

Results for the half year ended December 31 2006

The promise of new life reaches far and wide, where it takes root and starts to flourish

BIDVest

Revenue

R47,9 billion

up by 25,2%

Operating profit

R2,1 billion

up by 22,7%

Headline earnings

R1,4 billion

up by 22,7%

Headline earnings

per share

452,4 cents

up by 22,7%

Distribution per share

198,0 cents

up by 22,2%

Basis of preparation

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the financial statements for the year ended June 30 2006 and comply with International Financial Reporting Standards.

Further information regarding our financial results can be found on the Bidvest website

www.bidvest.com

Condensed consolidated income statement

R000's	Half-year ended December 31		Percentage change	Year ended
	2006 Unaudited	2005 Unaudited		June 30 2006 Audited
Revenue	47 871 908	38 240 127	25,2	77 276 493
Cost of revenue	(38 766 554)	(30 879 816)		(61 589 806)
Gross profit	9 105 354	7 360 311	23,7	15 686 687
Other income	89 614	66 557		140 331
Operating expenses	(7 092 537)	(5 712 780)		(12 135 511)
Sales and distribution costs	(4 193 545)	(3 271 066)		(7 215 356)
Administration expenses	(1 918 124)	(1 526 729)		(3 606 424)
Other costs	(980 868)	(914 985)		(1 313 731)
Operating profit	2 102 431	1 714 088	22,7	3 691 507
Net finance charges	(224 989)	(164 412)		(342 392)
Finance income	36 931	24 336		66 295
Finance charges	(261 920)	(188 748)		(408 687)
Share of profit of associates	37 667	23 458		48 846
Dividends received	8 031	1 597		4 991
Share of retained earnings	29 636	21 861		43 855
Profit before taxation	1 915 109	1 573 134	21,7	3 397 961
Income tax expense	(519 089)	(420 640)		(933 418)
Profit for the period	1 396 020	1 152 494	21,1	2 464 543
Attributable to:				
Shareholders of the Company	1 367 690	1 123 290	21,8	2 388 717
Minority shareholders	28 330	29 204		75 826
	1 396 020	1 152 494	21,1	2 464 543
Shares in issue				
Total	300 520	301 364		299 154
Weighted	299 566	299 595		299 976
Diluted weighted	307 756	315 484		313 826
Basic earnings per share (cents)	456,6	374,9	21,8	796,3
Headline earnings per share (cents)	452,4	368,6	22,7	804,6
Diluted basic earnings per share (cents)	444,4	356,1	24,8	761,2
Diluted headline earnings per share (cents)	440,3	350,0	25,8	769,1
Distributions per share (cents)†	198,0	162,0	22,2	369,0
†Includes distribution from share premium				
Headline earnings				
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:				
Income attributable to shareholders of the Company	1 367 690	1 123 290	21,8	2 388 717
Impairment of goodwill and other intangibles	—	—		14 174
Net loss (surplus) on disposal and closure of businesses	(6 055)	(27 952)		19 951
Profit on disposal and closure of businesses	(7 355)	(32 927)		(29 212)
Tax charge	1 300	4 975		49 638
Minority interest	—	—		(475)
Net loss (profit) on disposal of property, plant and equipment	(8 369)	7 280		(11 915)
Loss (profit) on disposal of property, plant and equipment	(9 340)	8 730		(15 689)
Tax charge (relief)	971	(1 450)		3 774
Negative goodwill recognised in income	—	—		(2 457)
Negative goodwill recognised in income	—	—		(3 780)
Minority interest	—	—		1 323
Share of net capital profit in associates	1 900	1 552		5 059
Headline earnings	1 355 166	1 104 170	22,7	2 413 529
Rand/sterling exchange rates				
Opening rate	13,205	11,957		11,957
Closing rate	13,822	11,012		13,205
Average rate	13,745	11,560		11,435

Segmental analysis

R000's	Half-year ended December 31		Percentage change	Year ended
	2006 Unaudited	2005 Unaudited		June 30 2006 Audited
REVENUE				
Bidfreight	9 561 473	7 687 248	24,4	15 601 922
Bidserv	2 580 492	2 256 785	14,3	4 639 125
Bidvest Europe	15 016 630	10 365 954	44,9	22 132 036
Bidvest Australasia	4 131 006	3 387 328	22,0	6 505 802
Bidfood	2 065 580	1 751 085	18,0	3 518 035
Bid Industrial and Commercial Products	4 177 153	3 199 473	30,6	6 722 172
Bidpaper Plus	975 801	871 429	12,0	1 844 784
Bid Auto	9 640 189	8 315 108	15,9	16 197 055
Corporate Services	701 107	626 271	11,9	1 295 421
Namso	189 875	170 877	11,1	387 605
Ontime Automotive	504 235	447 244	12,7	893 231
Investment and other income	6 997	8 150	(14,1)	14 585
Revenue from continuing businesses	48 849 431	38 460 681	27,0	78 456 352
Revenue from businesses disposed of	—	470 052		470 052
Inter-Group eliminations	(977 523)	(690 606)		(1 649 911)
	47 871 908	38 240 127	25,2	77 276 493
OPERATING PROFIT				
Bidfreight	278 968	249 954	11,6	536 917
Bidserv	305 591	260 501	17,3	562 539
Bidvest Europe	341 152	286 298	19,2	651 223
Bidvest Australasia	156 540	108 777	43,9	219 403
Bidfood	167 494	160 755	4,2	279 253
Bid Industrial and Commercial Products	322 157	183 340	75,7	483 320
Bidpaper Plus	114 771	103 485	10,9	214 710
Bid Auto	355 023	290 172	22,3	621 264
Corporate Services	44 040	60 552	(27,3)	108 698
Bidprop	35 685	26 487	34,7	58 039
Namso	17 042	42 264	(59,7)	75 925
Ontime Automotive	1 348	(3 440)		7 348
Investment, other income and corporate costs	(10 035)	(4 759)		(32 614)
Trading profit – continuing businesses	2 085 736	1 703 834	22,4	3 677 327
– businesses disposed of	—	(13 943)		(20 327)
	2 085 736	1 689 891	23,4	3 657 000
TRADING PROFIT				
Net capital profits	16 695	24 197		44 901
Impairment of goodwill and other intangibles	—	—		(14 174)
Negative goodwill arising on acquisition of subsidiary	—	—		3 780
OPERATING PROFIT	2 102 431	1 714 088	22,7	3 691 507

Certain intersegmental transfers of operations took place during the period. Comparative figures have been restated for these transfers.

Condensed consolidated cash flow statement

R000's	Half-year ended December 31		Year ended
	2006 Unaudited	2005 Unaudited	June 30 2006 Audited
Cash flows from operating activities			
Operating profit (including dividend from associates)	2 110 462	1 715 685	3 696 498
Depreciation and other non-cash items	519 412	450 428	954 879
Cash generated by operations before changes in working capital	2 629 874	2 166 113	4 651 377
Changes in working capital	(2 306 002)	(1 102 335)	(161 019)
Cash generated by operations	323 872	1 063 778	4 490 358
Net finance charges paid	(177 625)	(124 651)	(258 582)
Taxation paid	(702 759)	(491 854)	(863 495)
Distribution of share premium by Company	(610 602)	(509 890)	(992 408)
Dividends paid by subsidiaries	(17 308)	(12 414)	(23 184)
	(1 184 422)	(75 031)	2 352 689
Cash flows of investment activities			
Net additions to vehicle rental fleet	(104 434)	(127 417)	(298 251)
Net additions to property, plant and equipment	(791 453)	(755 640)	(1 454 153)
Net additions to intangible assets	(59 608)	(34 462)	(100 613)
Net acquisition of subsidiaries, businesses, associates and investments	(347 650)	(1 098 997)	(515 355)
	(1 303 145)	(2 016 516)	(2 368 372)
Cash flows of financing activities			
Proceeds from shares issued	25 117	72 702	180 274
Net purchase of treasury shares	(323 600)	—	(508 810)
Net borrowings raised (repaid)	(447 710)	1 046 183	1 171 313
	(746 193)	1 118 885	842 777
Net increase (decrease) in cash and cash equivalents	(3 233 760)	(972 662)	827 094
Net cash and cash equivalents at the beginning of the period	2 546 995	1 497 683	1 497 683
Currency adjustments	84 841	(70 258)	222 218
Net cash and cash equivalents at the end of the period	(601 924)	454 763	2 546 995
Net cash and cash equivalents are made up as follows:			
Cash and cash equivalents	2 469 541	1 915 326	3 255 457
Bank overdrafts shown as current portion of borrowings	(3 071 465)	(1 460 563)	(708 462)
	(601 924)	454 763	2 546 995

Condensed consolidated balance sheet

R000's	December 31		June 30
	2006 Unaudited	2005 Unaudited	2006 Audited
ASSETS			
Non-current assets	11 506 804	9 235 611	10 606 995
Property, plant and equipment	5 952 292	4 843 288	5 511 253
Intangible assets	334 978	325 454	378 808
Goodwill	3 319 112	2 618 259	3 123 722
Deferred tax	327 726	287 687	398 411
Interest in associates	606 225	560 576	574 893
Investments and advances	801 425	530 522	544 923
Banking advances	165 046	62 825	74 985
Current assets	18 798 097	15 175 806	17 387 506
Vehicle rental fleet	583 760	376 572	479 326
Inventories	6 336 313	4 857 270	5 092 821
Short-term portion of banking advances	151 607	74 796	142 718
Trade and other receivables	9 256 876	7 590 972	8 417 184
Cash and cash equivalents	2 469 541	1 915 326	3 255 457
Non-current assets held for resale	—	360 870	—
Total assets	30 304 901	24 411 417	27 994 501
EQUITY AND LIABILITIES			
Total equity	9 825 909	7 867 039	9 158 695
Shareholders' interest	9 614 290	7 684 639	8 928 995
Minority shareholders' interest	211 619	182 400	229 700
Non-current liabilities	3 514 003	3 048 415	3 677 777
Deferred taxation	130 297	56 023	202 907
Life assurance fund	43 648	33 372	32 795
Long-term portion of borrowings	2 997 389	2 637 579	3 093 184
Post-retirement obligations	196 714	201 040	221 092
Long-term portion of banking liabilities	293	—	278
Operating lease liability	145 662	120 401	127 521
Current liabilities	16 964 989	13 495 963	15 158 029
Trade and other payables	12 536 872	10 438 314	12 562 695
Provisions	273 890	248 863	324 667
Vendors for acquisition	12 188	2 385	41 795
Taxation	319 933	373 019	501 245
Short-term portion of banking liabilities	154 544	124 137	113 265
Short-term portion of borrowings	3 667 562	2 240 271	1 614 362
Non-current liabilities held for resale	—	68 974	—
Total equity and liabilities	30 304 901	24 411 417	27 994 501
Net tangible asset value per share (cents)	1 983	1 573	1 814

Condensed consolidated statement of changes in equity

R000's	Half-year ended December 31		Year ended
	2006 Unaudited	2005 Unaudited	June 30 2006 Audited
Shareholders' interest			
Issued share capital	15 026	15 068	14 958
– balance at the beginning of the period	14 958	14 971	14 971
– in terms of the share incentive scheme	232	97	238
– net movement in treasury shares	(164)	—	(251)
Share premium arising on shares issued	319 507	2 112 306	1 228 660
– balance at the beginning of the period	1 228 660	2 549 591	2 549 591
– in terms of the share incentive scheme	458 845	72 736	180 217
– refund of share premium to shareholders	(610 602)	(509 890)	(992 408)
– net movement in treasury shares	(757 396)	—	(508 559)
– share issue costs	—	(131)	(181)
Foreign currency translation reserve	1 012 747	(28 608)	807 033
– balance at the beginning of the period	807 033	466 019	466 019
– realised on disposal of subsidiaries	—	—	(20 562)
– arising during the period	205 714	(494 627)	361 576
Statutory reserves	10 549	6 846	10 013
– balance at the beginning of the period	10 013	6 039	6 039
– transfer to retained income	536	807	3

Message to shareholders

Overview and financial summary

The Group produced most pleasing results for the six months ended December 31 2006. Headline earnings per share and diluted headline earnings per share increased by 22,7% and 25,8% respectively. Trading profit, from continuing businesses, increased by 22,4% and revenue grew 25,2% to R47,9 billion, with strong operational performances recorded by most of the Group’s businesses. Trading margin decreased slightly from 4,4% to 4,3% reflecting a change in the mix of the profit contribution from the divisions. The benefits from the share buy-back in respect of the refinancing of the Dinatla transaction enhanced the diluted earnings. The weakening of the rand, particularly against sterling, improved the translation of the Group’s foreign-based businesses. The rand traded at an average R13,75 against sterling, compared to R11,56 in the prior period.

Cash generation from operations was impacted by the drive for market share, a shift in the profile of some customers, normal seasonality and a conscious, strategic investment in working capital, particularly new vehicle stock and some wholesale products. The amendment to certain credit terms of revenue collections negatively affected Bidfreight’s working capital. The utilisation of working capital is expected to remedy itself in the next period. The refinancing of the Dinatla transaction and increased tax payments also utilised funds. However, the Group’s balance sheet remains strong with an interest cover of more than 9 times (2005:10 times).

Transformation

Bidvest welcomes the finalisation and release of the BBBEE codes of good practice, marking a further step in the transformation of the country. The Group is undertaking an exercise to compare our existing charter to the new requirements. A process of realignment may need to take place. The refinancing of the Dinatla transaction was a major milestone in our BEE strategy and we welcome the significant creation of wealth for our BEE partners. Ongoing operational progress continues to be achieved across the Group.

Divisional review

Bidfreight

Bidfreight’s trading profit grew by 11,6% to R279,0 million on a 24,4% increase in revenue to R9,6 billion. While the trading profit is below expectation, primarily as a result of reduced volumes, particularly in South African Bulk Terminals, Bidfreight Port Operations and Rennies Distribution Services, the businesses traded well. Trading profit from Bulk Connections was maintained due to the improved facilities and the ability to handle a wider range of products. Higher volumes in Island View Storage resulted in a pleasing increase in trading profit. SACD Freight performed well, with increased container pack and unpack activity. Safcor Panalpina, South Africa’s largest freight forwarder, showed a record growth in revenue, however margins were under pressure, and trading profit, whilst still well up, did not match the same percentage increase. Marine performed well, with the positive results largely attributable to increased volumes in containerised traffic and car carriers.

Bidserv

Bidserv delivered good results in a challenging trading environment. Revenue grew 14,3% to R2,6 billion, though trading profit was up 17,3% to R305,6 million, with some exceptional performances from TMS Group, TopTurf, Aviation Services and Rennies Bank. Bid Travel, Steiner and Bidserv Industrial Products performed well, with excellent performances from Giant Workwear and Clockwork Clothing. TopTurf secured a number of significant contracts which are now under construction. Aviation Services has positioned itself as a very exciting business through a series of small acquisitions, and is aggressively pursuing other airport-related services. The consequence of the security and cleaning industry strikes impacted negatively on Magnum Shield and Prestige. The security business is in the process of being restructured which may result in an impairment to the carrying value. The other Bidserv businesses had mixed results. MyMarket continues to gain market share. Group Procurement is playing an increasingly important role within the Group.

Bidvest Europe

Revenue was up 44,9% to R15,0 billion and trading profit improved 19,2% to R341,1 million. The weakening of the rand against sterling enhanced the translation of Bidvest Europe’s results.The trading performance of 3663 First for Foodservice in the UK was solid, although the impact of the loss of the MoD contract and unusual bad debts are being felt. Trading profit was marginally down, but sales in all businesses continue to be robust. Several major new contracts have been secured. Best practice and joint opportunities continue to be successfully pursued with Deli XL. Additional costs in establishing Multitemp’s non-food range were incurred, ahead of the January 1 2007 implementation. Margin management remains the key focus in Frozen, Fresh and Chilled and the opening of several new depots will improve efficiencies. Barton Meat has shown consistent margin improvement. Contract Distribution showed a particularly strong improvement in sales, but cost pressures and operational issues limited the growth in trading profit. Deli XL Netherlands improved its performance in line with management expectations. While their institutional market is under pressure, their total hospitality market continues to grow. Deli XL Belgium continues to make steady progress. Horeca Trade, albeit small, achieved record sales and a significantly improved trading profit.

Bidvest Australasia

Bidvest Australasia traded extremely well, growing revenue and trading profit by 22,0% and 43,9% respectively, in rand terms. Bidvest Australia grew trading profit 25,2% in Australian dollars, increasing its trading margin to 3,6%, an all-time high. Growth achieved has nearly all been organic. Foodservice grew trading profit 16,8% with every branch trading profitably and improvements in both Melbourne and Sydney. The focus remains on growing the street business. Hospitality produced an excellent performance with a significant increase in trading profit. Several small acquisitions were made and further geographic expansion, continuing the strategy of becoming a national player, is planned. The Quick Service Restaurants division performance was highly satisfactory. Capacity expansion has become necessary to cope with the increased volumes and the growth momentum. Bidvest First for Foodservice New Zealand traded strongly, with trading profit up 29,0% in local currency and a record trading profit margin of 4,6%. With “full” employment, skilled staff are in short supply, placing pressure on costs. The business has been organised into three focused areas, Wholesale, Fresh and Logistics, better positioning the businesses for further growth.

Bidfood

Revenue increased 18,0% to R2,1 billion with trading profit increasing 4,2%. Caterplus is showing the benefits of refocusing and produced good results, increasing revenue through being aggressively competitive and selling a broader range of products to the existing customer base. Market share improved significantly. Bidbake’s performance was very disappointing as a result of intense competition, the high level of competitive imports and reduced offtake from customers who export their products. Corrective action is being taken. Crown Foods produced excellent results, benefiting from astute procurement and equipment sales. Specialty continues to deliver exceptional results, notwithstanding capacity constraints which are being addressed. Vulcan improved their performance, with exports a continued area of focus.

Bid Industrial and Commercial Products

Revenue increased 30,6% to R4,2 billion while trading profit was up 75,7% to R322,1 million. All divisions traded well and at much higher levels of business activity. Voltex Electrical Distribution delivered exceptional results, benefiting from good trading conditions across all spheres of the business. The new acquisition, specialist business Versalec, continued its strong performance. The construction sector remains buoyant with the commencement of many infrastructure developments. South Africa’s shortage in electrical generation capacity has positioned Voltex to assist in demand-side-management programmes. Stationery and Office Furniture contributed strongly to the division’s good performance. The performance

of Waltons Stationery Gauteng region improved significantly, delivering strong sales growth. Kolok maintained its market position despite strong ongoing competition, growing trading profit appreciably. Furniture traded well and carries forward a strong order book. Afcom GE Hudson showed a marked increase in trading profit, with much effort being made in balancing imports and in-house production. Buffalo Executape delivered strong trading results on the back of the new range of retail DIY products.

Bidpaper Plus

Revenue grew 12,0% to R1,0 billion and trading profit was up 10,9% to R114,8 million. Lithotech performed well. The significant investment in printing and conversion machinery produced good results and the completion of a major election contract boosted revenue. Personalisation and Mail achieved strong growth despite prolonged industrial action. Labels were impacted by a very competitive market, but e-Solutions continues to make good progress. Silveray Statmark showed a steady improvement focusing on efficiency improvements. Lufil, relocated to Bidpaper Plus, continues to grow sales aggressively while seeking to expand and improve efficiencies in its paper conversion operations.

Bid Auto

McCarthy’s achieved a 15,9% growth in revenue to R9,6 billion and a 22,3% rise in trading profit to R355,0 million. While the robust level of new vehicle demand continues, there is ongoing margin erosion as a result of the aggressive new vehicle pricing strategies and the knock-on effect on used vehicle pricing. Recent increases in interest rates are slowing demand and current trading conditions are tightening. The acquisition of Shell Autoserv, subject to the approval of competition authorities, will add a nationwide network for the servicing of both out-of-warranty and our range of new Chinese vehicles. The business will be rebranded and form part of McCarthy Value Centres. Burchmores delivered an improved performance due to the increase in repossessions from banks. Budget Rent a Car performed well with rental days showing a sharp increase, but rental rates remain under pressure. Yamaha Distributors performed well despite an increasingly competitive market, impacted by increased landed costs together with sustained competitor activity and the ongoing parallel importation of Yamaha branded products. Financial Services delivered an exceptional performance, achieving record market penetration levels with their traditional insurance products. GAZ SA, the taxi distributorship, recorded poor sales volumes and incurred vehicle recall costs. Plans to completely restructure the business are being finalised. The new range of Chinese light commercial vehicles is due to be launched at the end of May 2007.

Corporate Services

New property developments have substantially improved Bid Property Holdings’ trading profit. Namsov Fishing Enterprises, Bidvest’s 31%-owned Namibian fishing business, produced lower than expected results impacted by particularly bad catch rates and an alarming dominance of small fish. Namibian Sea Products, now 71% owned by Namsov, continues to battle with no pelagic fish catches. Ontime Automotive in the UK made a small contribution, impacted by ongoing difficult trading conditions in the volume distribution market.

Prospects

The consumer led boom in South Africa is slowing but the economic outlook remains positive as investment in infrastructure projects continue, in the lead up to the 2010 World Cup Soccer and beyond. There are substantial infrastructural development projects that need to take place throughout South Africa which could provide a further boost to the economy.

Management focus in the period ahead will be on reducing the working capital investment notwithstanding higher operational activity. The Group continues to evaluate all underperforming assets with a focus on maximising returns. The benefits of the significant capital expenditure are still to fully materialise. Acquisition opportunities, both in South Africa and in our core foodservice market internationally, continue to be aggressively pursued. Progress is being made in the consolidation of the Group’s Namibian interests, with the view to introducing meaningful and sustainable resident ownership. The Group is invested in higher growth markets and is optimistic of continuing to achieve above-average returns and growth for the full year to June 2007.

For and on behalf of the Board	
MC Ramaphosa Chairman	B Joffe Chief Executive
Johannesburg March 2 2007	

Distribution out of share premium

Notice is hereby given that an interim cash distribution out of share premium of 198,0 cents (2005: 162,0 cents) per share, in lieu of a dividend, has been awarded to members recorded in the register of the Company at the close of business on Friday March 30 2007. Shareholders are advised that the last day to trade “cum” the distribution will be Friday March 23 2007. The share will trade “ex” the distribution as from Monday March 26 2007 and the record date will be Friday March 30 2007. Share certificates may not be rematerialised or dematerialised during the period Monday March 26 2007 to Friday March 30 2007, both days inclusive. Payment will be made on Monday April 2 2007. Shareholders approval for the capital distribution was obtained at the annual general meeting held on October 31 2006. 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.

MA David Company Secretary	Johannesburg March 2 2007
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<p>The Bidvest Group Limited <small>Incorporated in the Republic of South Africa (“Bidvest” or “the Group” or “the Company”)</small></p> <p>Directors Executive: B Joffe (Chief Executive), FJ Barnes*, BL Berson**, MC Berzack, AW Dawe, LI Jacobs, CH Kretzmann, P Nyman (alternate DE Cleasby), SG Pretorius, LP Ralphs, AC Salomon. Non-executive: MC Ramaphosa (Chairman), DDB Band, LG Boyle*, AA Da Costa (alternate LJ Mokoena), MBN Dube, S Koseff, RM Kunene, G Marcus, D Masson, BE Moffat (alternate T Slabbert), JL Pamensky, NG Payne, Adv FDP Tlakula. (*British **Australian)</p> <p>Company Secretary MA David</p> <p>Transfer secretaries Link Market Services South Africa (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 South Africa. PO Box 4844, Johannesburg, 2000 South Africa.</p> <p>Registered office Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg, 2196 South Africa. PO Box 87274, Houghton, Johannesburg, 2041 South Africa.</p> <p>Registration number 1946/021180/06 Share code: BVT ISIN: ZAE00050449</p>	 <p>PROUDLY BIDVest</p> <p><small>BASTION GRAPHICS</small></p>
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