries supplies janitorial and cleaning products to the public and private sectors. It also runs a chemical manufacturing plant as a joint venture. The Commercial Sundries operation will be significantly strengthened by the acquisition of G. Fox should Competitions Board approval be forthcoming for this transaction.

The rationalised operations at Clockwork grew market share and made an improved contribution to Group results.

TMS Group

TMS provides specialised industrial cleaning services, primarily to petro-chemical installations, and supplies contract labour to a wide range of sectors. Its results were impacted by a reduction in the spend of the petro-chemical industry. Improved prospects are projected.



Greens Divison
The division comprises Top Turf (the country's second largest exterior landscaping company) and Execuflora (an indoor plants business based in Gauteng and KwaZulu-Natal).

Top Turf has a strong resort and hotel element to its landscaping business, operating across southern Africa and the Indian Ocean islands. New hotels are under construction in several locations, creating opportunities for Top Turf.

Both businesses are underpinned by strong annuity income streams.

The units in the newly formed division achieved satisfactory results in line with expectations at the time of acquisition.

BidAviation
This new division was launched in January. It consists of three synergistic units: Airport Handling Services (providing cleaning services to airlines), EAS (an airport cargo handler) and Fedex (the global courier brand). Cleaning and cargo-handling operations performed well. Fedex focused on efficiency improvements and core competencies (its international operations) and by year-end the benefits of the rationalisation were strongly evident.

Prospects
Bidserv is positioned for continued growth and stronger profits. Several strategic opportunities will be strongly pursued.

One of the most exciting developments springs from the realisation within the public sector that important efficiencies can be achieved by public-private partnerships (PPP) in the realm of soft service delivery. Quality improvements can also be achieved by outsourcing cleaning, maintenance and laundry services to specialists. A "road map" to PPP project approval and implementation has been drawn up by National Treasury. Several official departments and regional authorities are eager to introduce projects based on the PPP model.

Bidserv is currently working on several such projects. One regional project alone could involve health facility soft services for hospitals with 24 000 beds. Moving from project approval to implementation on the ground may take some time, but the potential for growth for a company such as Bidserv could hardly be more exciting.

Expansion by the new Greens Division is also anticipated. The operations of Execuflora are currently limited to two provinces, but are well positioned for growth into a national operation. The Top Turf acquisition provides a new platform for further growth into the hospitality and leisure sectors.

Contributors in the security industry are also positioned for growth. Here, the gaming and banking sectors have been identified as potential growth points.

Marketing opportunities beckon for the technology developed by International Payment Systems. Its swipe-card technology has numerous commercial banking applications; some with the potential to take banking services to the unbanked. In addition to technology sales, there are prospects for a growing annuity income stream from the maintenance of ATMs and card readers.

Further acquisition opportunities will be pursued where they add value and contribute to the overall expansion strategy.

Review of Operations

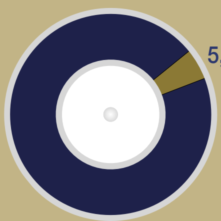
The Services Division – Rennies Financial Services

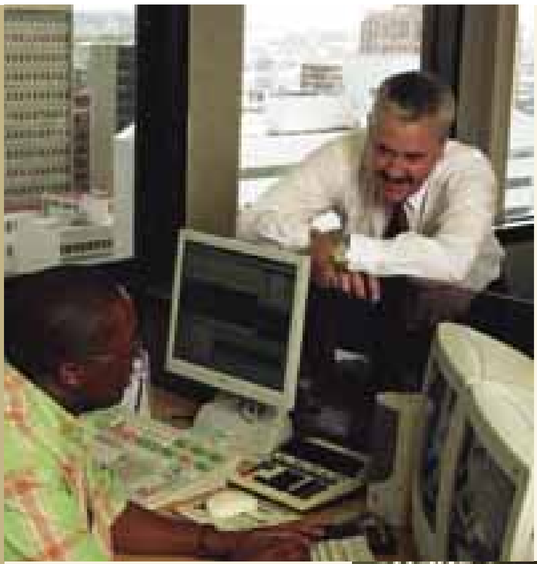
Rennies Financial Services

Rennies Financial Services is southern Africa's leading travel-related financial services group providing an extensive blue-chip client base with the widest range of high quality financial and travel products and services to meet all their travel and foreign currency needs locally, regionally and internationally.

- *Travel Services*
- *Rennies Bank*

Contribution to Group trading income





Rennies Bank:
A niche bank specialising in foreign money transfers

Concorde Travel:
All the Cape branches were consolidated into a single travel centre

Rennies Foreign Exchange:
Is recognised as the foremost provider of specialised foreign exchange services

Master Currency:
Master Currency operates through 18 strategically located Bureaux de Change throughout South Africa

Trading margin **slips to 19,4% from 24,3%**

6% rise **in travel trading income**

Fee-based accounts are 50% of the total, up from 35%

Travel Services:
Renfin companies add value by actively managing corporate travel budgets

Lilian Boyle
Chief Executive
Lilian has thirty-five years of diverse business experience including seven years in the freight management industry and seventeen years in the travel industry.

Operational environment
The operations of Renfin were characterised by intense competition and the impact of the strong rand. The industry witnessed continued consolidation, with one major travel consortium seeking new owners. This development may lead to the formation of a new consortium and it is expected that further consolidation in the industry will take place ahead of changes to the remuneration model in 2005.

The stronger rand affected South Africa's price competitiveness as an inbound tourist destination. The effects of an appreciating currency were compounded by competition from East Asian destinations that discounted heavily to rebuild tourist markets hit by acts of terrorism and SARS.

The strong rand affected both tourist volumes and forex encashments. Though currency dealing volumes rose, the rand value of transactions fell, severely depressing earnings.

Outbound travel was undermined by corporate cost-cutting on business travel. Business travel accounts for approximately 75% of the Renfin travel business in value. In many corporations, travel and entertainment constitute the third highest cost item and a focus area for cost containment. The result is fewer journeys, shorter stays, less first class travel and more down-trading.

These factors are negative for the entire industry, but some companies are hurt more than others. Strong, service-led companies can improve their competitive position as weaker operators lack the resources to withstand these pressures. Renfin's market positioning also helped. Renfin companies add value by actively managing corporate travel budgets. Their expertise is more in demand than ever, helping Renfin to achieve a measure of success in extremely difficult trading conditions.

Operational highlights
Despite the constant quest for efficiency improvements, the division managed to maintain its head-count. Rationalisation affected some jobs but, wherever possible, staff were retrained and re-assigned to new posts.

The competitive landscape presented a growth opportunity as some high quality operators re-examined their strategic options in a market where margin pressure is constant.

Renfin made selected acquisitions to strengthen its regional presence and broaden the client base. We acquired 100% ownership of Jet Travel (based in Port Elizabeth), Prestige Travel (Johannesburg and Cape Town), Uniworld Travel (Johannesburg, Cape Town and Durban) and Incentag New Directions (Johannesburg). We took a controlling stake in Travelwise of Gaborone. All are well run, like-minded businesses with a strong focus on corporate or business travel.

In addition, several quality corporate accounts were won, further strengthening our blue-chip client list. Renfin now accounts for almost 30% of the total turnover of the South African travel industry.

A key strategic success was achieved when fee-based accounts approached 50% of total for the first time, up from 35% a year earlier.

The Renfin strategy is to build the fee base while reducing dependence on commission. Clients increasingly accept both the business case and the ethical argument. Commission is a perverse incentive to create high-cost solutions that generate income from product suppliers. Yet low cost and good value are expected by clients (for whom the travel service provider is working). Furthermore, flat commission rates ignore the expertise, systems investment and time needed to create an optimum solution.

Corporate clients who expect significant cost reductions in travel expenses increasingly see the logic of fees in return for efficiencies and real savings.

Renfin has given an industry lead in the conversion to professional fees that avoid an inherent clash of interests. In the long term we believe this is the best way to deliver on client expectations and restore industry profitability.

Renfin is winning the argument for professional remuneration across its client base while many major suppliers now acknowledge that the case for fees and transparency is irrefutable in a market driven by corporate travel expense management.

Renfin had hoped that the intense industry deliberations in 2004 would have resulted in South African Airways (SAA) scrapping commissions and

Review of Operations

The Services Division – Rennies Financial Services

World Travel BTI:
Provides travel and management services to corporate and leisure clients

Corporate 75% of travel business and corporate leisure 25%

Ebony Travel joint venture launched by Prestige Travel

Five new business travel companies acquired (previously Sure Travel members)

Travel Services:
Our range of high-quality travel products and services operate locally, regionally and internationally

embracing a fee-based system. However, SAA delayed its decision by a year. In the first half of 2005 our national carrier is expected to end a system that ignores the client's best interests and hobbles the development of true professionalism in the travel business.

Banking operations

Banking operations benefited from the weak rand in the first half of 2003 and were particularly hard hit when the unit strengthened. In rand terms, transaction values fell though levels of activity were increased.

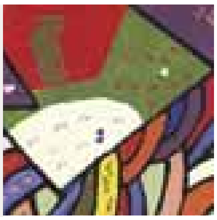
Rennies Bank derived considerable advantage from synergies with Bidfreight in the development of trade-related foreign exchange services.

It established a banking sector lead by prompt implementation of the stringent client identification and record-keeping requirements of the Financial Intelligence Centre Act (FICA). Commercial banking competitors derived some tactical advantage by slower implementation. This window of opportunity will soon close as commercial banks become FICA compliant.

Rennies Foreign Exchange created a competitive advantage through further development of the Cash Passport product. This preloaded, pin-protected debit card can now carry cash sums denominated in US dollars, sterling, euro and Australian dollar – the broadest range on the market.

The A2 short-term credit rating of Rennies Bank was confirmed by CA-Ratings together with the long-term BBB rating. There was no change to the bank's policy of retaining sufficient liquidity to repay all depositors on demand. The capital adequacy ratio still exceeds 100%.

Travel Services:
Renfin provides services to an extensive blue-chip client base



Financial review

Renfin's revenue increased by 2,5% to R658,2 million against R642,1 million in 2003. Trading income decreased 18,3% to R127,4 million.

Business risks

Vulnerability to acts of terrorism remains a concern for the travel-related industry. No resolution of global security issues is in sight. Another security concern relates to crime. Travel companies and travel-related banking services are targets for organised crime. The risk is addressed by ongoing investment in security systems and support systems for staff members, together with continuous improvement in controls.

Technology risk is acknowledged. The public and the corporate sector may embrace on-line, Internet-based booking systems to an extent that may affect Renfin, but real-life experience suggests this is unlikely. Growing choice, price range and product complexity make expert intervention more vital than ever. Corporate clients demand more support, information and personal service, not less. Industry research shows that the average business traveller changes a booking 3½ times before finally boarding the plane. Demand for "Just In Time" flexibility cannot be met by direct systems via the Internet. Renfin does not only provide a booking service, but is also a solution provider and proactive travel expense manager. This position negates the direct-booking risk to some extent while the extensive range of Renfin's on-line tools forms an increasingly important, and cost effective, part of the service mix.

Renfin makes extensive use of its own web-based tools and constantly invests in new technology (now its second biggest cost). The business has long invested in its own IT systems to prevent dependence on the software of any industry supplier.

Renfin companies primarily serve the corporate sector. The division guards against the risk of client attrition by ensuring that its companies have a broad spread of clients across various industries. Account gains among small and medium-size enterprises are a point of focus to prevent over-exposure to a few major corporate clients.

Travel is a dynamic industry. Business patterns change constantly. This risk is managed by closeness to the business. For example, the demand for travellers' cheques continues to decline. The division responded by obtaining a full banking licence and offering a complete range of travel-related banking and trade finance services, instantly removing the historic dependence on the issuance and encashment of travellers' cheques.

Empowerment

Bidvest's strong empowerment credentials following the Dinatla transaction have entrenched relationships with corporate clients, most of whom are rolling out preferential procurement programmes.

The staffing profiles of our companies are fully representative of the population at large. All companies are in the process of obtaining individual empowerment ratings from independent empowerment auditors and developing plans to achieve their transformation objectives in all aspects of the BEE scorecard.

Travel Services

The travel companies did well to increase their contribution in the face of a disappointing year in terms of market growth while the foreign exchange bureaux were hard hit by the strength of the currency and the drop in tourism. Non-South African operations were less affected by the negative economic factors and managed to sustain top-line growth and increase market share.

In these service businesses, people remain the key to service excellence and management and staff again demonstrated their commitment to raising the standards in an extremely competitive and difficult environment. Investment in the development and well-being of staff increased in the year as part of the strategy of retaining and growing the best people in the industry.

Rennies Travel

General market conditions, coupled with excellent cost savings achieved on behalf of clients, led to lower sales and revenue than the previous year. However, profitability increased as a result of the continuous process of rationalising marginal activities, implementation of several strategic initiatives and rigorous cost control.

Business retention remained a strong focus while many new quality accounts were acquired. Strong

The Services Division – Rennies Financial Services

112 franchisees within Harvey World Travel Southern Africa

59% fall in banking income due to direct and indirect exchange rate impacts

Capital adequacy ratio of Rennies Bank above 100%

Travel Connections: The state-of-the-art Sandton branch

Master Currency: Staff of the Clocktower (V&A Waterfront, Cape Town) branch

communication of the philosophy of providing clients with a full range of products "under one roof" contributed to another successful year for the Incentives and Conferences division and the Airport Services division (Premier Club Lounges and Conference Centre), which added the international arrivals lounge at Johannesburg International Airport to its portfolio. The inbound division was negatively affected by the drop in foreign visitors.

Rennies Travel Namibia

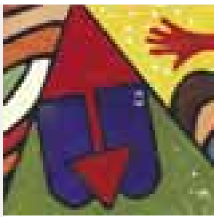
Another good year of growth was achieved in Namibian travel operations, augmented by the opening of a new branch at Oshakati and the acquisition of Swakopmund and Windhoek outlets which previously traded as Travel Box. As in South Africa, the conversion of clients to fee-based remuneration continues. Service fee income doubled during the year.

Tuka Travel, the empowerment joint venture, was closed in January as it proved to be unviable. However, negotiations have reached an advanced stage for the sale to an empowerment partner of a 25,1% equity stake in Rennies Travel Namibia.

Namibia Bureau de Change

This was a satisfactory year for the company in spite of the strengthening of the rand (the Namibian dollar is linked to the rand). Margins were well managed and expenses well contained despite the opening of a fourth branch in September 2003.

The company remains heavily dependent on inbound visitors and, like the rest of the region, saw a negative impact from declining tourist numbers.



Rennies Travel and Foreign Exchange Zimbabwe

Ever-increasing inflation and mandated salary increases are creating an unsustainable business environment. Currency shortages and manipulation of the exchange rate by some airlines exacerbated the difficulties facing the travel operations. The Zimbabwean Reserve Bank intervened in June 2004 to regularise the exchange rate used for airline ticket purchases. The Mutare branch was closed in March owing to the decline in business in that area. An intense focus on cost reduction accompanied by the introduction of new transaction fees contributed to better than expected results.

Government legislation forced the closure of the successful foreign exchange bureaux in December 2002.

Rennies Travel and Foreign Exchange Malawi

The Malawi economy was adversely affected by the poor performance of the tobacco industry, a decline in international donor funds and the closure of some companies. The restructuring of operations in Malawi was successfully completed, resulting in a positive year in a low-growth market. A new foreign exchange bureau was opened in Lilongwe and the year ahead will see a renewed sales drive in both travel and forex.

Concorde Travel

Tough trading conditions were experienced, largely as a result of the widespread trend toward travel cost containment among corporate clients. In an extremely competitive market, Concorde did well to increase earnings through expense control, increased fee earnings and tight management of working capital.

Highlights included the successful consolidation of the Cape branches into a single travel service centre, the conversion to platform-independent reservation systems and the countrywide implementation of the new operating system, all of which will result in improved client delivery and internal efficiencies.

Connex Travel

Once again, Connex had a successful year, growing its presence in the corporate travel management sector while entrenching its position as the major supplier to Government and parastatal clients. The acquisition of new accounts necessitated an increase in staff as several new in-house branches were opened.

Increased earnings can largely be attributed to the control of costs, increased fees and focused working capital management.

World Travel

Whilst sales growth was below expectations, revenues were maintained owing to a high level of client retention in a challenging trading environment. Good cost control and increased fees helped to minimise the reduction in profitability.

Progress was recorded in the development of employment equity and skills development plans, and the company obtained a satisfactory empowerment rating. Consolidation of some of the marginal activities has begun with the aim of improving efficiency and earnings.

Harvey World Travel Southern Africa

The franchise company had a successful year. The number of franchisees in southern Africa grew to 112 and brand awareness was entrenched in the minds of the travelling public. Additional services to franchisees are being rolled out which will contribute to improved value for clients and enhanced earnings for the franchisees.

Travel Connections

Results were exceptional considering the dual challenge of down-trading by clients and the discounting of direct sales by suppliers. Excellent personal service and competitive pricing resulted in a high level of client retention while many new accounts were gained. The business and its staff were the recipients of several industry awards.

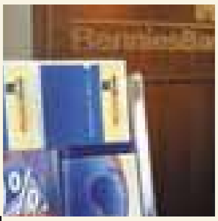
Prestige Travel

The business faced a challenging year as clients reduced their travel budgets. In response, a restructuring of the business was undertaken and preparations made for full transition to a fee-based environment, creating a strong foundation for growth. A joint venture, Ebony Travel, has been formed to foster enterprise development and skills transfer.

Uniworld Travel

Direct distribution channels presented a major challenge necessitating process streamlining and rationalisation. These initiatives will bear fruit in

The Services Division – Rennies Financial Services



Rennies Bank:
Also accepts deposits and grants personal loans, revolving credit, trade finance, asset-based finance, corporate loans and bridging finance

Rennies Bank:
New benefits will be derived from the continuing investment in training

the year ahead. The development of additional revenue streams remains a high priority and a significant increase in fee earnings was recorded.

Incentag New Directions, the incentive and conference division of Uniworld, had a satisfactory year, gaining several new accounts.

Travelwise (Botswana)

The travel business benefited from the slow recovery of the global travel market following damaging world events. The visit of the President of the USA and several important regional conferences generated good revenue during the year. Travelwise is already seeing positive results from its membership of the Renfin group.

Botswana, although a small market, continues to be one of the more buoyant and stable economies in Africa, while Gaborone's positioning as the SADC region's centre for world development agencies will have a positive influence on travel volumes in the future.

Master Currency

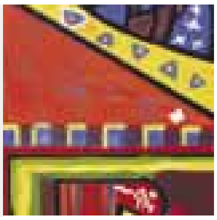
Results were largely governed by the continued appreciation of the rand. In common with all foreign exchange operations, Master Currency suffered from the strength of the currency when converting foreign transactions to rand. The decline in inbound tourist numbers also affected sales. Unfortunately, outbound travel was not stimulated sufficiently to compensate for the decline in foreign tourist activity and although transaction numbers increased, South African residents were able to lower the spend per transaction.

Excellent cost control and margin management lessened the full impact on profitability of the rand's strength and the company did well under challenging circumstances.

Rennies Bank

Rennies Bank is unique in South Africa in that its primary focus is foreign exchange and related activities. The bank also accepts deposits and grants personal loans, revolving credit, trade finance, asset-based finance, corporate loans and bridging finance. The bank runs a MasterCard branded corporate credit card programme. Through its Rennies Foreign Exchange retail division, the bank is the leading seller of travellers' cheques and foreign bank notes in South Africa.

Despite the tremendous strengthening of the rand, making overseas travel for South Africans cheaper than for many years, there was little growth in outbound travel. However, inbound travel did react to the strength of the rand and volumes of encashed travellers' cheques



and purchases of bank notes declined. In addition to the reduced volumes, the rand's strength resulted in declining margins and commissions, which seriously impacted the bank's revenue

Prospects

Fierce competition will continue in 2005; so will industry consolidation. Opportunities for acquisitions may present themselves. The division is positioned to respond in cases which meet our growth criteria.

Competitive pressures from Asian destinations are unsustainable in the long term. As these discounts are removed, South Africa will again emerge as an exciting, value-for-money destination, with a positive impact on inbound business.

Though international political developments remain a concern, the global economy shows signs of growth. This will be positive for outbound travel.

The banking business will begin to derive new benefits from substantial investment over the last two years in IT systems, infrastructure and training. The product range is growing. Trade finance represents an exciting opportunity. The groundwork has been laid for an increase in both revenues and profit in the year to come.