

# The BID Vest Group Limited

# RESULTS for the half year ended December 31 2003

## **HIGHLIGHTS**

Margins improved to 5,1% from 4,6% • Headline earnings per share increased by 2,0% to 248,0 cents • Operating income pre-translation losses up 1,4% to R1,14 billion • Revenue down 9,6% to R22,2 billion • Bidvest plc headline earnings up 22% in sterling but down 8% in rand terms • 8% organic growth in operating income for domestic operations • Distribution per share increased by 5% to 113,4 cents • BEE equity ownership increased to approximately 35%

CONSOLIDATED STATEME	NTS OF I	1 C C	) M E
FOR THE HALF YEAR ENDED DECEMBER 3	1		
	Half year ende	1	
	December 31		
	2003	2002	Dorgontog

R'000		ear ended nber 31 2002 Unaudited	Percentage change	Year ended June 30 2003 Audited
Revenue	22 211 643	24 565 364	(9,6)	47 073 375
Operating income	1 132 873	1 128 347	0,4	2 244 121
Operating income before translation effects Translation gains (losses)	1 140 120 (7 247)	1 124 621 3 726	1,4	2 259 197 (15 076)
Amortisation of goodwill Net capital items Net finance expense	(35 532) (13 924) (52 898)	(22 449) (877) (36 865)		(64 887) (61 548) (110 982)
Income before taxation Taxation	1 030 519 (289 271)	1 068 156 (299 607)	(3,5)	2 006 704 (557 148)
Income after taxation Income from associates	741 248 9 308	768 549 15 921	(3,6)	1 449 556 30 328
Trading profits Share of capital items and amortisation in associates	9 440 (132)	16 078 (157)		31 568 (1 240)
Outside shareholders' interest	(44 218)	(52 158)		(97 576)
Income attributable to shareholders	706 338	732 312	(3,5)	1 382 308
Number of shares in issue (weighted 000)	302 085	310 402		308 116
Headline earnings per share (cents)	248,0	243,2	2,0	479,0
Earnings per share (cents)	233,8	235,9	(0,9)	448,6
Distribution per share (cents)*	113,4	108,0	5,0	220,0
Headline earnings The following adjustments to income attributable to shareholders were taken into account in the calculation of headline earnings:				
Income attributable to shareholders Net amortisation of goodwill	706 338 33 928	732 312 20 543		1 382 308 61 449
Amortisation of goodwill Outside shareholders' interest	35 532 (1 604)	22 449 (1 906)		64 887 (3,438)
Net loss on disposal and discontinuance of businesses	11 146	3 285		11 626
Loss on disposal and discontinuance of businesses Tax relief Outside shareholders' interest	17 133 (5 530) (457)	3 285 - -		36 130 (16 017) (8 487)
Net loss (surplus) on disposal of fixed assets	(2 474)	(1 391)		19 233
Loss (surplus) on disposal of fixed assets Tax charge (relief) Outside shareholders' interest	(3 209) 369 366	(2 408) - 1 017		25 418 (7 385) 1 200
Share of capital items and amortisation in associates	132	157		1 240
Headline earnings	749 070	754 906	(0,8)	1 475 856
Rand/Sterling exchange rates				
Opening rate Closing rate Average rate	12,457 11,826 11,718	15,905 13,860 15,614	(21,7) (14,7) (25,0)	15,905 12,457 14,288
*Includes distribution from share premium.				

## STATEMENTS OF CHANGES IN SHARFHOLDERS' INTEREST

SHAKEHOLDEKS IN		_ 3 1	
FOR THE HALF YEAR ENDED DECEMBER 31	Half ye	Year ended	
	Decen	June 30	
	2003	2002	2003
R'000	Unaudited	Unaudited	Audited
Shareholders' interest at the beginning of the period	5 412 659	5 563 617	5 563 617
Share capital issued	(153)	(51)	(427)
- in terms of the share incentive scheme	_	35	62
- repurchase of shares by subsidiary	(153)	(86)	(489)
Share premium arising on shares issued	(467 419)	(52 922)	(537 993)
- in terms of the share incentive scheme	112	21 240	31 780
- refund of share premium to shareholders	(350 643)	-	(168 797)
<ul> <li>net repurchase of shares by subsidiary</li> </ul>	(116 888)	(74 099)	(400 844)
- share issue costs	_	(63)	(132)
Movement in foreign currency translation reserve	(85 467)	(306 297)	(474 927)
Movement in retained income	705 069	394 843	862 389
- income attributable to shareholders	706 338	732 312	1 382 308
- net dividends and capitalisation issues	_	(309 830)	(475 284)
- secondary tax on companies	(1 269)	(27 639)	(44 635)
Shareholders' interest at the end of the period	5 564 689	5 599 190	5 412 659

# CONSOLIDATED BALANCE SHEETS

R'000	Dece 2003 Unaudited	mber 31 2002 Unaudited	June 30 2003 Audited
Assets			
Non-current assets	5 014 424	4 889 800	4 927 958
Fixed assets Intangible assets Deferred taxation Investments and advances Banking and other advances	3 594 415 697 524 238 429 376 826 107 230	3 474 061 667 229 199 229 374 471 174 810	3 493 246 689 218 219 340 384 072 142 082
Current assets	9 740 338	9 764 886	9 643 424
Other current assets Liquid funds	7 544 943 2 195 395	7 818 756 1 946 130	7 282 863 2 360 561
Total assets	14 754 762	14 654 686	14 571 382
EQUITY AND LIABILITIES			
Capital and reserves	6 247 422	6 335 140	6 103 451
Shareholders' interest Outside shareholders' interest	5 564 689 682 733	5 599 190 735 950	5 412 659 690 792
Non-current liabilities	1 032 211	436 139	1 007 749
Deferred taxation Post-retirement obligations Long-term portion of interest-bearing borrowings Banking liabilities	111 853 182 075 682 361 55 922	164 734 182 701 70 032 18 672	115 824 190 179 665 583 36 163
Current liabilities	7 475 129	7 883 407	7 460 182
Other current liabilities Current portion of interest-bearing borrowings	6 179 311 1 295 818	6 533 993 1 349 414	6 794 077 666 105
Total equity and liabilities	14 754 762	14 654 686	14 571 382
Number of shares in issue (000) Net tangible asset value per share (cents)	299 632 1 624	310 526 1 588	302 679 1 561

# THE BIDVEST GROUP LIMITED

# DIRECTORS

DIRECTORS

B Joffe (Executive Chairman), F Titi\* (Deputy Chairman), DDB Band\*, FJ Barnes<sup>†</sup>, BL Berson\*, MC Berzack, LG Boyle<sup>†</sup>
N Cassim\*, LI Chimes, M Chipkin\*, AA da Costa\*, MBN Dube, RW Graham, AM Griffith, LI Jacobs (Alternate LJ Mokoena)
CH Kretzmann, S Koseft\*, RM Kunene\*, D Masson\*, BE Moffat\* (Alternate T Slabbert), P Nyman
JL Pamensky\*, SG Pretorius, LP Ralphs, TH Reitman\*†, DK Rosevear, AC Salomon (Alternate HL Greenstein), CE Singer
PC Steyn, R Wainer, PD Womersley

\*Non-executive\*

\*Pritish\*
\*Australian\*

# COMPANY SECRETARY MA David

# TRANSFER SECRETARIES

Computershare Limited, 70 Marshall Street, Marshalltown 2001, South Africa. PO Box 61051, Marshalltown 2107, South Africa.

REGISTERED OFFICE Bidvest House, 18 Crescent Drive, Melrose Arch, Melr PO Box 87274, Houghton 2041, South

# CONSOLIDATED CASH FLOW STATEMENTS

		December 31	
R'000	2003 Unaudited	2002 Unaudited	2003 Audited
Cash flow from operating activities	288 363	(119 730)	1 506 715
Operating income net of capital items Depreciation and other non-cash items Changes in working capital	1 118 949 360 508 (815 593)	1 127 470 348 795 (941 766)	2 182 573 746 026 (261 904)
Cash generated by operations Net finance expense Taxation paid Dividends paid - Company - subsidiaries	663 864 (52 898) (306 452)	534 499 (36 865) (277 656) (311 892) (27 816)	2 666 695 (110 982) (521 492) (475 284) (52 222)
Cash effects of investment activities	(625 031)	(596 856)	(1 167 628)
Net additions to fixed assets Net additions to intangible assets Net acquisition of subsidiaries, businesses, associates and investments	(495 846) (6 230) (122 955)	(439 726) 1 564 (158 694)	(991 232) (8 442) (167 954)
Cash effects of financing activities	(411 873)	(138 334)	(70 234)
Proceeds from shares issued  - Company - usbsidiaries - Company - Survisidaries - Purchase of treasury shares - Distribution of share premium to shareholders - Net borrowings raised (repaid)	112 765 (117 041) (350 643) 54 934	21 212 5 693 (74 185) - (91 054)	31 710 7 670 (401 333) (168 797) 460 516
Net increase (decrease) in cash and cash equivalents Net cash and cash equivalents at the beginning of the period Currency adjustments	(748 541) 2 220 344 (46 206)	(854 920) 2 202 331 (154 808)	268 853 2 202 331 (250 840)
Net cash and cash equivalents at the end of the period	1 425 597	1 192 603	2 220 344
Net cash equivalents are made up as follows: Cash on hand and in the bank Bank overdrafts shown as current portion of interest-bearing debt	2 195 395 (769 798)	1 946 130 (753 527)	2 360 561 (140 217)
	1 425 597	1 192 603	2 220 344

## SEGMENTAL ANALYSIS

FOR THE HALF YEAR ENDED DECEMBER 3	31 Half yea	ar ended		Year ended
	Decem	iber 31		June 30
R'000	2003 Unaudited	2002 Unaudited	Percentage change	2003 Audited
REVENUE				
The Services Division	8 270 884	9 398 787	(12,0)	18 292 281
Bidfreight	6 155 817	7 015 740	(12,3)	13 676 421
Bidcorp plc	754 745	1 113 447	(32,2)	1 956 688
Namsov Fishing Bidserv	111 142 932 810	122 132 833 433	(9,0) 11,9	282 107 1 735 005
Rennies Financial Services	316 370	314 035	0,7	642 060
The Foodservice Products Division	10 699 263	12 227 027	(12,5)	22 557 416
Bidvest plc	9 208 085 994 489	10 764 086	(14,5)	19 733 754
Caterplus Combined Foods	496 689	1 021 572 441 369	(2,7) 12,5	1 970 925 852 737
The Commercial Products Division	3 884 095	3 826 074	1,5	7 584 909
Bidoffice	2 337 297	2 340 844	(0,2)	4 743 195
Bidpac Voltex	410 531 1 136 267	393 114 1 092 116	4,4 4,0	730 579 2 111 135
Corporate Services	29 430	34 263	(14,1)	93 920
I-Fusion	25 547	32 948	(22,5)	90 665
mymarket.com	3 883	1 315	195,3	3 255
Intergroup eliminations	(672 029)	(920 787)		(1 455 151)
	22 211 643	24 565 364	(9,6)	47 073 375
OPERATING INCOME				
The Services Division	352 367	367 911	(4,2)	750 502
Bidfreight	209 040	195 170	7,1	395 400
Bidcorp plc Namsov Fishing	(19 251) 1 505	1 000 11 205	(86,6)	834 31 497
Bidserv	88 526	70 748	25,1	166 713
Rennies Financial Services The Foodservice Products Division	72 547 438 121	89 788	(19,2)	156 058 843 449
Bidvest plc	288 868	453 134 309 272	(3,3)	569 434
Caterplus	91 195	95 569	(4,6)	179 817
Combined Foods	58 058	48 293	20,2	94 198
The Commercial Products Division	296 503	290 848	1,9	613 342
Bidoffice Bidpac	186 728 64 969	180 710 62 133	3,3 4,6	393 845 103 069
Voltex	44 806	48 005	(6,7)	116 428
Corporate Services	45 882	16 454	178,9	36 828
I-Fusion	(2 690)	(3 540)	24,0	(5 042)
mymarket.com Group services, investment and other income	(2 907) 30 637	(3 391) 4 907	14,3 524,4	(7 242) 8 317
Group properties	20 842	18 478	12,8	40 795
	1 132 873	1 128 347	0,4	2 244 121
Margins	%	%	%	%
The Services Division	4,26	3,91	9,0	4,10
Bidfreight	3,40 (2,55)	2,78 0.09	22,3	2,89 0.04
Bidcorp plc Namsov Fishing	1,35	9,17	(85,3)	11,16
Bidserv Rennies Financial Services	9,49 22,93	8,49 28,59	11,8 (19,8)	9,61 24,31
The Foodservice Products Division	4,09	3,71	10,2	3,74
Bidvest plc	3,14	2,87	9,4	2,89
Caterplus	9,17	9,36	(2,0)	9,12
Combined Foods	11,69	10,94	6,9	11,05
The Commercial Products Division	7,63	7,60	0,4	8,09
Bidoffice	7,99	7,72	3,5	8,30
Bidpac	15,83	15,81	0,1	14,11

# COMMENT

OVERVIEW AND FINANCIAL SUMMARY
Improved operating margins and a good trading performance helped the Group mitigate the significant impact of the strong rand, not only in the translation of foreign earnings but also in foreign currency denominated revenues and the deflationary effects on prices. Operating management is to be commended on an admirable performance in difficult and volatile trading conditions.

Revenue for the six months ended December 31 2003 declined by 9,6% to R22,2 billion largely due to the translation effects of the Group's foreign businesses. For translation purposes, the rand appreciated by 25% against Sterling to a rate of R11,72. Operating income before translation losses increased by 1,4% to R1,14 billion and margins improved to 5,1% from 4,6%. Headline earnings per share improved by 2,0% to 248,0 cents per share.

Cash generation from the underlying businesses remains strong. The Group remains in a net ungeared position with ample capacity to fund current and future acquisitions.

# DIVISIONAL REVIEW

Bidfreight turned in a satisfactory performance in light of current market conditions where rand strength had a significant impact on a number of businesses. Operating income grew by 7,1% to R209,0 million, despite a 12,3% decrease in revenue to R6,2 billion. Terminals performed well, particularly in the handling of steel and forest products. Export volumes in most commodities remained constant. Safcor Panalpian was impacted directly by the rand's appreciation which decreased the rand value of foreign currency denominated billings and falling interest rates which affected disbursement fees.

Marine had a poor operational performance compounded by reduced revenue due to rand strength. With effect from January 1 2004, Bidlog's operations have been relocated within the Group with Extile and International Logistics falling under Rennies Cargo Terminals and FedEx and EAS being grouped within Bidsey's avaitant business cluster.

Manica continues to operate in volatile economic and political environments. Rennies Technology Logistics continued to underperform and was

Bidcorp plc's results were impacted by tough trading conditions and intense pressure on margins resulting in an operating loss from continuing

operations of R19,3 million. Following the poor performance, management focus is now on operating efficiencies, increased capacity utilisation and achieving greater revenue. A full review of Bidcorp plc's results is available on the Bidvest website at <a href="https://www.bidvest.com"><u>www.bidvest.com</u></a>. Namsov, the Namibian fishing business in which the Group has an effective 33% interest but which is consolidated, had poor results impacted by the strength of the Namibian currency against the US dollar and the catch conditions.

Bidserv turned in a good performance in spite of intense margin pressure in many areas of the business. Revenue grew 11,9% to R932,8 million and operating income increased 25,1% to R88,5 million.

25.1% to R88.5 million.
Both Steiner and Prestige recorded improved results and the laundry operations continued their impressive turnaround. Magnum Shield performed satisfactorily in an industry still in turmoil and suffering from a number of insolvencies. Magnum Shield should benefit from new contract wins going forward. A number of small acquisitions were made enhancing the division's service offering.

## Rennies Financial Services

Rennues Financial Services

Revenue showed a marginal improvement to R316,4 million and in the face of a substantially stronger currency, operating income decreased by 19,2% to R72,5 million. The travel businesses performed well in flat market conditions. Rennies Bank had a disappointing result with a sharp decrease in operating income primarily due to the impact of the strong rand and reduced encashments from inbound tourists.

Ost containment remains a focal point of management in both the Travel and the Bank operations. Progress continues in the conversion of traditional commission revenues to fee-based income. Forex sales in dollar terms were maintained.

The strong rand, low inflation and the reduction in interest rates should see businesses' and private individuals' travel increase. A number of small but strategic acquisitions were made which will benefit the division's performance in the second half.

## The Foodservice Products Division

Bidvest plc
Bidvest plc propried a superb set of results increasing operating income by 24.4%
in Sterling however, the effects of translation into rands resulted in a 7% decline to
R288,9 million. In the United Kingdom, 3663 First for Foodservice performed well and
gained market share. All divisions increasing operating margins by achieving operational
and buying improvements. Both the Australian and New Zealand businesses had pleasing
performances, gaining revenues and expanding margins. Returns on the investment in
national infrastructure continue to improve. A number of acquisitions were made to enter
new markets and further enhance the service offering to customers. A full review of
Bidvest plc's results is available on the Bidvest website at <a href="https://www.bidvest.com">www.bidvest.com</a>.

Revenue declined by 2,7% to R994,5 million and operating income declined by 4,6% to R91,2 million.

R91,2 million.

Catering Supplies performed well notwithstanding the lower tourist numbers and the deflationary effects in key product lines. The Frozen Foods division maintained volumes but profitability was impacted by the decline in the value of major imported frozen foodstuffs. Patleys traded well but was also affected by lower gross profit on imported products and increased competition. Vulcan-Caars have secured export orders which should see a much improved second half performance.

An excellent performance from Crown National saw the division's revenue increase by 12,5% to R496,7 million and operating income increase by 20,2% to R58,1 million. Crown National benefited from increased sales to major customer segments. Production facilities were rationalised with the opening of a new factory and the improved efficiencies

are enig reassed.

Chipkins Bakery Supplies improved its performance with customers focusing on quality and service. The impact of product deflation has been offset by improved trading margins and as consequence, stockholding has been reduced considerably. NCP Yeast benefited from increased sales to plant bakeries, recording significantly improved profitability. Further rationalisation of distribution channels with Chipkins Bakery Supplies should harness the synergies between the businesses.

## The Commercial Products Division

## Bidoffice

was flat at R2,34 billion whilst operating income increased by 3,3% to

In the stationery division, Waltons and Kolok experienced pricing pressure due to the strong currency and deflationary environment. Waltons suffered from decreased margins In the stationery division, Waltons and Kotok experience proceed from decreased margins on consumables and paper despite higher sales volumes. Kolok continues to compete against the flood of 'grey' imports but nevertheless produced an acceptable result.

Office automation benefited from the acquisition of Océ Printing Systems. Minolta experienced reasonable trading conditions but was constrained by limited supply of stock

Lithotech experienced an element of price deflation, however improved margins and a better sales mix enabled the business to produce excellent results.

Lithotech France recorded a loss bedeviled by poor sales growth and the sluggish European economy. As the business was in receivership at the time of acquisition, Lithotech France was excluded from many of the sales tender contracts available at the time. Many of these contracts are now coming up for renewal.

Revenue increased by 4,4% to R410,5 million and operating income increased by 4,6% to R65,0 million.

Bidpac, in a volatile and uncertain environment, experienced general destocking within its diverse customer base as customers sought to take advantage of frequent price reductions. Manufacturing volumes declined as major exporters felt the effects of the rand's appreciation.

reductions. Manufacturing voitables occurred a fall in demand from secondary exporters whilst Buffalo Executape and Ramset achieved good results without sacrificing margins or profitability. Silveray increased market share within the commercial stationery sector but the retail sector was influenced by heightened

Revenue grew 4,0% to R1,14 billion but operating income declined 6,7% to R44,8 million. Difficult trading conditions prevailed and a general slowdown became evident in certain markets. Voltex experienced margin pressure in the cable and wire markets but the non-cable products remained largely unaffected. The anticipated benefits from a number of infrastructural projects did not materialise due to delays in implementation. Both Berzack Brothers and Eastmans continue to contribute positively to the business.

# BLACK ECONOMIC EMPOWERMENT

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Dinatal Investment Holdings (Pty) Limited, the black economic empowerment ("BEE")

consortium, acquired 15% of Bidwest following shareholders' approval of the scheme of arrangement in November 2003. BEE equity ownership of Bidwest has now been increased to approximately 35%. As part of the initiative, Bidwest has appointed three consortium members to the Board as non-executive directors. In addition, a number of historically disadvantaged individuals have been employed as senior divisional executives

Bidvest management is committed to transformation and the Board is cons вымужы навываетния is committed to transformation and the Board is constituting a Transformation Committee to oversee the process, which will encompass all elements of the recently promulgated Broad Based Black Empowerment Act.

# ACQUISITION OF MCCARTHY LIMITED

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Bidwest announced on November 5 2003 that, subject to the fulfilment of certain
conditions precedent, it had agreed to purchase the McCarthy shares held by a consortium
of banks and to make an offer to acquire all the ordinary stated capital of McCarthy
Limited. McCarthy shareholders holding in excess of 98% of the total ordinary shares
have accepted the offer by Bidvest and accordingly it is the intention of Bidvest to
compulsorily acquire the remaining minority shareholders interests. McCarthy Limited
will be consolidated into the Group's results with effect from January 2004.

# PROSPECTS

er share for the full year to June 30 2004, excluding McCarthy Limited, which will further bolster Bidvest's performance.

# ACCOUNTING POLICIES

The results for the half year have been prepared in accordance with South African statements of Generally Accepted Accounting Practice. The accounting policies used are consistent with those used in the financial statements for the year ended June 30 2003. The results for the comparative period have been restated to reflect the holding of 2 062 180 Bidvest shares with a value of R97,4 million, held by a subsidiary and previously included  $\frac{1}{2}$ 

## DIVIDEND DECLARATION AND DISTRIBUTION OUT OF SHARE PREMIUM Shareholders' attention is drawn to the further announcement by Bidvest regarding the

Notice is hereby given that an interim cash dividend of 56,7 cents per share and a

Notice is hereby given that an interim cash dividend of 56.7 cents per share and a distribution out of share premium of 56.7 cents per share, in lieu of a dividend, (collectively "the distribution"), has been awarded to members recorded in the register of the Company at the close of business on Friday, March 19 2004. The total value awarded to shareholders amounts to 113.4 (2002: 108.0) cents per share.

Shareholders are advised that the last day to trade "CUM" the distribution will be Friday, March 19 2004. The shares will trade "EX" the distribution as from Monday, March 15 2004 and the record date will be Friday, March 19 2004. Share certificates may not be rematerialised or dematerialised during the period Monday, March 15 2004 to Friday, March 19 2004 both days inclusive. Payment will be made on Tuesday, March 23 2004. In terms of the requirements of the Companies Act, the directors confirm that after the payment of the distribution, the Company will be able to pay its debts as they become due in the ordinary course of business, and its consolidated assets, fairly valued, will

exceed its consolidated liabilities. In terms of article 56A of the Companies 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

Johannesburg February 20 2004