



The **BIDVest** Group Limited

CONSOLIDATED AUDITED RESULTS for the year ended June 30 2002

HIGHLIGHTS

- ▶ REVENUE ↑ 42,6%
- ▶ OPERATING INCOME ↑ 41,5%
- ▶ HEADLINE EARNINGS ↑ 23,7%
- ▶ HEADLINE EARNINGS PER SHARE ↑ 20,6%
- ▶ DIVIDEND PER SHARE ↑ 12,3%
- ▶ OPERATING INCOME EXCEEDS R2 BILLION FOR THE FIRST TIME

Income statement

for the year ended June 30

	2002 R'000	Restated* 2001 R'000	Percentage change
Revenue	41 950 388	29 415 011	42,6
Operating income	2 012 611	1 422 212	41,5
Amortisation of goodwill	(52 646)	(14 529)	
Net capital items	(11 467)	1 058	
Net finance expense	(80 163)	(391)	
Income before taxation	1 868 335	1 408 350	32,7
Taxation	(515 264)	(328 520)	
Income after taxation	1 353 071	1 079 830	25,3
Income from associates	17 735	25 248	
Trading profits	27 788	33 384	
Impairment and goodwill write-off in associates	(10 053)	(8 136)	
Outside shareholders' interest	(129 557)	(69 612)	
Income attributable to shareholders	1 241 249	1 035 466	19,9
Number of shares in issue (weighted 000)	299 089	291 599	
Headline earnings per share (cents)	436,2	361,8	20,6
Earnings per share (cents)	415,0	355,1	16,9
Dividend per share (cents)	190,0	169,2	12,3
- interim	90,0	81,0	
- final	100,0	88,2	
Headline earnings			
The following adjustments to income attributable to shareholders were taken into account in the calculation of headline earnings:			
Income attributable to shareholders	1 241 249	1 035 466	
Amortisation of goodwill	52 646	14 529	
Net surplus on disposal of assets and businesses	(3 610)	(1 058)	
Costs relating to unsuccessful bid for Brake Bros plc	20 403	-	
Underwriting commission received net of costs from Bidcorp plc (formerly Jacobs Holdings plc)	(5 326)	-	
Impairment and goodwill write-off in associates	10 053	8 136	
Tax relief	(4 363)	-	
Outside shareholders' share	(6 322)	(2 129)	
Headline earnings	1 304 730	1 054 944	23,7

Segmental analysis

for the year ended June 30

	2002 R'000	Restated* 2001 R'000	Percentage change
REVENUE			
The Services Division	16 424 403	13 759 072	19,4
Bidfreight	14 383 523	12 131 648	18,6
Bidserv	1 505 982	1 162 818	29,5
Refin	534 898	464 606	15,1
The Foodservice Products Division	21 121 321	13 226 694	59,7
Bidvest plc	18 741 489	11 213 360	67,1
Caterplus	1 653 732	1 360 908	21,5
Combined Foods	726 100	652 426	11,3
The Commercial Products Division	5 500 712	3 372 066	63,1
Bidoffice	3 512 837	2 798 707	25,5
Bidpac	625 537	573 359	9,1
Voltex	1 362 338	-	-
Corporate Services	159 387	168 244	(5,3)
I-Fusion	159 225	168 244	(5,4)
mymarket.com	125	-	-
Intergroup eliminations	(1 255 435)	(1 111 065)	-
	41 950 388	29 415 011	42,6
OPERATING INCOME			
The Services Division	718 570	577 370	24,5
Bidfreight	474 514	382 674	24,0
Bidserv	134 317	105 661	27,1
Refin	109 739	89 035	23,3
The Foodservice Products Division	672 927	439 642	53,1
Bidvest plc	460 875	265 223	73,8
Caterplus	132 493	106 080	24,9
Combined Foods	79 559	68 339	16,4
The Commercial Products Division	487 675	289 547	68,4
Bidoffice	313 715	219 720	42,8
Bidpac	84 142	69 277	20,5
Voltex	89 818	-	-
Corporate Services	133 439	115 653	15,4
I-Fusion	(9 096)	(5 965)	(52,5)
mymarket.com	(2 172)	-	-
Investment and other income	108 904	90 303	20,6
Group properties	35 803	31 315	14,3
	2 012 611	1 422 212	41,5

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with South African statements of Generally Accepted Accounting Practice and the accounting policies used are consistent with the prior year other than as set out below.

CHANGE IN ACCOUNTING POLICIES*

In accordance with recently amended South African statements of Generally Accepted Accounting Practice with regard to depreciation of buildings (AC 135) and employee benefits (AC 116), the Group has changed its policies and now provides for post-retirement employee benefits, full leave pay and depreciation of buildings. These changes have resulted in additional charges to the income statement for the current year totalling R10,5 million (2001: R10,4 million), net of tax and outside shareholders' interest. Had these changes in accounting policies not taken place, the headline earnings per share for the year would have been 439,4 cents per share (2001: 365,4 cents per share), an increase of 20,3%.

AUDIT REPORT

The consolidated results for the year have been audited by KPMG Inc and their unqualified audit report is available for inspection at the Company's registered office.

THE BIDVEST GROUP LIMITED

("Bidvest" or "the Group")

DIRECTORS: B Joffe (Executive Chairman), M Chipkin (Deputy Chairman), IA Berman, MC Berzack, LG Boyle, LI Chimes, BE Chipkin, E Ellerman, RW Graham, AM Griffith, CH Kretzmann, S Kocell, D Mason, LK Matson, SP Ngwenya, P Nyman, JL Panensky, LP Ralpis, TH Retman (British), FEA Roberts, DK Roveer, AC Salomon (Alternate III, Greenstone), CE Singer, PC Steyn, F Tit*, R Wainer, CE Watt, PD Womersley. *Non-executive

COMPANY SECRETARY: MA David

TRANSFER SECRETARIES: Computershare Investor Services Limited, 11 Diagonal Street, Johannesburg 2001, South Africa. PO Box 1053, Johannesburg 2000, South Africa.

REGISTERED OFFICE: Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose 2196, Johannesburg, South Africa. PO Box 87274, Houghton 2041, Johannesburg, South Africa.

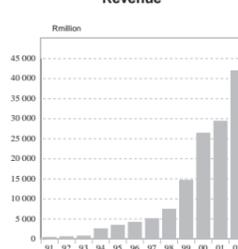
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ISIN NUMBER: ZAE00008132

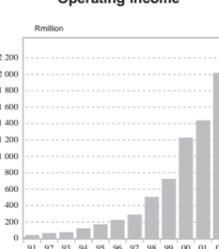
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URL: www.bidvest.co.za

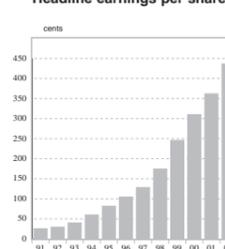
Revenue



Operating income



Headline earnings per share



Cash flow statement

for the year ended June 30

	2002 R'000	Restated* 2001 R'000
Cash flow from operating activities	2 002 904	1 127 424
Operating income net of capital items	2 001 144	1 423 270
Depreciation and other non-cash items	580 019	401 334
Changes in working capital	207 183	(265 830)
Cash generated by operations	2 788 346	1 558 774
Net finance expense	(80 163)	(391)
Taxation paid	(395 737)	(269 007)
Dividends paid	(268 901)	(145 977)
- Company	(40 641)	(15 975)
- subsidiaries		
Cash effects of investment activities	(1 658 352)	(493 500)
Net additions to fixed assets	(695 117)	(495 955)
Net additions to intangible assets	(18 760)	(8 509)
Net (acquisition) realisation of subsidiaries, businesses associates and investments	(944 475)	10 964
Cash effects of financing activities	552 378	(127 000)
Proceeds from shares issued		
- Company	596 462	48 609
- subsidiaries	506	2 478
Distribution of share premium to shareholders	(159 743)	(116 981)
Net borrowings raised (repaid)	115 153	(61 106)
Net increase in cash and cash equivalents	896 930	506 924
Net cash and cash equivalents at the beginning of the year	1 058 213	536 263
Currency adjustments	247 188	15 026
Net cash and cash equivalents at the end of the year	2 202 331	1 058 213

Balance sheet

at June 30

	2002 R'000	Restated* 2001 R'000
ASSETS		
Non-current assets	5 132 443	3 579 216
Fixed assets	3 602 498	2 182 752
Intangible assets	681 903	353 164
Deferred tax	251 282	239 092
Investments and advances	404 615	495 278
Banking advances	192 145	308 930
Current assets	9 998 814	6 162 755
Other current assets	7 253 322	4 848 692
Liquid funds	2 745 492	1 314 063
Total assets	15 131 257	9 741 971
EQUITY AND LIABILITIES		
Capital and reserves	6 395 651	4 165 785
Shareholders' interest	5 589 235	3 860 494
Outside shareholders' interest	806 416	305 291
Non-current liabilities	604 371	325 428
Deferred taxation	252 048	87 385
Post-retirement obligations	188 785	167 182
Long-term portion of interest-bearing borrowings	135 838	28 778
Banking liabilities	27 700	42 085
Current liabilities	8 131 235	5 250 758
Other current liabilities	6 887 622	4 924 842
Current portion of interest-bearing borrowings	1 243 613	325 916
Total equity and liabilities	15 131 257	9 741 971
Number of shares in issue (000)	311 839	295 821
Net tangible asset value per share (cents)	1 574	1 186

Statement of changes in shareholders' interest

for the year ended June 30

	2002 R'000	Restated* 2001 R'000
Shareholders' interest at the beginning of the year	3 860 494	3 028 819
Share capital issued	801	309
- capitalisation issue	107	206
- cash issue	623	-
- in terms of the share incentive scheme	71	103
Share premium arising on shares issued	436 025	(68 475)
- in terms of the share incentive scheme	40 067	48 730
- cash issue	557 377	-
- refund of share premium to shareholders	(159 743)	(116 981)
- costs	(1 676)	(224)
Movement in non-distributable reserves	329 882	10 222
- foreign currency translation reserve	329 882	8 723
- revaluation of fixed assets	-	2 186
- transferred to distributable reserves	-	(687)
Movement in retained income	962 033	886 619
- income attributable to shareholders	1 241 249	1 035 466
- dividends and capitalisation issues	(269 008)	(146 183)
- secondary tax on companies	(10 208)	(351)
- transfer from non-distributable reserve	-	687
Shareholders' interest at the end of the year	5 589 235	3 860 494

Chairman's statement

INTRODUCTION

Bidvest has delivered strong results. The performance by the Group is commendable given the backdrop of some of the most turbulent times in recent history.

Twelve months ago we had no hint that the civilized world was about to be delivered the horror of September 11. We probably all thought that this was the ultimate horror of what we would be required to face. However, the business world was further plagued by a number of high profile events and scandals which has again severely dented investor confidence.

We all need to remind ourselves that there are countless thousands of people who, either directly or through their pension funds, have committed their savings to our care. They have pooled their capital and placed it in our charge in the belief that we will manage it honestly, diligently and prudently. They hope for growth in value and an income stream, but more importantly, they seek fair dealing and fair value reporting.

Our strength lies in our diversity. We are able to withstand the storms and cycles of economies because of the spread of our operations and the commitment of our people who ensure our success. In today's markets single focus businesses are more subject to market negativity than a solid, diverse group such as Bidvest.

I am convinced that it is not the products and services we provide that make the Group successful, but the way we provide them - *it's not what we do, but how we do it*. With our focus on operational excellence, our execution is better than our competitors', and where it isn't we don't rest until it is.

Our emphasis on decentralisation and entrepreneurship ensures that Bidvest is structured for performance in any economic environment. Our strategy and leadership has been proven and we have a long history of careful risk taking, solid execution and attention to detail.

Bidvest has an unequalled position with its breadth and depth of products and services and an ability to extract value even from mature industries. We have a tried and tested business model, one that performs. We are financially strong, ungeared, cash flow positive and showing impressive growth relative to our peers and competitors. Our people have responded exceptionally to the challenges allowing us to deliver headline earnings growth of 23,7%. We have much of which to be proud.

MARKET REVIEW

Economic conditions

Activity in the global economy slowed substantially in 2001 and September 11 further heightened economic uncertainty. Evidence of improved global economic conditions began to surface towards the end of 2001 and signs of a worldwide recovery have steadily increased. However, events in the Middle-East further serve to compound uncertainty.

South Africa has maintained a GDP annual growth rate of just more than 2% despite the global slowdown and has recorded consecutive positive quarterly growth rates since the fourth quarter of 1998.

The rapid devaluation of the rand impacted all businesses in South Africa making imports expensive and increasing working capital requirements. However, on the positive side the devaluation improved the price competitiveness of locally manufactured goods and boosted exports and tourism to South Africa.

Business conditions in South Africa have slowly improved since the first quarter of our financial year. Crime remains a negative influence on the social fabric of South African society and government's inability to act decisively on such matters as Zimbabwe, HIV/AIDS and black economic empowerment have contributed to the negative perception of the country held by investors and international businesses.

These factors should not detract from the all-round performance of the South African government who should be given credit, especially for monetary and fiscal discipline. Government and business need to work more closely together to promote South Africa as an exciting place for foreign investment.

JSE Securities Exchange South Africa

Resource stocks have influenced the performance of the All Share Index on the JSE particularly since January 2002, but Bidvest performed well relative to the industrial index, particularly when compared to its peers and competitors.

Sustainable and solid businesses are those that are managed and perform over the short- and long-term

Investment community

Sustainable and solid businesses are those that are managed and perform over the short- and long-term. The investment community's insistence on evaluating a company's quarter-to-quarter performance creates unrealistic pressure on management. This pressure has, in my opinion, led to the current high profile corporate and auditing scandals regarding engineered financial results, business failures and questions raised around corporate credibility. Although everyone enjoys a feisty one-day international cricket match, business should more appropriately be compared to a five-day test, with good batsmen slowly building the innings, depending on the conditions in the field.

Regulatory environment

Doing business in South Africa unfortunately becomes more difficult every year and the latest amendments to the Labour Relations Act governing mergers and acquisitions is no exception, adding another layer of red tape.

The Competition Commission continues to have an influence on business, but it seems of late to be evaluating transactions more commercially, rather than strictly in terms of the legal parameters, which is positive. Free market economics should be tempered with anti-monopoly legislation, but not at the expense of entrepreneurship. Due to the low threshold level, meeting the resulting bureaucratic requirements of the Competition Commission places enormous administrative burdens on acquisitive companies such as Bidvest and adds to the cost of doing business.

The regulatory environment in which we operate seems to promote small and medium enterprises at the expense of big business. Big business is responsible for a large percentage of the country's exports and provides the fertile ground upon which smaller business can grow and flourish. The compliance issues become more complex every year and serve primarily to entrench bureaucratic thinking. Big business should be entrepreneurial, yet still adhere to international best practices and good corporate governance.

Empowerment

Economic transformation remains fundamental to the future of South Africa and empowerment is a critical element. However, the requisite criteria to qualify as an empowerment organisation are subject to different interpretations, which makes overall compliance impossible and not transparent. We are fully supportive of and committed to the concept of black economic empowerment and actively work to empower our staff members and the communities in which we operate.

The insistence on measuring empowerment only by equity percentages is complicated and difficult. In Bidvest's case, our shareholding has no one controlling party, but is held largely by institutional investors on behalf of the retirement and life fund industries. The Bidvest directors acknowledge their responsibility to manage and develop sustainable businesses for the benefit of all stakeholders.

FINANCIAL REVIEW

In February 2002 we challenged our executives to react to the slowing economy and they not only met the goals set, but exceeded them.

Revenue grew by 42,6% to R42,0 billion (2001: R29,4 billion) and the operating margin was maintained at 4,8%. Operating income amounted to R2,013 billion (2001: R1,422 billion), exceeding R2 billion for the first time.



The **BID**Vest Group Limited

Chairman's statement (continued)

Headline earnings increased by 23.7% to R1,305 billion (2001: R1,055 billion), whilst headline earnings per share increased by 20.6% to 436.2 cents (2001: 361.8 cents). A compound growth rate in earnings per share over the past eleven years of approximately 29.0% has been achieved. Bidvest plc, the Group's 80.8% held offshore subsidiary, contributed 22.9% (2001: 18.6%) to the Group's operating income and 20.7% (2001: 18.9%) to headline earnings.

Income attributable to shareholders increased by 19.9% to R1,241 billion (2001: R1,035 billion).

The cash flow generated by operating activities increased by 77.7% to R2,003 billion (2001: R1,127 billion) resulting in the Group having liquid funds of R2,745 billion (2001: R1,314 billion) available to finance future activities. Net capital expenditure on fixed assets increased by 40.2% to R695.1 million (2001: R496.0 million).

Capital items amounting to R11.5 million have been written off.

In accordance with recently amended South African statements of Generally Accepted Accounting Practice with regard to depreciation of buildings and employee benefits, the Group has changed its accounting policies and provides for depreciation on buildings, leave pay and post-retirement employee benefits. These changes have resulted in additional charges to the income statement for the current year totalling R10.5 million (2001: R10.4 million), net of tax and outside shareholders' interest. Had these changes in accounting policies not taken place, the headline earnings per share for the year would have been 439.4 cents per share (2001: 365.4 cents per share), an increase of 20.3%.

The net tangible asset value per share increased by 32.7% to 1,574 cents (2001: 1,186 cents) and dividends to shareholders increased by 12.3% to 190.0 cents per share (2001: 169.2 cents per share).

We are financially strong, ungeared, cash flow positive and showing impressive growth relative to our peers and competitors

Working capital management deteriorated during the first half of the year but improved considerably during the last quarter. The increase in Bidvest's effective tax rate from 23.3% to 27.6% had the effect of an additional charge to the income statement of approximately R80 million.

Bidvest is traditionally financially conservative and has always operated from a position of financial strength. We enjoy the highest local credit rating issued to an industrial corporate and we have a strong balance sheet, with financing capacity available for expansion, acquisitions and to take advantage of local and international opportunities.

STRATEGIC REVIEW

Bidvest has a clear focus and a commitment to build on what we have created. We have a common, proven business model across all of our closely aligned businesses and we use our resources and our diversity to create value. We are a strong, resilient and accountable company with a multi-faceted portfolio of focused businesses selling leading branded products and services and this financial strength allows us to capitalise on opportunities that present themselves through unpredictable economic cycles.

We are acquisitive and opportunistic by nature and will continue to be so. We have a focused approach to acquisitions, targeting assets, which not only extend and add value to our range of products and services, but also offer an above average return on investment.

It's not what we do, but how we do it

Organic growth is equally important and we strive for optimal operational performance, which includes focusing on product and market development, improved product and service quality and cost containment. Bidvest's management is tasked with ensuring that the business strategies of the decentralised operations remain relevant in the changing business environment and that future customer demands are proactively anticipated and addressed. Bidvest achieved organic growth of approximately 23.0% in operating income.

We also intend to migrate our businesses along the integration ladder. We aim to develop from a product-, service- and asset-centric organisation to one offering holistic products and services catering to all our customers' needs. The future holds the promise of new service lines, new geographies and new clusters of offerings. The future may also produce new businesses as we turn internal competencies into marketable offerings. The concept of bundling our products and services and cross-selling the packaged solution across the Group has enormous potential.

Whilst Bidvest is a dynamic and opportunistic organisation, our core strategy of investing in distribution, services and trading businesses and operating on a decentralised and entrepreneurial basis has not changed and we will continue to deliver shareholder value by using the capacity of our South African growth engine to develop local operations and drive international expansion.

Acquisitions

During the year the Group acquired the balance of 68% of the shares of Voltex Holdings Limited for R218 million, 100% of Paragon Business Communications Limited for R58 million and on January 3 2002 invested £31.5 million in the London-listed Jacobs Holdings plc (renamed Bidcorp plc). A number of smaller acquisitions were also made.

OPERATIONAL REVIEW

During the previous financial year, Bidvest simplified its structure into three umbrella divisions, which has given perspective to the size and scope of the Group's operations. Each of these divisions will expand their businesses into the international marketplace to provide the platform for future growth. Bidvest is a multi-billion rand business and each of these divisions has the potential to achieve this scale in their own right.

THE SERVICES DIVISION

The Services Division comprises Bidfreight (incorporating Bidcorp plc), Bidserv and RENNIES Financial Services, three highly focused operations providing services to niche markets, and all leaders in their field.

Our services business offers economic cycles by offering long-term revenue streams and aligns Bidvest to its customers by linking their future success to our own.

Bidfreight

Bidfreight's revenue increased by 18.6% and operating income by 24.0% with especially strong performances from the Terminals division and the Namibian operations.

Bidfreight saw a significant shift in trade patterns post the World Trade Centre disaster and the resultant economic slowdown. Import volumes in respect of both sea and air freight declined swiftly. Exports rose on the back of a weakened rand and import values increased, which boosted Bidfreight's forwarding revenue.

The growth of South Africa's international trade is expected to continue to be more rapid than its GDP growth. A greater percentage of South Africa's domestic product is traded internationally each year and we expect this trend to continue.

Renfreight was incorporated into Saffor Panalpina during the first quarter of 2002 with minimal disruption to their customers. Benefits arising from the merger have started to flow through.

The separation of Portnet into SA Port Operations and the National Port Authority is almost complete and all indications are that the start of the Port concessioning process is imminent. Bidfreight Terminals is well positioned to benefit from the concessioning process.

Similarly, Bidfreight has a close relationship with Spoornet and is working closely with them to facilitate the shift in cargoes back to the rail system.

The operations that trade in other African countries have, with the exception of Namibia, been adversely affected by the economic decline in these countries. The businesses have been focused on movement of commodities into and out of the territories. The Namibian operations, which are reliant on

the fishing industry, had an excellent year with higher dollar prices being obtained for the fish at the same time as a weakening exchange rate.

Bidcorp plc

Following the acquisition of Bidcorp plc, a strategic review of the business activities was undertaken and a chief executive, seconded from Bidfreight Terminals, was appointed. The operations were reorganised into three focused operating divisions: Shipping and Ports, Automotive Services and Property and Outsourced Services.

These actions are already starting to show results as reflected by Bidcorp's return to profitability in its interim results for the six-month period to June 30 2002.

All business units have been stabilised in the period and the shipping division is well placed to benefit from the announced closure of a major competitor's services on the Zeebrugge route.

Bidserv

Bidserv's revenue increased by 29.5% and operating income of R134.3 million reflects an increase of 27.1%.

The overall trend to outsourcing in South Africa continues to gather momentum. All the divisions within Bidserv have taken advantage of this trend. Industry specific service concepts have been developed, which have been well received by the market. Bidserv Integrated Service Solutions, has been successful in selling the full range of Bidserv's services to single clients.

The businesses of the Magnum Group were acquired with effect from July 1 2002 and integrated with Shield Security. The combined operation is now the third largest guarding business in the country.

Steiner Hygiene performed well and developed various new products to enhance its range. Customer service levels were improved and a number of new depots were opened.

The Prestige Group continued to grow well and improved its operating margin through the use of superior equipment and advanced cleaning techniques, coupled with efficient and highly trained personnel.

Although margins are low in the laundry industry, this division saw a significant improvement in its operating performance through improved efficiencies in its modern factory.

RENNIES Financial Services

RENNIES Financial Services' revenue increased by 15.1% and operating income of R109.7 million reflects an increase of 23.3%.

The division increased its contribution and the value of bookings and foreign exchange dealings was just under R16 billion.

September 11 and the dramatic depreciation in the rand negatively affected international corporate travel, which had a knock-on effect on foreign exchange sales. However, the combination of the cheaper rand, fears of east-west travel and active marketing by SA Tourism all contributed to South Africa's attractiveness as a safe and affordable destination for foreign tourists, which had a positive effect on all the division's businesses.

Bidvest sold a 25% stake in RENNIES Travel to Women's Development Business Investment Holdings at the beginning of the year, a move that has been positively accepted by all stakeholders.

RENNIES Bank, whose primary focus is in foreign exchange and related activities, is now the leading seller of travellers' cheques and foreign currency bank notes in South Africa and increased turnover by 75% over the prior year. RENNIES Bank has an A2 credit rating from CA-ratings with a capital adequacy ratio of 62%.

Bidvest has an unequalled position with its breadth and depth of products and services

THE FOODSERVICE PRODUCTS DIVISION

The Foodservice Products Division comprises Bidvest plc, Caterplus and Combined Foods, which are focused on the supply and distribution of foodservice products to the leisure, hospitality and catering industries.

There is a continuing and sustained lifestyle trend where single parent and double income families are more pressured for time and are increasingly spending money on meals away from home.

Bidvest plc

Bidvest plc's revenue increased by 67.1% and operating income of R460.9 million reflects an increase of 73.8%.

United Kingdom

3663 First for Foodservice had an extremely successful year, with revenue up 17% and operating income up 25% in sterling, in a market generally regarded as flat.

The most significant gain was recorded by Multi-Temperature, the largest division, with good growth from the Frozen division. These trading units achieved sales growth in both the independent and national customer sectors. Further buying improvements offset pressure on costs leading to increased operating margins.

The performance of the Logistics division continues to improve. Central Distribution achieved efficiencies in costs, which combined with new accounts brought on stream in the latter part of the year, enhanced profitability.

Australasia

The results of Bidvest First for Foodservice in Australia reflect organic growth as the year was spent on consolidation and the integration of the John Lewis Foodservice business into the existing operations and infrastructure.

The trading environment in Australasia remains relatively stable and Bidvest Australasia continues to entrench itself as the leading foodservice distributor in Australia and New Zealand.

The unsuccessful bid for Brake Bros plc was disappointing. However, Bidvest plc, with a strong and financially stable base, will continue to grow both organically and by acquisition, consolidating its position as a market leader to become a truly international player.

Caterplus

Caterplus' revenue increased by 21.5% and operating income of R132.5 million reflects an increase of 24.9%.

The emphasis this year has been on gaining market share through aggressive trading, whilst maintaining strict controls on assets and overhead expenses. The results were most pleasing.

The Catering Supplies division acquired M & M Quality Choice, located in Johannesburg, with a small branch in Nelspruit, in December 2001 and their results have been included for the second half of the year.

The Frozen Foods division performed very well in a market that remained highly competitive with margins under continuous pressure.

The depreciation of the rand affected the Speciality division most significantly and sales volumes declined as a result of the higher prices whilst rand sales increased. Various new product ranges such as Ferrero Rocher and Pez were acquired and a number of new products were added to the Goldcrest range.

The benefits of the previous year's restructuring at Vulcan-CAARS improved the profitability of the business.

Combined Foods

Combined Foods' revenue increased by 11.3% and operating income of R79.6 million reflects an increase of 16.4%.

The baking industry is in a state of change and is characterised by strong competition. Chipkins has focused on improving back office systems, reducing costs and greatly improving customer service levels.

Despite increases in the price of red meat Crown National achieved growth in market share and made inroads into certain non-meat market segments.

NCP Yeast serves the home and industrial baking and brewing industries, which experienced mixed growth, increasing its customer base by utilising Chipkins' distribution network.

THE COMMERCIAL PRODUCTS DIVISION

The Commercial Products Division comprises Bidoffice, Bidpac and Voltex, which are focused on the manufacture, trading and distribution of commercial products.

Bidoffice

Bidoffice's revenue increased by 25.5% and operating income of R313.7 million reflects an increase of 42.8%.

Kolok increased revenue by 88% as a result of an aggressive marketing and sales campaign and managed its assets superbly to generate exceptional returns and significant cash flows.

Waltons performed strongly with a marked turnaround in the profitability of the Gauteng region. The successful formation of the 'direct stores concept' was extended through additional store roll-outs and significant progress was made in e-procurement. Waltons is looking to brand more of its own products as a hedge against further devaluation in the rand.

Lithotech produced outstanding results through effective management of assets resulting in substantial cash generation and improved return on funds employed. The acquisition of Paragon Business Communications Limited and its merger with Lithotech created the opportunity for a major consolidation of the industry. Their distribution channels were integrated and certain production units combined. The mature products are focused on low cost production achieved through better economies of scale, whilst a range of new-age electronic products complements the product offering.

Bidpac

Bidpac's revenue increased by 9.1% and operating income of R84.1 million reflects an increase of 20.5%.

Afcom-GE Hudson and Buffalo Executive produced excellent results, with improved margins achieved through enhanced manufacturing efficiencies and productivity. During the year a strategic decision was taken to increase the businesses' manufacturing capacity, to produce product previously imported, which created a competitive edge in the face of a depreciating rand.

Silveray delivered good profit growth and increased market share in a growing market through focused sales programmes of its Croxley range of products.

In the latter part of the year, Silveray embarked on an ambitious export drive into the United Kingdom and has secured some lucrative orders. This initiative will be continued into 2003.

Voltex

Voltex achieved revenue of R1,362 billion and operating income of R89.8 million for the nine-month period since acquisition.

Voltex continues its policy of cost cutting initiatives with unprofitable branches being closed, merged or relocated. Senior management is involved in a thorough review of expenses throughout the business and continues to monitor pricing on an ongoing basis.

Voltex embarked on a drive to increase its participation in the manufacturing sector and is attempting to increase its market share in the electrical maintenance and wholesaling industries as well as the mining sector whilst consolidating its leading position in the contracting industry.

BID-IT

mymarket.com

mymarket.com dedicated most of the year to developing the infrastructural and software capabilities required to accommodate the needs of trading partners, which was largely completed by March 2002. The cost of this development was R25.3 million and is now being depreciated.

Vigorous 'proof of concept' pilot projects were successfully completed. Two significant national customers of the Group are currently trading online. mymarket.com has embarked on an aggressive customer acquisition strategy.

The site built for 3663 First for Foodservice in the United Kingdom went live at the end of May 2002. A number of customers have already been signed up and 3663 is implementing the system into these customers' businesses.

I-Fusion

The past year proved to be particularly challenging for companies in the IT industry. Further restructuring has resulted in I-Fusion's focus being narrowed considerably to provide a world-class network and networking solutions to its customers.

Bidvest acquired the 22.7% minority shareholding in I-Fusion. I-Fusion owns technologically advanced equipment and a state-of-the-art network, delivering a managed service solution to Bidvest and the market at large. The Group remains committed to maximising I-Fusion's capabilities due to the strategic nature of the operation.

Our emphasis on decentralisation and entrepreneurship ensures that Bidvest is structured for performance

CORPORATE SERVICES

Bidvest's relatively small corporate office provides the Group's strategic direction, financial management and corporate finance services. The corporate centre adds value through the identification and evaluation of acquisition opportunities and the implementation of Bidvest's decentralised, entrepreneurial business model.

As overall winner of the 2002 Five-Year Growth Award, the Group is proud to have been recognised and ranked first amongst the companies that are making a significant contribution to growing South Africa's economy.

During April 2002 Bidvest raised R558 million through the issue of new shares to institutional shareholders in anticipation of the participation in the Brake Bros bidding process. Should acquisition opportunities arise, the Group will not be averse to increasing its gearing to a debt-to-equity ratio of up to 40%, which will have the effect of reducing Bidvest's weighted cost of capital and improving shareholder returns.

Bidvest intends to increase its international shareholder base. As the Group globalises, so its shareholders should reflect the geographical spread of its operations. The fundamental long-term goal of delivering shareholder value requires further international expansion, which will need to be funded from international resources.

A comprehensive open market valuation of the South African property portfolio has been completed and the results are currently being evaluated. Some non-core properties have been disposed of and new property developments to house Group companies have commenced.

CORPORATE CITIZENSHIP

Bidvest intends, where applicable, to fulfil the requirements laid down in King II and to implement triple bottom line reporting.

Empowerment initiatives

Empowerment should not be determined by percentages, but should be measured on the rand value of projects and wealth created, educational initiatives and skills development.

During the year various new empowerment joint ventures were set up, which include two Cecil Nurse assembly plants in Gauteng and Port Elizabeth, Ubulhe by Dauphin in Mpumalanga, SheNixsa Travel in East London, Tuka Travel and Twafika in Namibia and Vuka Catering Supplies in Gauteng.

25% of RENNIES Travel was sold to Women's Development Business Investment Holdings, a move that has been positively accepted by all stakeholders.

People

Bidvest's culture has been embraced in our operations throughout the world. Employees work in entrepreneurial environments where being the best and paying attention to detail is imperative. We empower our employees with the training, the authority and the responsibility and they respond by supplying the results. Teamwork is critical and reinforced at every level of the organisation.

I am extremely proud of Bidvest's management. They succeeded because our policy of decentralisation means that they are in control of their own destinies and they have the requisite strategic knowledge, which they use to choose the appropriate growth paths.

Development

Training and career development are important elements of our business philosophy and success. As the marketplace becomes more challenging, it takes great leadership to guide a successful business. We put a high priority

on developing our next generation of business leaders and continue to explore new ways to foster a progressive workplace that attracts and inspires bright, passionate people.

A management development initiative will be launched in October 2002 and is the first phase of what we hope will be a learning academy for staff at all levels of the organisation.

HIV/AIDS

The Group has a responsibility to ensure that the rights of employees with life threatening diseases are consistent with the rights of other employees, and to provide a safe and productive working environment for all.

Bidvest's philosophy of decentralisation applies equally to the handling of HIV/AIDS and each business unit monitors the magnitude of the problem. The Group encourages training and education programmes, voluntary anonymous testing and crisis planning.

We anticipate there will be a continued impact, although small at this stage, on productivity and costs through increased demands on training and recruitment resources, particularly in Bidserv, which is our largest employer.

Social responsibility

The managers and staff of our operations understand which charitable causes are most important in their areas and they determine how to support the organisations that are making a difference in the lives of our customers and their communities.

Good corporate citizenship is an integral way of life at Bidvest and through the Chairman's Fund, and on an ad hoc basis throughout the Group, Bidvest will continue to support worthy programmes through financial grants and in-kind donations.

POST-BALANCE SHEET EVENT

Servest Holdings Limited

Post the year-end, an offer was made to Servest by a consortium comprising a private equity fund and the management of Servest to purchase the underlying businesses, subject to approval by shareholders in general meeting. The performance of Servest to date has been disappointing. As a 28% shareholder and a potential offeror, Bidvest has not yet decided on its course of action, however, the book value of our investment is reflected at 89 cents per Servest share.

Our strength lies in our diversity and our best days lie ahead

PROSPECTS

Bidvest is about the future, about where we are going, not where we have been.

We have been through a period of consolidation after a number of large acquisitions, but are now ready for the next growth phase and are proactively sourcing potential transactions. Opportunities do not always arise when one would like them to and patience and timing are critical.

Our ability to strategically leverage resources will be the key to enhancing our competitive advantage and the Group is well positioned to grow. The integrated service solution concept will be targeted at the Group's entire customer base and should contribute to earnings.

The year ahead will see a focus on maximising the opportunities between the local Bidfreight operations and Bidcorp in the United Kingdom and Europe in an effort to position the combined operations in the growing international trade arena. We will also look to expand our foodservice products interests in the United Kingdom, Europe and Australasia. We are currently reviewing our foodservice strategy in the United States. We will also seek suitable international acquisitions for The Commercial Products Division.

Acquisitions beyond our borders will by necessity have a slower and more selective decision making process. We aim to pursue smaller, 'foothold' acquisitions in regions and markets where we are not yet represented, whilst also evaluating large acquisitions, particularly in the services and foodservice distribution spheres.

Looking ahead we, like everybody else, are watching the world economy and anticipating a steady recovery. Bidvest is well positioned to benefit from future economic improvements, however, we have not built our 2003 plans around any development that is not within our control. We go into the next financial year with the objective of growing faster than the market, conservatively managing our expenses and taking managed business risks while setting aggressive goals in all areas of our business, from productivity to profit contribution, return on funds employed, market-share gains and customer satisfaction.

The launch of our career training and development initiative as well as our Group-wide cross-selling initiative should assist in creating new ideas and revenues in the future.

APPRECIATION

It is with great sadness that directors and staff noted the passing of Tony Behrmann on February 17 2002. He was a director and legal advisor to the Group since its inception and was part of its success. He is sorely missed by all at Bidvest.

I would like to welcome Myron Berzack as an executive director and Lara Matison and Fani Titi as non-executive directors, to the Board. Mr Berzack built Voltex into the success it is today and his business acumen is a welcome addition. Ms Matison is a partner at Werksmans Attorneys and replaces Mr Behrmann as the Board's legal advisor. Mr Titi brings expertise in strategy formulation and implementation as well as investments and deal making. His experience in corporate transformation will also assist the Board.

I would like to take this opportunity to thank the members of the Board, divisional chairmen, the heads of all the subsidiary companies and every member of management and staff whose commitment to the values and culture of Bidvest have brought us another successful year. Our people bring energy and enthusiasm, a customer focus, a vision and a commitment that extends beyond the performance of any one-year and involves an investment in building the next cycle of growth.

Bidvest is a diverse company bound together by common values, systems, initiatives and financial practices. Bidvest works and is trusted because it performs. This is our way of making our objectives a living reality.

Bidvest is grateful for your continuing trust and support. Our strength lies in our diversity and our best days lie ahead.

B Joffe
Executive Chairman

DIVIDEND

Notice is hereby given that a final cash dividend of 100.0 (2001: total value of distribution - 169.2) cents per share ('the dividend') has been declared payable to members recorded in the register of the Company at the close of business on Friday, September 27 2002.

Shareholders are advised that the last day to trade 'CUM' the dividend will be Thursday, September 19 2002. The shares will trade 'EX' dividend as from Friday, September 20 2002, and the record date will be Friday, September 27 2002. Share certificates may not be dematerialised or rematerialised during the period Friday, September 20 2002 to Friday, September 27 2002, both days inclusive. Payment will be made on Monday, September 30 2002.

In terms of article 56A of the Company's articles of association, dividends amounting to R10 or less will be aggregated and donated to the Bidvest Chairman's Fund Trust, for distribution to charitable institutions.

For and on behalf of the board

B Joffe
Executive Chairman

M Chipkin
Deputy Chairman

August 25 2002