

Bidvest Corporate

Provides strategic direction, financial, risk and sustainability management, marketing, investor relations, corporate communications, corporate finance, houses investments and provides executive training to the Group. Investments in Bidsport and Bidvest Wits Football Club and Ontime Automotive. The corporate centre adds value by identifying opportunities and implementing Bidvest's decentralised entrepreneurial business model.



R0,4 billion

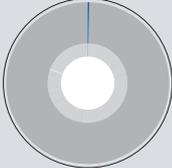
Revenue 38,9% decrease

R205,9 million

Trading profit 160,1% increase

Revenue
(Divisional contribution %)

0,4%



Trading profit
(Divisional contribution %)

3,7%



Environment

Represented by: The End of Life Vehicles Directive. The ELV aims to reduce the amount of waste produced from vehicles when they are scrapped. Ontime Automotive disposed of 4 200 tonnes of vehicle scrap at an ELV authorised depollution site.



Highlights

- ▶ Ontime's continuing businesses return to profit
- ▶ Seven-fold growth in property portfolio's value over seven years
- ▶ R314,0 million in direct business value from World Cup contracts across the Group
- ▶ Namibian team joins Academy intake
- ▶ Rallying cry "We refuse to participate in recession" sets tone for year
- ▶ Independent recognition for high reporting and communication standards
- ▶ Houses and manages investment across the Group

Financial indicators

(for the year ended June 30)

	2010	2009
	R'm	R'm
Revenue	444,0	727,0
Trading profit	205,8	79,1
Operating assets	2 605,9	2 471,0
Operating liabilities	155,9	180,7
Depreciation	32,2	61,6
Amortisation and impairments of intangible assets	2,5	2,7
Goodwill and intangible assets	3,0	8,4

Sustainable development indicator overview

Employees	557	610
Total training spend incurred at Corporate (R'000)	5 900	4 403 ⁽¹⁾
Employees attending HIV/Aids training (%)	5,0	4,3
Lost-time injury frequency rate	13,3	16,6
Work-related fatalities (number)	–	–
BEE procurement (R'000)	1 618 776	786 971
CSI spend (R'000)	12 228	4 806
Enterprise development spend (R'000)	10 737	5 879
Total water usage (litres '000)	325	481 ⁽¹⁾
Total electricity usage (kWh '000)	2 233	1 727
Petrol (litres)	19 055	11 807 ⁽¹⁾
Diesel (litres)	4 547 767	7 053 994
Total carbon emissions (tonnes)	14 227	21 365
Carbon emissions per employee (tonnes)	25,5	35,0

⁽¹⁾ Restated

▶ **QUICK LINK: Historic divisional sustainable development data**
http://www.bidvest.com/bidvest_ar2010/029.html

Bidvest Corporate



Brian Joffe, *chief executive*

Business snapshot

Corporate provides support services, coordinates strategic initiatives and houses investments that fall outside divisional areas of responsibility, including the Bidvest property portfolio. It focuses on business sustainability, brand-building, communication and executive training while ensuring Group resources are effectively leveraged. In accordance with Bidvest's decentralised business model, Corporate is deliberately kept lean.

Performance

Our trading profit increased by 158,8% from R79,5 million to R205,9 million.

Pleasing progress was made with the communication of strategic sustainability objectives while the Bidvest brand achieved enhanced recognition. Within South Africa, Bidvest's growing alignment with soccer became a source of pride and staff motivation in World Cup year.

Bidvest Properties put in another good performance in a challenging environment. Commercialisation opportunities flowing from the FIFA World Cup 2010™ were optimised.

Continuing operations within a restructured Ontime Automotive in the UK made a return to profit.

Sustainable development

Corporate coordinated sustainability initiatives across the decentralised business and helped embed sustainability practice through constant encouragement and information-sharing. The sustainability committee is integrated into governance structures as an integral part of the Bidvest risk and sustainability committee. An employee survey was conducted to raise sustainability awareness and gauge the commitment of Bidvest people to sustainability strategy. The Group's sustainability data collation tool was further refined.

 **QUICK LINK: Divisional sustainability report**
http://www.bidvest.com/bidvest_ar2010/030.html

Transformation

We continue to drive and entrench the principles of transformation throughout the Group.

Bidvest Academy

Academy IX is scheduled for completion in October. Sixty-eight participants were inducted into the class of 2010 and split into 11 teams, including a team of four from Bidvest Namibia.

Team-building, teamwork sessions, group projects, workshops and site visits to

Group companies were again key features of the curriculum, though increasing attention is paid to each delegate's working environment to assess the value added day by day as individuals apply the skills acquired at the Academy.

The intention is to ensure that a delegate's home base derives benefit from Academy exposure as well as the person under development and does so as quickly as possible. "Energy coaches" are assigned to each Academy participant to help ensure new insights are channelled effectively.

Growing emphasis is placed on pre-Academy workshops to ensure each inductee shares a common understanding of financial and managerial concepts that may fall outside the current scope of an individual's work. Four workshops are conducted, two in Johannesburg, one in Durban and one in Cape Town.

Communication

"We refuse to participate in the recession", the rallying cry of Bidvest chief executive Brian Joffe, shaped communication initiatives. The quality and topicality of articles in the *Bidvoice* quarterly publication were improved. Lead articles and the chief executive's message were translated from English into Business Mandarin, French, Dutch, Polish and Czech to communicate

with the worldwide Proudly Bidvest family and a downloadable version of *Bidvoice* was created for those with internet access.

A personalised e-mail (“The recognition you deserve”) was sent by the Group chief executive to all staff with e-mail addresses to announce Bidvest’s No 37 ranking in the list of the world’s best performing companies. Regular e-mails are sent to more than 30 000 employees to keep them up to date on topical developments.

Increasing use was made of internal TV broadcasts by the chief executive to communicate Bidvest strategy and a “welcome aboard” induction brochure was developed.

Reporting standards were maintained at a high level with recognition for excellent reporting in the Ernst & Young sustainability awards and category honours in the “Consumer Services” section of the annual Investment Analysts Society awards. Second place for reporting was achieved in the South African Carbon Disclosure Project awards.

Bidvest branding has been revamped and operational businesses are increasingly leveraging the strength of the Bidvest name, following the successful rebranding of businesses in Australia as Bidvest Australia and Rennie’s Bank as Bidvest Bank. More recently, the New Zealand business was rebranded as Bidvest New Zealand. The contract distribution arm of 3663 in the UK adopted the identity “Bidvest Logistics”. The Group obtained naming rights to South Africa’s premier venue for international cricket, now Bidvest Wanderers Stadium.

2010 commercialisation

The World Cup opportunity was energetically pursued by all Bidvest businesses in South Africa, although the short-term economic impact was negligible.

Medium-term economic opportunities through an increase in tourism, as an example, will be derived by South Africa and in turn by Bidvest. Precise quantification of economic benefits by year-end was complicated by timing factors (the event was only at the halfway stage on June 30) and the indirect nature of some business gains.

Direct business springing from our interaction with FIFA, the Local Organising Committee, MATCH and host cities was won by Bidvest Services (Prestige, Steiner, Bidtravel, TopTurf and Execuflora), Bidvest Foodservice SA, Speciality, Bidvest Paperplus (Lithotech) and Bidvest Industrial and Commercial (CN Business Furniture, Voltex, Waltons and Vulcan Catering Equipment).

Revenue of more than R314,0 million across the Group was derived from direct contracts.

Indirect benefit as a result of the World Cup effect on various sectors of the economy was derived by companies such as Bidvest Bank and its foreign exchange business, Bidair, Budget Rent a Car, Bidvest Prestige, Laundry Services and our South African foodservice businesses.

Some gains were intangible but significant, including the value to brand Bidvest of close involvement with the tournament and the pride felt by South African employees in the contribution made by their company to a historic event.

Focus now shifts to legacy issues; specifically, how to derive long-term benefit from Bidvest’s World Cup experience and expertise.

Sports administrators and major cities across South Africa have the task of earning a return from some of the world’s best football and sports stadiums. Sports tourism can be expected to grow. Bidvest

businesses have a proven track record as reliable suppliers to international sporting events. This creates a platform from which to explore further opportunities.

Investments managed by corporate include listed and unlisted associates and listed and unlisted investments. The most material investment relates to the investment in Mumbai International Airport Limited. Full details regarding those investments are shown under note 19 in the financial statements.

Bidvest Wits

The Bidvest Wits soccer team rounded off a successful season by winning the Nedbank Cup, the club’s first trophy in over a decade. The victory, in mid-May, occurred as soccer fever was running high on the run-in to the World Cup and ensured strong brand awareness.

Bidvest’s position as a leading soccer sponsor was further underlined by the support of the corporate soccer Fridays campaign, which became a feature of the South African countdown to the opening of the World Cup tournament. Proudly Bidvest soccer jerseys were distributed to staff and were worn week after week at operations across the country. Amazing team spirit and sense of belonging resulted when staff members saw colleagues they had never met similarly dressed.

Sponsorship and a controlling interest in Bidvest Wits are linked to soccer development programmes and youth work. The club has total membership of more than 1 500 players and is believed to be the largest football club in Africa.

Bidsport

The World Cup run-up helped drive continued growth in revenue and trading profit at Bidsport, the sports company in which Bidvest holds a 50% stake.

Bidvest Corporate

MSCSports secured the appointment as event manager of the Bidvest Goodwill Cup between Portugal and Mozambique, a World Cup warm-up game at Bidvest Wanderers.

Stellar Africa, a leading athlete management company, had a successful year. A number of South Africa's leading soccer, rugby and cricket players are represented by this agency.

Acquisitive and organic growth is forecast. The World Cup has heightened awareness of the benefits of corporate involvement in soccer and sport in general. The business is also well positioned to derive benefit from excitement surrounding next year's Rugby World Cup in New Zealand.

BIDVEST PROPERTIES

Property industry fundamentals remained challenging. The general economy slowed, rentals eased, but land prices remained high. The cost of servicing vacant land soared and capacity constraints at local municipal level continued to create delays, putting further pressure on development costs.

Long-term interest rates – the key factor governing likely future returns on property – remained high and threatened to move higher in view of international uncertainties.

Businesses remained acutely cost sensitive. This led to growing resistance by prospective tenants to higher rentals that reflect the full cost of new construction. New greenfields developments are becoming increasingly more difficult to bring in at market-related rentals. Increasing numbers of medium-sized

construction companies closed down for lack of work.

In this environment, Bidvest Properties concentrated on the refurbishment of and extensions to existing premises. No new developments were undertaken. Two small properties that no longer fit the portfolio profile were sold.

A refurbishment of the Vulcan Catering Equipment premises in Industria, west of Johannesburg was completed and work began at Vulcan's Cape Town premises. A refurbishment at the Spartan premises of Buffalo Executape is underway.

A key objective of the refurbishment programme is to improve the energy efficiency, workplace safety, working conditions and overall respect for the environment of our premises.

At the end of the period, a significant property acquisition on the M1 "gateway" to Johannesburg was concluded. Refurbishment will begin shortly.

Continuing property industry challenges confirmed the appropriateness of the conservative policy pursued by Bidvest Properties. The business acquires and develops properties at competitive rates. In line with Bidvest policy, all premises in the portfolio are unencumbered by mortgages, occupancy levels are high while a stable, high quality tenant mix ensures a strong rental stream. As a result, the return on the portfolio was above the market average.

In seven years, the portfolio's size and market value have grown approximately seven-fold.

Target-setting for the next three to five years is complicated by the difficulty of predicting interest rates and the effects of the developed world's debt crisis. The short-term challenge is rental affordability. We are well positioned to meet this challenge because of the efficient cost of property development, competitive long-term financing costs, the quality of our tenant mix and the high occupancy rates of our well-located properties.

We will investigate acquisitions and development opportunities as they occur while maintaining a largely conservative stance.

ONTIME AUTOMOTIVE

Despite the effects of recession and automotive industry cutbacks, the ongoing businesses showed a return to profit. Overall results were impacted by additional closure costs for the Technical Services division and the cessation of a Volume Distribution contract.

A new three-year contract for the worldwide distribution of Aston Martin vehicles was won. This includes distribution of the new Rapide out of Austria. The deal bestows logistical efficiencies as transporters that might have returned empty from Europe now bring the Rapide to the UK. Specialist Transport also secured new business from Lamborghini, Nissan GTR and Bentley.

Specialist Transport Operations has reduced its fleet to match the reduction of market-place volumes. The resulting efficiencies drove an improvement in results.

Rescue and Recovery re-signed contracts with the AA for a further term while prolonged bad weather in mid-winter boosted volumes. Profits improved.

Ontime Parking Solutions maintained its focus on its two major London contracts and opened a small office in York to work on tenders for councils in the provinces. As local councils seek outsourcing efficiencies, opportunities have emerged for the business to expand its enforcement platform by growing its on-street ticketing service.

Trading conditions remain challenging. However, all new contracts offer acceptable margins. Ontime is engaged in ongoing discussions with new and existing clients and looks forward to profit growth in 2011.

Economic performance – Ontime Automotive's ratio of salaries to turnover decreased from 40% to 35%, a reflection of the consolidation phase following the severe UK recession.

Environment – Ontime Automotive's fleet of 400 vehicles is largely up to the Euro 2 standard. New intensity measures show each vehicle costs the environment 34,6 metric tonnes of CO₂e, 51,6m³ of water and 2 100 litres of general refuse annually. Ontime Automotive disposed of 4 200 tonnes of vehicle scrap at an authorised de-pollution site. The UK business recycles 4% of total materials used. Staff are trained regularly to mitigate the impact of services on the environment. This is audited by National Quality Assurance to maintain Ontime's 14001 standard.

Human resources – UK headcount has stabilised and staff morale has improved after landing some significant new business at Ontime Automotive. League tables are being introduced to rank and reward Ontime drivers for economical driving.

Health and safety – Mindful of the growing claim culture in the UK, Ontime maintained its health and safety training focus and was again audited by and accredited with CHAS (Contractors Health and Safety Accreditation Scheme). The rate of injuries, diseases and dangerous occurrences in the UK business is down from 12 to three, with total incidents down from 84 to 27 over three years.

Society – Business ethics is governed through financial, process and operational audits. We are mindful of our code of ethical behaviour and risks related to corruption and anti-competitive practices. An anti-corruption policy is built into the terms and conditions of employment and applied when developing strategies for bidding for business.