OFFERING MEMORANDUM | **NOT FOR GENERAL DISTRIBUTION**
CONFIDENTIAL | **IN THE UNITED STATES**

Bidvest

The Bidvest Group (UK) Plc

U.S.$800,000,000
3.625% Senior Notes due 2026

The Bidvest Group (UK) Plc (the "**Issuer**"), a public limited company incorporated under the laws of England and Wales, is offering (the "**Offering**") U.S.$800,000,000 aggregate principal amount of its 3.625% Senior Notes due 2026 (the "**Notes**"). The Issuer is a wholly owned subsidiary of The Bidvest Group Limited, a public company incorporated under the laws of South Africa (the "**Company**").

The Issuer will pay interest on the Notes semi-annually in arrears on each 23 March and 23 September, commencing on 23 March 2022. The Notes will mature on 23 September 2026. At any time prior to 23 September 2023, the Issuer may on any one or more occasions, at its option, redeem the Notes in whole or in part at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the applicable "make-whole" premium, as described in this offering memorandum. At any time on or after 23 September 2023, the Issuer may on one or more occasions, at its option, redeem the Notes in whole or in part at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. Additionally, the Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. Upon the occurrence of certain events constituting a Change of Control Put Event, as described in this offering memorandum, each Noteholder shall have the option to require the Issuer to redeem such holder's Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. The Notes will be the Issuer's senior obligations and unconditionally and irrevocably guaranteed on a senior basis by the Company (such guarantee of the Notes by the Company, the "**Company Guarantee**"). The Notes and the Company Guarantee will rank *pari passu* in right of payment with all of the Issuer's and the Company's respective existing and future obligations that are not subordinated in right of payment to the Issuer's obligations under the Notes and the Company's obligations under the Company Guarantee, respectively. The Notes and the Company Guarantee will be effectively subordinated to any of the Issuer's and the Company's respective existing and future secured obligations to the extent of the value of the assets securing such obligations. The Notes and the Company Guarantee will be structurally subordinated to any existing and future obligations of the Issuer's and the Company's respective subsidiaries that do not guarantee the Notes. The laws of South Africa may limit the enforceability of the Company Guarantee. *See* "*Risk Factors—Risks relating to the Notes and the Company Guarantee—The Company Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*."

There is no current market for the Notes. Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to the London Stock Exchange's International Securities Market (the "**ISM**"). The ISM is not a regulated market for purposes of Directive 2014/65/EU (as amended, "**MiFID II**"), as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"). There is no assurance that the Notes will be admitted to trading on the ISM. **The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UK Listing Authority ("UKLA"). The LSE has not approved or verified the contents of this offering memorandum.**

The Issuer and the Company accept responsibility for the information contained in this offering memorandum. To the best of the knowledge of the Issuer and the Company, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect its import.

Investing in the Notes involves a high degree of risk. ***See "Risk Factors"*** **beginning on page 28.**

Price for the Notes: 100.0%, plus interest accrued, if any, from the Issue Date (as defined below).

The Notes and the Company Guarantee have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold only to (a) qualified institutional buyers ("**QIBs**") in accordance with Rule 144A under the U.S. Securities Act ("**Rule 144A**") and (b) persons that are not, and are not acting for the account or benefit of, U.S. persons ("**U.S. Persons**") as defined in Regulation S under the Securities Act ("**Regulation S**") in offshore transactions in accordance with Regulation S. Prospective purchasers that are QIBs are hereby notified that the seller of the Notes may be relying on the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144A. In addition, the Notes are subject to restrictions on transfer. *See* "*Important Information*" and "*Notice to Investors*."

The Notes will be issued in registered form in minimum denominations of U.S.$200,000, and integral multiples of U.S.$1,000 in excess thereof. On the closing date of the Offering, one or more global notes representing the Notes sold in the Offering to QIBs pursuant to Rule 144A (the "**Rule 144A Global Notes**") will be deposited with a custodian for The Depository Trust Company ("**DTC**") and registered in the name of Cede & Co., as DTC's nominee, and one or more global notes representing the Notes sold in the Offering to non-U.S. Persons in offshore transactions under Regulation S (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**") will be deposited with, or on behalf of, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**") and registered in the name of a nominee of such common depositary. Ownership interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, as applicable, and their respective direct and indirect participants. The Issuer and the Company expect the Notes to be delivered in book-entry form to the Managers on or about 23 September 2021. *See* "*Book-Entry; Delivery and Form*."

The Notes are expected upon issue to be rated Ba2 by Moody's Investors Service, Inc. ("**Moody's**") and BB by Fitch Ratings Ireland Ltd ("**Fitch**"). Moody's and Fitch are established in the European Economic Area ("**EEA**") and registered under Regulation (EU) No 1060/2009, as amended. Moody's and Fitch appear on the latest update of the list of registered credit rating agencies on the website of the European Securities Markets Authority, http://www.esma.europa.eu. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction, or withdrawal at any time by Moody's or Fitch, as applicable. A suspension or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

Joint Bookrunners

BofA Securities **Barclays** **BNP Paribas** **Citigroup**

Absa Bank Limited **Rand Merchant Bank** **Standard Bank**

The date of this offering memorandum is 16 September 2021.

IMPORTANT INFORMATION

You should rely only on the information contained in this offering memorandum. Neither the Issuer, the Company, the Trustee, the Agents nor Absa Bank Limited, Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Merrill Lynch International, Rand Merchant Bank, a division of FirstRand Bank Limited (London Branch) or The Standard Bank of South Africa Limited (the "Managers") has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. You should not assume that the information contained in this offering memorandum is accurate as at any date other than the date on the front of this offering memorandum.

None of the Issuer, the Company or the Managers are making an offer of the Notes in any jurisdiction where the Offering is not permitted.

The Issuer is a public limited company incorporated under the laws of England and Wales. The Issuer was incorporated as a private limited company on 7 July 2017 and re-registered as a public limited company on 19 August 2021. The Issuer is registered with the Companies House under registration 10855367. The Issuer's registered address is at The Handover Centre Appletree Trading Estate, Chipping Warden, Banbury, England, OX17 1LL.

The Company is a public company duly incorporated under the laws of South Africa. The Company was originally incorporated on 29 March 1946 under the name "Currie Motors (1946) Limited" and is the sole shareholder of the Issuer. The Company is registered in accordance with the laws of South Africa under registration number 1946/021180/06. The Company's registered address is at 2nd Floor, Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, 2196, South Africa.

Unless the context otherwise requires, references in the offering memorandum to the "**Group**" refer collectively to the Company and its direct and indirect consolidated subsidiaries. Unless the context so requires, "**or**," as used in this offering memorandum, is not exclusive.

This offering memorandum has been prepared by the Issuer and the Company solely for use in connection with the Offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this offering memorandum to any person other than the prospective investors and any person retained to advise such prospective investors with respect to the purchase of the Notes is unauthorized, and any disclosure of any of the contents of this offering memorandum, without the Issuer's and the Company's prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

The distribution of this offering memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum or any of the Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. *See* the discussion below under this "*Important Information*" section and under "*Notice to Investors*."

In making an investment decision regarding the Notes, prospective investors must rely on their own examination of the Group's business and the terms of the Offering, including the merits and risks involved. In addition, none of the Issuer, the Company, the Trustee, the Agents or the Managers or any of the Issuer's or the Company's or the Trustee's or the Manager's representatives are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals; none of the Issuer, the Company, the Trustee, the Agents or the Managers shall have any responsibility for any of the foregoing legal requirements.

Neither the Managers, the Trustee nor the Agents are making any representation or warranty, express or implied, that the information contained in this offering memorandum is accurate or complete and are not responsible for this information. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Managers, the Trustee or the Agents as to the past or the future.

The Notes will constitute "controlled securities" as that term is defined in the South African Exchange Control Regulations, 1961 (as amended) (the "**South African Exchange Control Regulations**"), and as such may not be acquired by any person who is a resident of South Africa, except in accordance with such South African Exchange Control Regulations and the directives or authorities issued or granted by the Financial Surveillance Department of the South African Reserve Bank in respect of those South African Exchange Control Regulations from time to time.

By receiving this offering memorandum, you acknowledge that you have had an opportunity to request from the Issuer and the Company for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on the Managers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

In connection with the offering of the Notes, the Managers are acting exclusively for the Issuer and no one else. Accordingly, in connection with the offering of the Notes, the Managers will not be responsible to anyone other than the Issuer for providing the protections (regulatory or otherwise) afforded to their clients or for the giving of advice in relation to the offering of the Notes.

The contents of the Group's websites or any other websites referred to herein do not form any part of this offering memorandum. The Group's websites are mainly addressed to potential clients of the Group's services and, therefore, information available on the Group's websites may differ in content or may be organized differently than information in this offering memorandum. For the purposes of making an investment decision regarding the Notes, you should not rely on the Group's websites.

None of the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission or any other U.S. regulatory authority, has approved or disapproved the Notes nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the U.S. Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The Notes will be available initially only in book-entry form. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by DTC, Euroclear and Clearstream and their direct and indirect participants, as applicable. After the initial issuance of the global notes, Notes in certificated form will be issued in exchange for the global notes only as set forth in the Trust Deed. *See* "*Book-Entry; Delivery and Form*."

The Issuer and the Company reserve the right to withdraw the Offering at any time. The Issuer, the Company and the Managers reserve the right to reject any offer to purchase the Notes, in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by it. The Managers and certain of their related entities may acquire a portion of the Notes for their own accounts.

RESPONSIBILITY STATEMENT

The Issuer and the Company accept responsibility for the information contained in this offering memorandum. To the best of the knowledge of the Issuer and the Company, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and contains no omission likely to affect its import.

The information set out in the sections entitled "*Business*" and "*Industry*" includes extracts from information and data, including industry and market data, released by publicly available sources. The Issuer and the Company accept responsibility for the accurate extraction and summarization of such industry and market information and data, however the Issuer and the Company have not independently verified the accuracy of such information and data and the Issuer and the Company shall accept no further responsibility in respect thereof. In addition, this offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. However, as far as the Issuer and the Company are aware, no information or data has been omitted, which would render reproduced information inaccurate or misleading.

The information contained in this offering memorandum is correct as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this offering memorandum or in the Group's business since the date of this offering memorandum. The Issuer and the Company have accurately reproduced the information set out in relation to sections of this offering memorandum describing clearing arrangements, including in the section entitled "*Book-Entry; Delivery and Form*," and as far as the Issuer and the Company are aware and able to ascertain from third-party sources, no facts have been omitted, which would render the reproduced information inaccurate or misleading. Nonetheless, such information is subject to any change in, or reinterpretation of, the rules, regulations and procedures of DTC, Euroclear and Clearstream currently in effect. While the Issuer and the Company accept responsibility for accurately summarizing the information concerning DTC, Euroclear and Clearstream, the Issuer and the Company accept no further responsibility in respect of such information. Neither DTC, Euroclear nor Clearstream are under any obligation to perform or continue to perform under such clearing arrangements and such arrangements may be modified or discontinued by either of them at any time. The Issuer and the Company will not, nor will any of the Issuer's or the Company's agents, have responsibility for the performance of the respective obligations of DTC, Euroclear or Clearstream or their respective participants. Investors wishing to use these clearing systems are advised to confirm the continued applicability of these arrangements.

STABILIZATION

IN CONNECTION WITH THE OFFERING, MERRILL LYNCH INTERNATIONAL OR ONE OR MORE OF ITS AFFILIATES OR PERSONS ACTING ON ITS BEHALF (THE "**STABILIZING MANAGER**") MAY OVER ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN 30 DAYS AFTER THE NOTES ISSUE DATE, OR NO LATER THAN 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES, WHICHEVER IS EARLIER.

ALTERNATIVE SETTLEMENT CYCLE

The Issuer and the Company expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be the 5th business day following the date of pricing of the Notes (this settlement cycle being referred to as "**T+5**"). Under Rule 15c6-1 of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the immediately succeeding three business days will be required, by virtue of the fact that the Notes initially will settle T+5 to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to make such trades should consult their own advisors.

NOTICE TO INVESTORS IN THE UNITED STATES

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Notes and the Company Guarantee have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold except to "qualified institutional buyers," or QIBs, in reliance on an exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A, or to persons that are not, and are not acting for the account or benefit of, U.S. Persons in offshore transactions in accordance with Regulation S. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A. For a discussion of restrictions on resale or transfer of the Notes, please also *see* "*Notice to Investors*." Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in the section entitled "*Notice to Investors*" of this offering memorandum.

NOTICE TO INVESTORS IN THE EEA

Prohibition of Sales to EEA Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a "retail investor" means a person who is one (or more) of the following: (i) a "retail client" as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a "customer" within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of Notes in any member state of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") from the requirement to produce a prospectus for offers of the Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

Prohibition of Sales to UK Retail Investors: The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of the following: (i) a "retail client" as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a "customer" within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a "qualified investor" as defined in Regulation (EU) 2017/1129 as it forms a part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR Product Governance / Professional investors and ECPs only target market: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration each manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the securities (by either adopting or refining each manufacturer's target market assessment) and determining appropriate distribution channels.

This offering memorandum has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") from the requirement to produce a prospectus for offers of the Notes. This offering memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

This offering memorandum has not been approved by any authorized person in the United Kingdom and is for distribution only to persons who are: (i) outside the United Kingdom; (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (iii) high net worth companies, and other persons to whom it may be lawfully communicated, falling within Article 49(2)(a) to (d) of the Financial Promotion Order; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity, to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities described in the following offering memorandum other than in circumstances in which Section 21(1) of the FSMA does not apply.

NOTICE TO INVESTORS IN SOUTH AFRICA

This offer of the Notes is not an "offer to the public" as defined in Section 95(1)(h) of the South African Companies Act No. 71 of 2008, as amended (the "**South African Companies Act**") in South Africa nor does it call attention to or advertise an offer to the public in South Africa, and this offering memorandum is not, nor is it intended to, constitute a prospectus or a "registered prospectus" prepared and registered under the South African Companies Act. No South African residents or other offshore subsidiaries of a South Africa resident may subscribe for or purchase any Notes or beneficially own or hold any Notes unless such subscription, purchase or beneficial holding or ownership is pursuant to Section 96(1) of the South African Companies Act, or is otherwise permitted under the South African Exchange Control Regulations or the policies, directives or rules of the Financial Surveillance Department of the South African Reserve Bank or applicable law.

Information made available in this Offering Memorandum is not, and should not be construed as, "advice" as defined in the South African Financial Advisory and Intermediary Services Act No. 37 of 2002.

NOTICE TO INVESTORS IN SWITZERLAND

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in Switzerland. For these purposes, a retail investor means a person who is a retail client as defined in Article 4 of the Swiss Financial Services Act (the "**FinSA**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and therefore, any Notes with a derivative character within the meaning of article 86 (2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.

NOTICE TO INVESTORS IN HONG KONG

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (the "**C(WUMP)O**"), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the C(WUMP)O, and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

NOTICE TO INVESTORS IN THE DUBAI INTERNATIONAL FINANCIAL CENTRE

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("**DFSA**"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

NOTICE TO INVESTORS IN SINGAPORE

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, then securities (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;(ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulation 2018 of Singapore.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice

FAA-N16: Notice on Recommendations on Investment Products). Any reference to any term as defined in the SFA, or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

NOTICE TO INVESTORS IN CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principals that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities laws in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities laws of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities laws of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this offering memorandum are not historical facts and are forward-looking. Forward-looking statements appear in various locations, including, without limitation, in the sections entitled "*Overview*," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*." The Issuer or the Company may from time to time make written or oral forward-looking statements in reports to shareholders and in other communications. In addition, this offering memorandum includes forward-looking information that has been extracted from third-party sources. Forward-looking statements include statements concerning the Group's plans, expectations, projections, objectives, targets, goals, strategies, future events, future operating revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, the Group's competitive strengths and weaknesses, the Group's business strategy, and the trends the Issuer and the Company anticipate in the industries and the political and legal environments in which the Group operates and other information that is not historical information.

Words such as "believe," "anticipate," "estimate," "target," "potential," "expect," "intend," "predict," "project," "could," "should," "may," "will," "plan," "aim," "seek" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

The forward-looking statements contained in this offering memorandum are largely based on the Issuer's and the Company's expectations, which reflect estimates and assumptions made by the Issuer's and the Company's management. These estimates and assumptions reflect the Issuer's and the Company's best judgment based on currently known market conditions and other factors, some of which are discussed below. Although the Issuer and the Company believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Issuer's and the Company's control. In addition, management's assumptions about future events may prove to be inaccurate. The Issuer and the Company caution all readers that the forward-looking statements contained in this offering memorandum are not guarantees of future performance, and the Issuer and the Company cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond the Issuer's and the Company's control, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed in the section entitled "*Risk Factors*," as well as those included elsewhere in this offering memorandum. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- changes in government policies or political, social, economic, legal, regulatory or accounting conditions in South Africa, the United Kingdom and Ireland or other jurisdictions where any such changes could affect the Group's financial condition, results or prospects;
- the effects of the COVID-19 pandemic on the Group's business and results of operations;
- the Group's ability to obtain and retain the licenses necessary for doing business, such as port leases and licenses, and to comply with regulatory requirements;
- the Group's ability to obtain and retain agency and distribution rights;
- the Group's ability to fund future operations and capital needs through borrowing or otherwise;
- the Group's ability to finance its long-term investments;
- the Group's ability to implement successfully any business strategies;
- legal or regulatory claims in connection with the Group's operations;
- the Group's ability to integrate businesses, including past and prospective acquisitions, joint ventures and strategic alliances, and to realize operational benefits from such integration;
- the Group's ability to retain or increase market share and retain customers;
- the Group's ability to attract and retain qualified personnel, as well as future shortages of skilled staff;
- the results of the Group's investments and capital expenditures;
- a decrease in demand for the Group's products and services as a result of changes in consumer preferences, including digitalization and the declining use of certain of the Group's products;
- the effects of inflation, interest rate and exchange rate fluctuations;
- the effects of climate change on the Group's operations and businesses;
- reliance on software and hardware systems that are susceptible to failure;
- the Group's success in identifying other risks to businesses and managing the risks of the aforementioned factors;
- the other factors discussed in more detail under "*Risk Factors;*" and
- factors that are not known to the Issuer or the Company at this time.

This list of important factors and the other factors discussed in the section entitled "*Risk Factors*" is not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect the Group's results of operations, financial condition, liquidity and the development of the industry in which the Group operates. New risks can emerge from time to time, and it is not possible for the Issuer or the Company to predict all such risks, nor can the Issuer or the Company assess the impact of all such risks on the Group's business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as at the date of this offering memorandum. Accordingly, the Issuer and the Company do not intend, and do not undertake any obligation, to update forward-looking statements set forth in this offering memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to the Issuer, the Company or to persons acting on the Issuer's or the

Company's behalf as being qualified by the cautionary statements in this offering memorandum. As a result, you should not place undue reliance on such forward-looking statements.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will, during any period in which it is neither subject to and in compliance with Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish upon request to any holder or beneficial owner of Notes, or any prospective purchaser designated by any such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This Offering Memorandum includes the consolidated financial statements of the Company as at and for the financial year ended 30 June 2021 (which also includes comparative financial information as at and for the financial year ended 30 June 2020) (the "**FY 2021 Financial Statements**), as at and for the financial year ended 30 June 2020 (which also includes comparative financial information as at and for the financial year ended 30 June 2019) (the "**FY 2020 Financial Statements**") and as at and for the financial year ended 30 June 2019 (the "**FY 2019 Financial Statements**"), each of which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), the interpretations adopted by the International Accounting Standards Board, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange listing requirements and the requirements of the South African Companies Act No. 71 of 2008 (the "**South African Companies Act**").

The financial information included in this Offering Memorandum is not intended to comply with United States Securities and Exchange Commission requirements. Compliance with such requirements would require, among other things, compliance with the requirements of Regulation S-X and the exclusion of certain non-IFRS measures.

Restatement of 2019 and 2020 Comparatives

During each of the financial years ended 30 June 2020 and 30 June 2021, certain acquisitions which had been completed in the corresponding prior financial year were subject to a purchase price allocation review and therefore the comparative financial information as at and for the financial year ended 30 June 2019 within the FY 2020 Financial Statements has been restated (the "**FY 2019 Restated Financial Information**") and the comparative financial formation as at and for the financial year ended 30 June 2020 within the FY 2021 Financial Statements has been restated (the "**FY 2020 Restated Financial Information**"). For additional information, see "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Factors Affecting Comparability of Results of Operations—Restatement of 2019 Comparatives* and *—Restatement of 2020 Comparatives*" and note 9.2 to the FY 2021 Financial Statements and note 28 to the FY 2020 Financial Statements.

In order to improve comparability, unless otherwise stated, the financial information as at and for the financial years ended 30 June 2020 and 30 June 2019 presented in this Offering Memorandum (including the presentation of the Group's reporting segments and the financial information in relation thereto) has been extracted or derived from the FY 2020 Restated Financial Information and the FY 2019 Restated Financial Information, respectively.

IFRS 16

The Group adopted the accounting standard IFRS 16 ("***IFRS 16***") in the financial year ended 30 June 2020 using the modified retrospective approach, which has had a material impact on the Group's statement of financial position and the comparability of the results to prior periods. As the modified retrospective approach does not require restatement of prior periods, certain financial information as of and for the financial year ended 30 June 2020 and for subsequent reporting dates and reporting periods presented in this Offering Memorandum is not directly comparable with financial information as at prior reporting dates and for prior reporting periods. For additional detail on the impact of IFRS 16 adoption, including on the Group's consolidated income statement and consolidated statement of cash flows in the financial year ended 30 June 2020, see "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Factors Affecting Comparability of Results of Operations—IFRS 16*" and note 2 to the FY 2020 Financial Statements.

Presentation of Non-IFRS Measures and Alternative Performance Measures

This Offering Memorandum contains certain non-IFRS measures or alternative performance measures that are not recognized by IFRS or any other generally accepted accounting principles. The Group refers to these measures as Non-IFRS measures and alternative performance measures or "APMs" as they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. The Group's primary Non-IFRS measures and APMs are listed below and defined as follows:

EBITDA is determined as trading profit before depreciation and amortization charges. EBITDA has been adjusted for the impact of IFRS 16: Leases by adding back the right-of-use asset depreciation and deducting lease payments. EBITDA in the financial year ended 30 June 2019 was not impacted by IFRS16: Leases.

Adjusted EBITDA is defined as EBITDA adding back COVID-19 charges and giving effect to the acquisitions concluded during the relevant period as if the financial results of each relevant acquired company had been consolidated within the Group's results from the first day of the relevant period. COVID-19 charges include restructuring costs, net impairment losses on financial assets, onerous contracts, inventory obsolescence provisions and the impairment of Mumbai International Airport Limited ("**MIAL**") necessitated by the pandemic and the establishment of Bidvest COVID-19 Fund to support employees and communities during the pandemic.

Operating Cash Flow is defined as cash generated by operations after net working capital movements minus capital expenditure.

Operating Cash Conversion is defined as Operating Cash Flow divided by trading profit excluding dividends from associates.

Free Cash Flow is defined as cash generated by operations after net working capital movements minus capital expenditure and the payment of lease liabilities.

Free Cash Flow Conversion is defined as Free Cash Flow divided by trading profit.

Total Debt is defined as the sum of long-term and short-term borrowings.

Net Debt is defined as the sum of long-term and short-term borrowings minus cash and cash equivalents.

Adjusted Net Debt is defined as long term and short-term borrowings minus cash and cash equivalents excluding Bank deposits and restricted cash.

***Pro forma* Adjusted Net Debt** is defined as long term and short-term borrowings minus cash and cash equivalents excluding Bank deposits and restricted cash, as adjusted for the issuance of the Notes and the use of proceeds therefrom.

Net Leverage is defined as Adjusted Net Debt divided by Adjusted EBITDA.

***Pro forma* Net Leverage** is defined as *pro forma* Adjusted Net Debt divided by Adjusted EBITDA.

EBITDA/Interest is defined as EBITDA adding back COVID-19 charges divided by net interest expense excluding the impact of IFRS16: Leases interest expense.

***Pro forma* EBITDA/Interest** is defined as EBITDA adjusted for COVID-19 charges divided by net interest expense excluding the impact of IFRS16: Leases interest expense, as adjusted for the issuance of the Notes and the use of proceeds therefrom.

Liquidity (Undrawn RCFs and Cash and Cash Equivalents) is defined as cash and cash equivalents and available committed revolving and working capital lines excluding Bank deposits and restricted cash.

***Pro forma* Liquidity (Undrawn RCFs and Cash and Cash Equivalents)** is defined as cash and cash equivalents and available committed revolving and working capital lines excluding Bank deposits and restricted cash, as adjusted for the issuance of the Notes and the use of proceeds therefrom.

Average Funds Employed is defined as the rolling monthly average net working capital excluding cash plus property, plant and equipment, investments, life assurance fund, banking and other advances.

Capital expenditure is defined as spend on property, plant and equipment and intangibles assets.

Average return on invested capital or "**ROIC**" is defined as trading profit after taxation plus associate income divided by average funds employed plus intangible assets and goodwill.

Return on funds employed or "**ROFE**" is defined as trading profit plus associate income, divided by average funds employed.

Trading margin is defined as trading profit divided by revenue.

Weighted average cost of capital or "**WACC**" is defined as the weighted cost of equity and debt based on the Group's funding structure and agreements.

Recurring Income is defined as income generated by the Group's businesses that typically earn revenue under formal contractual arrangements of one year or more (at their inception) and that typically benefit from a higher degree of confidence, either based on contractual terms or customer track records, as to revenues that are likely to be generated from particular customers.

The Non-IFRS Measures and APMs presented in this Offering Memorandum may be used by different companies for different purposes and are often calculated differently to reflect the circumstances of those companies. You should exercise caution in comparing such measures to similar measures used by other companies. The information presented by each Non-IFRS Measure or APM is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the U.S. Securities and Exchange Commission (the "**SEC**"); compliance with such requirements would require the Group to make changes to the presentation of this information.

The Group has presented these Non-IFRS Measures and APMs as the Group believes that they enhance an investor's understanding of the Group's financial performance and because the Group uses these measures in its business operations to evaluate the performance of the Group's operations. The Group uses these measures as supplemental measures of operating performance because they are measures that are regularly used by security analysts, rating agencies, investors and other parties to evaluate a company's operating performance. The Group also believes that these measures serve as a useful indicator of the Group's ability to incur and service the Group's indebtedness. However, these measures are not a measure of a company's financial performance or earnings under IFRS and as such should not be viewed as an alternative to profit, operating profit or other measures of earnings under IFRS. Nor should these measures be viewed as an alternative to cash flow from operating activities or as a measure of liquidity.

For further information on the reconciliation of these measures to measures disclosed in the consolidated financial statements, see "*Summary Historical Consolidated Financial Data—Certain Alternative Performance Measures*".

Market and Industry Data and Forecasts

This Offering Memorandum contains historical and forward-looking market and industry data, which have been obtained from Group data and from industry publications, market research and publicly available information. In particular, market data, statistics and information relating to the demographics and economy in Africa and, in particular, the countries in which the Group operates and the markets in those areas have been derived from available Group data, as well as data published by Frost & Sullivan, Fitch Solutions Group, The National Association of Automobile Manufacturers of South Africa, the International Monetary Fund, the World Bank, Transnet National Port Authority, TransUnion, ING, Prudential, Statista, Ports Regulator of South Africa, Transport Intelligence, the International Trade Administration and the International Air Transport Association.

In addition, certain of the information contained in this Offering Memorandum with respect to the Group's or its divisions' or businesses' relative size and respective positions in the markets in which it or they operate (including, for example, most such statements that a particular business is the largest or one of the largest in a particular market) represents the Group's estimates and/or beliefs and is based on its management's experience and understanding of the market sectors in which they operate and their competitors. Although such experience and understanding often reflects insights obtained by its management teams from multiple sources, including third party sources, publicly available information and internal data, such information and statements have generally not been verified by any independent sources, and the Issuer and the Company cannot assure prospective investors that a third party using different methods to assemble or analyze relevant market information would reach the same conclusions.

The information provided from the third-party sources referred to above has been accurately reproduced and, as far as the Issuer and the Company are aware and have been able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Offering Memorandum, the source of such information has been identified.

Neither the Issuer nor the Company has independently verified the information in industry publications or market research, although management believes the information contained therein to be reliable. None of the Issuer, the Company nor any of the Managers represents that this information is accurate.

Rounding

Certain amounts which appear in this Offering Memorandum have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Currency Presentation

References in this document to "U.S. dollars", "U.S.$" or "$" refer to United States dollars; references to "ZAR", "R" or "Rand" are to South African Rand, the lawful currency of South Africa; references to "Euro" or "EUR" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended; references to "GBP" are to the pound sterling, the lawful currency of the United Kingdom.

ENFORCEABILITY OF CIVIL JUDGMENTS

The Issuer is a public limited company incorporated under the laws of England and Wales, and the Company is a public company incorporated under the laws of South Africa. A majority of the directors and officers of the Issuer and the Company named herein reside inside the United Kingdom and South Africa, respectively, and all or a significant portion of the assets of such persons may be, and the majority of the assets of the Issuer and the Company are, located in the United Kingdom and South Africa. As a result, it may not be possible for investors to effect service of process upon such persons outside the United Kingdom or South Africa, as applicable, or to enforce judgments against them obtained in the courts of jurisdictions other than the United Kingdom or South Africa, as applicable, predicated upon the laws of such other jurisdictions.

Recognition of Non-South African Judgments or Arbitral Awards in South Africa

An authenticated judgment obtained outside of South Africa will be recognized and enforced in accordance with procedures ordinarily applicable under South African law for the enforcement of foreign judgments, namely a provisional sentence summons or application or action claiming enforcement of the foreign judgment; *provided* that the judgment was pronounced by a proper court of law, was final and conclusive (in the case of a judgment for money, on the face of it), has not become stale, and has not been obtained by fraud or in any manner opposed to natural justice or contrary to the international principles of due process and procedural fairness, the enforcement thereof is not contrary to South African public policy, the foreign court in question had jurisdiction and international competence according to the applicable South African rules on international competence and enforcement is not precluded in terms of the Protection of Businesses Act No. 1978 (the "**SA PB Act**"). A foreign judgment will probably not be recognized in South Africa if the foreign court exercised jurisdiction over the defendant solely by virtue of an attachment to found jurisdiction or on the basis of domicile alone. South African courts will not enforce foreign revenue or penal laws (*e.g.*, fines or governmental levy (distinct from private judgments)) and South African courts have, as a matter of public policy, generally not enforced awards for multiple or punitive damages. In terms of the Conventional Penalties Act No. 15 of 1962, a creditor may not, in respect of an act or omission which is the subject of a penalty stipulation, recover both the penalty and damages or except where expressly provided for, damages in lieu of the penalty. Certain defined judgments obtained in a court other than South Africa may not be enforced in South Africa without the permission of the South African Minister of Trade and Industry under the SA PB Act. Permission from the South African Minister of Trade and Industry will similarly not be granted if it would result in the recovery of punitive damages.

Where obligations are to be performed in a jurisdiction outside South Africa they may not be enforceable under the laws of South Africa to the extent that such performance would be illegal or contrary to public policy under the laws of South Africa or the foreign jurisdiction, or to the extent that the law precludes South African courts from granting extra-territorial orders. South African courts have the discretion of refusing the granting of orders with extra-territorial effect if the granting of such order would be ineffectual.

An arbitral award obtained outside of South Africa must be recognized and enforced in accordance with sections 16 and 17 of the International Arbitration Act No.15 of 2017 (the **International Arbitration Act**). Section 18 of the International Arbitration Act provides that a court may only refuse to recognize or enforce a foreign arbitral award if a court finds that:

(i) the reference to arbitration of the subject matter of the dispute is not permissible under the law of South Africa, or (ii) the recognition or enforcement of the award is contrary to public policy of the Republic of South Africa; or (iii) the party against whom the award is invoked proves, to the satisfaction of the court, (a) a party to the arbitration agreement had no capacity to contract under the law applicable to that party, (b) the arbitration agreement is invalid under the law to which the parties have subjected it, or where the parties have not subjected it to any law, the arbitration agreement is invalid under the law of the country in which the award was made, (c) that the party did not receive the required notice regarding the appointment of the arbitrator or of the arbitration proceedings or was otherwise not able to present its case, (d) the award deals with a dispute not contemplated by, or not falling within the terms of reference to arbitration, or contains decisions on matters beyond the scope of the reference to arbitration, (e) the constitution of the arbitration tribunal or the arbitration procedure was not in accordance with the relevant arbitration agreement or, if the agreement does not provide for such matters, with the law of the country in which the arbitration took place, or (f) the award is not yet binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, the award was made. In order to enforce the foreign arbitral award, a party will be required to bring fresh application proceedings before a court for the recognition and enforcement of the award in South Africa.

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OVERVIEW OF THE GROUP

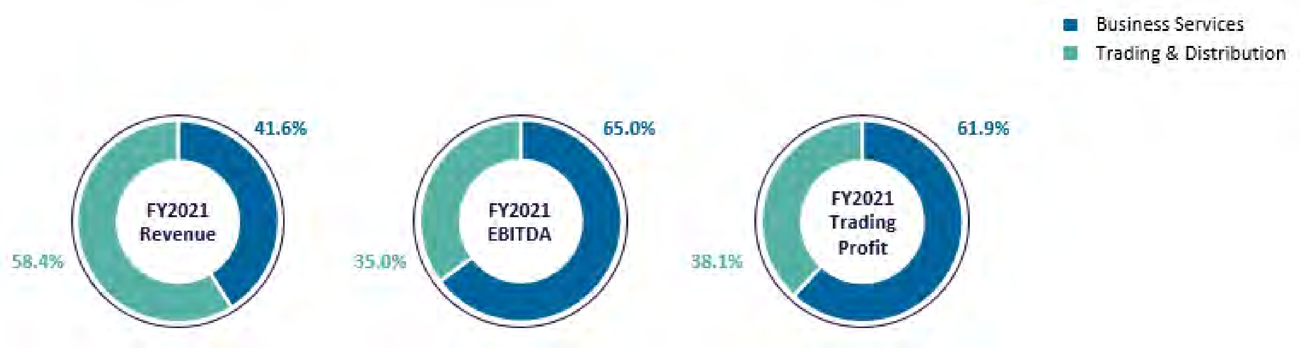
Overview

Overview of the Group

The Group is a leading business-to-business services, trading and distribution group operating through two broad categories of operations and six operating divisions, namely the Business Services operations, which comprise the Services, Freight and Financial Services divisions, and the Trading and Distribution operations, which comprise the Branded Products, Commercial Products and Automotive divisions.

The Group has an entrepreneurial and decentralized operating philosophy that allows businesses and the Group to be nimble and agile, with management teams incentivized and empowered to grow their respective operations within a framework of Group-wide governance structures and well-defined expectations around key performance metrics. The Company level function ensures consistency of strategic direction, culture, monitors operational and financial performance, and allocates and manages capital through well-established and rigorous governance procedures and structures in order to drive performance and ensure an optimized approach to resource allocation across the portfolio of companies and activities.

The split of the Group's revenue, EBITDA and trading profit between the Business Services operations and Trading and Distribution operations for the financial year ended 30 June 2021 is as follows[(1)]:



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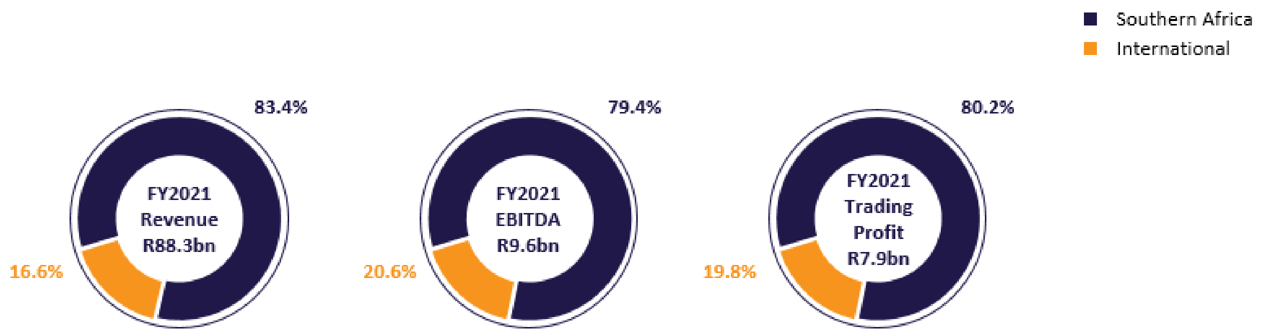
(1) Percentage proportions reflect aggregate segmental FY2021 revenue, EBITDA and trading profit, respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments, which are both support functions for the Group's overall operations. See "*—Overview of the Group's Operations and Divisions—Support functions.*" Such intercompany eliminations relate to Bidvest companies providing products (e.g. – stationery, copiers) and services (e.g. – cleaning, security) to other Bidvest subsidiaries. As over 90% of Properties' property portfolio are leased to Bidvest companies, the inter-company eliminations also include the rent paid to Properties by the divisions as a cost in their trading profit and which Properties shows as revenue.

The Group is a blue-chip company operating primarily in South Africa but with an international footprint in Europe and in the United Kingdom. The Group is one of the largest industrial groups in South Africa, and a key contributor to the South African economy, providing essential services and products to a wide range of businesses across various sectors, comprising approximately 250 trading companies and employing more than 121,000 people as of 30 June 2021.

The Group has established an international presence in parts of Europe and in the United Kingdom through a number of strategic acquisitions. In September 2017, the Group acquired Noonan, a leading facilities manager in Ireland and, in May 2020, the Group expanded its footprint in the United Kingdom and Ireland and entered into Spain with the acquisition of PHS Group ("**PHS**"), a leading hygiene service provider offering complete hygiene solutions for businesses in the public and private sectors. The Group's revenue, EBITDA and trading profit in the key jurisdictions in which it operates for the financial year ended 30 June 2021 is as follows(1):



(1) Percentage proportions reflect segmental FY2021 revenue, EBITDA and trading profit respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments.

The Group operates a blended portfolio of defensive, cyclical, and growth assets. The Group has a highly diversified portfolio of businesses, which includes essential and non-cyclical business services and products, and asset light businesses that are cash generative. The Group's investment in core sectors and focus on efficiency has resulted in the growth in the Group's revenues and profitability regularly outperforming the growth in South African Nominal gross domestic product ("**GDP**"). Innovation is also key, and management focuses on deploying product and services that represent innovative solutions to customer needs and on leveraging technologies to add value to customers and create mutual success. The Group believe that it generally holds leading market positions in most of the key markets in which it operates.

The Group seeks to allocate its assets across the Group efficiently depending on business needs as well as opportunities and gaps identified within the sectors it operates in and the services it offers. The Group has a demonstrated track record of efficient capital allocation based on specific business needs and financial hurdles. Over 32 years, the Group has created significant economic value for shareholders since its listing in 1990. ROIC has sustainably maintained its spread over the weighted average cost of capital and has achieved three-year averages ROFE and ROIC of 26.0% and 14.5%, respectively.

For the financial year ended 30 June 2021, the Group's revenue, EBITDA, and trading profit was R88.3 billion, R9.6 billion and R7.9 billion, respectively, and the market capitalization of the Group was R65.5 billion as of 30 June 2021.

Governance Structure and Management of the Group

The operational management of the Group's Business Services and Trading and Distribution operations and the divisions within them are organized in a decentralized manner but operate within a framework of Group-wide governance structures, which entails significant reliance on the ethical behavior of all employees, and well-defined expectations around key performance metrics. These governance structures generally govern oversight, capital allocation and management, strategic integrity, reporting, and consistency of cultural values across the Group as a whole (including with the Bidvest Code of Ethics). The incurrence of debt throughout the Group (including at individual businesses) is also managed and regulated centrally in order to maintain appropriate Group-wide leverage with the limited exception of Adcock Ingram Limited ("**Adcock Ingram**"), which is separately listed on the Johannesburg Stock Exchange ("**JSE**"), and has greater autonomy in respect to debt incurrence decisions, although it generally operates with little, if any, debt other than modest overdraft facilities. High-quality management teams within the individual businesses, who often have a specialized focus and concentration in specific sectors and services, are, however, otherwise provided with significant autonomy to run their businesses and achieve the results expected of them.

An authority matrix forms the back-bone of day-to-day governance, and formal reporting structures complement independent business-level processes to result in dynamic and iterative risk assessment and mitigation action. Group management and reporting is organized via an Executive Committee and Board at the Company level, which oversees the operations and governance of the Group as a whole, sets the framework of key performance metrics and related goals and receives and evaluates divisional reports and results. This oversight is supported by active, quarterly divisional Boards and subcommittees that provide guidance, oversight and track results of business within the divisions. Monthly meetings between the Group's Chief Executive Officer and divisional chief executive officers, which focuses on uniform and simple key performance indicators, as well as monthly timeous and granular financial reporting from the underlying businesses (with flash financial results from the underlying businesses typically available on the 5th business day of every month), allow for active management of the diverse offerings of the Group. The key performance indicators are trading profit growth, cash conversion, ROFE, sustainability and transformation and are linked to short-term and long-term incentives. The Group also places significant emphasis on the quality of existing management teams within businesses when considering potential acquisitions and typically retains management teams to continue to operate newly acquired businesses.

The decentralized structure of the Group allowed for agile decision making and execution at the onset of the COVID-19 pandemic. The intra-Group sharing of best practice and learnings occurred almost real time with top-down guidance on people-related matters, which allowed for rapid dissemination and implementation of such best practices. Across the Group, management assessed whether demand was temporarily or permanently diminished and businesses individually formulated and executed rationalization programs to ensure businesses were future-fit and able to deliver into changed and growing demand. For further discussion on the Group's organizational and operational management structure, see "*Business—Corporate Organization and Structure—Governance Structure and Management of the Group*." Also *see* "*Management's Discussion and Analysis of Financial Condition and Results of Operations —Factors Affecting the Group's Business and Operating Results—COVID-19*" for further discussion on the resilience of the Group's operating and financial performance since the onset of the COVID-19 pandemic.

The Group has a strong ability to upstream cash flows through dividends, with few restrictions other than at Bidvest Bank as a regulated entity, and the underlying businesses generally pay dividends on a bi-annual basis.

History of the Group

The Group was established in 1988 and Bid Corporation Limited, the then named holding company of Bidvest, which was subsequently renamed The Bidvest Group Limited, was listed on the JSE in 1990. The Group has grown and expanded into new sectors over its 32 years of trading through a combination of transformational and bolt-on acquisitions and investments in organic growth. The Group has completed about 60 acquisitions since 1988 while maintaining a strong balance sheet and steadily growing its market capitalization. From 1988 to 2016, the Group focused on building a diversified portfolio of businesses in South Africa alongside an international foodservice business of significant scale in 39 countries around the world. In May 2016, Bidcorp, which constituted the foodservice operations of Bidvest, was unbundled to shareholders and separately listed on the JSE, generating significant shareholder value in the process.

The unbundling of Bidcorp, allowed the Group to reshape and refocus on its core South African operations and divisions. At that point, the strategic focus shifted to: (i) international expansion through acquisitions in niche areas in which the Group has significant scale and experience in the South African market, including of successfully competing with international players, (ii) allocation of growth capital to the Group's international expansion and South African operations on a roughly equal basis; and (iii) disposal of non-core assets, including numerous minority interests that the Group had accumulated by 2016.

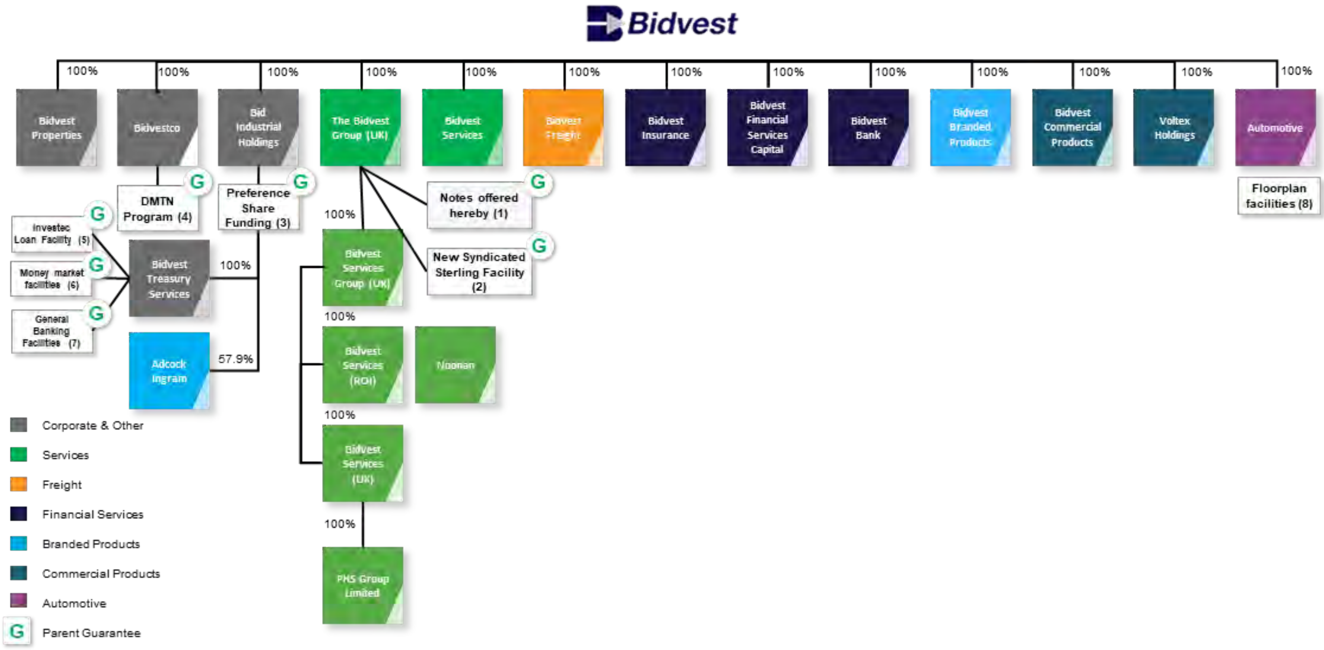
International growth was earmarked in three niche areas comprised of hygiene services, facilities management and artisan-to-artisan plumbing wholesaling. The Group's acquisitions of Noonan and PHS in 2017 and 2020, respectively, are in line with the Group's strategy to increase its presence internationally in the identified niches. Both these acquisitions were sizable businesses with market leading positions. The subsequent acquisitions concluded by Bidvest Noonan were done to build a regional facilities management offering of scale in the United Kingdom.

Bidvest's flagship liquid petroleum gas ("**LPG**") storage facility was successfully commissioned on 22 October 2020, backed by a take-or-pay 10-year contract with a global LPG trader. The Group believes it is more important than ever for South Africa to secure a reliable and cost-effective energy mix to drive real GDP growth. The Group anticipates that the stability of supply made possible by this R1.0 billion LPG facility will enable South Africans to source a clean energy alternative, while also stimulating the expansion of the LPG value chain, creating opportunities for small and medium enterprises.

Non-core assets were disposed of over the past three years, including the exit of COVID-impacted non-core businesses such as Bidvest Car Rental and Bidair Services. The last phase of the portfolio clean up concluded with the disposal of the 6.75% stake in MIAL, the offshore freight businesses as well as small peripheral businesses. These disposals demonstrate active portfolio management.

Corporate Organization and Structure

The following diagram shows a simplified summary of the Group's corporate and principal financing structure after giving effect to the offering and sale of the Notes and the use of proceeds therefrom as described in "*Use of Proceeds*". The diagram does not include all entities in the corporate group, nor all of the debt obligations thereof. For a summary of the debt obligations identified in this diagram and our other debt obligations, please refer to the sections entitled "*Capitalization,*" and "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Liquidity and Capital Resources—Indebtedness.*"



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(1) The Notes will be senior obligations of the Issuer and will be guaranteed by the Company on a senior basis. See "*Summary—The Offering.*"

(2) On 8 July 2021, the Company, as guarantor, and the Issuer, as borrower, entered into the New Syndicated Sterling Facility, which includes a term loan portion of £160 million and a revolving credit facility of £240 million, with the potential to increase the total facility to an aggregate of £460 million upon request by the Company and the meeting of certain conditions. The term loan portion of the New Syndicated Sterling Facility has been fully drawn and an aggregate amount of £190 million is currently drawn under the revolving credit facility portion. The proceeds of the Notes are expected in part to be used to repay in full the RCF drawings under the New Syndicated Sterling Facility as indicated in the table in "*Use of Proceeds.*"

(3) Preference share funding agreements have been entered into with a number of local South African banks for purposes of funding material acquisitions by the Group in South Africa. The preference shares have been issued by Bidvest Industrial Holdings Pty Ltd ("**Bidvest Industrial Holdings**"), which is the holding company of Adcock Ingram. The preference shares are cumulative redeemable shares with a tenure of three years with voluntary redemption features and a final redemption date. These facilities can be refinanced for further three-year periods with dividends (coupons) paid on a semi-annual basis with the dividend rate linked to the South African Prime lending rate. The value outstanding under the preference share funding agreements as at 30 June 2021 amount to R2,080 million.

(4) In 2007, the Group established a local South African DMTN Program, pursuant to which Rand denominated bonds are issued into the local capital market either in listed or unlisted form by Bidvestco Limited ("**Bidvestco**"), whose sole purpose is to issue notes and on-lend the proceeds in Rand to another subsidiary, Bidvest Treasury Services Pty Ltd ("**Bidvest Treasury Services**"), which in turn on-lends proceeds to entities within the Group. The Company is the guarantor for notes issued under the DMTN Program. A total of R8,421 million local currency bonds are outstanding under the DMTN Program as at 30 June 2021 with no repayments or new issuances having occurred since that date. The proceeds of the Notes are expected in part to be used to repay a portion of the outstanding Local Currency Bonds as indicated in the table in "*Use of Proceeds.*"

(5) On 28 October 2020, the Company, as guarantor, and Bidvest Treasury Services, a subsidiary borrower, entered into the Investec Loan Facility in an amount of R750 million, which has been fully drawn and used for general corporate purposes. The proceeds of the

Notes are expected in part to be used to repay the outstanding amount under the Investec Loan Facility as indicated in the table in "*Use of Proceeds*."

(6) The Group has a number of call, notice money market and OD facilities entered into on a bi-lateral basis with relationship banks/asset managers. The amount drawn as at 30 June 2021 amounts to R1,060 million. The Company is the guarantor for the obligations.

(7) The Group has committed local general banking facilities with five South African banks. These facilities were utilized in the amount of R1,156 million at 30 June 2021 with an available unused amount of R7,804 million. The Company is the guarantor for the obligations.

(8) The Automotive division utilizes floorplan facilities provided by finance divisions of the original equipment manufacturers ("**OEM**") and vehicle finance divisions of the Company's relationship banks. The floorplan debt providers are secured by way of vehicle inventory the aggregate indebtedness of which amounted to R594 million as at 30 June 2021.

Overview of the Group's Operations and Divisions

The Group operates through six divisions, which can be categorized into two broad categories of operations, namely the Business Services operations, which comprise the Services, Freight and Financial Services divisions, and the Trading and Distribution operations, which comprise the Branded Products, Commercial Products and Automotive divisions. The Group also owns a significant and strategic property portfolio largely occupied by Bidvest businesses.

The Group offers a range of services and products across a range of end markets in South Africa and internationally. The breadth and depth of its services and product range provides the Group with a key competitive advantage.

The following is an overview of the Group's operations and divisions:

Business Services Operations

Services Division

The Services division is a leading facilities management services provider that offers one-stop solutions that help drive efficiencies and deliver cost reductions to its extensive corporate customer base by leveraging its wide range of soft, hard, technical and allied services.

The provision of facilities management services generates the significant majority of revenue and trading profit in the Services division. Facilities management services include washroom hygiene, cleaning, pest control, technical, airport lounge and catering services. When multiple such services are bundled together for a customer across multiple locations, it is referred to as integrated facilities management. The COVID-19 pandemic has elevated awareness of out-of-home hygiene, adding to the structural growth attractiveness of this sector.

The Group offers facilities management services in South Africa, Ireland, the United Kingdom and Spain. The key businesses in South Africa include Bidvest Steiner (the largest hygiene service provider in South Africa), Bidvest Prestige (which focuses on cleaning), and Bidvest Facilities Management (which focuses on the provision of general facilities management services, mechanical and electrical maintenance and engineering, environmental health and safety, energy and project management). PHS is a leading hygiene service provider in the United Kingdom, Ireland and Spain, and Bidvest Noonan is the largest facilities manager in Ireland with extensive capabilities in the United Kingdom. Bidvest Noonan's United Kingdom footprint has been built to scale over the past three years through various bolt-on acquisitions.

The division's second largest offering, which accounts for a meaningful minority of divisional revenue and trading profit, is an extensive array of security services, including the provision of guards, investigation services, vehicle tracking and recovery and drone surveillance, aviation security and cargo protection. The bulk of these services are provided in South Africa but also by Bidvest Noonan in the United Kingdom. The key business in South Africa is Bidvest Protea Coin, which is the second largest security company in the country.

The division's revenue is mostly recurring and delivered under contracts typically spanning one to five years. The division's key customers span financial services, telecommunications, mining, industry, real estate and other consumer companies, with more than 200,000 customers in total. Given the breadth and depth of the service basket, it is generally able to tailor a service offering to the exact needs of its customers, whether customers require single or several different services in single or multiple locations. Geographically, 48% and 52% of the Services division's revenue and trading profit, respectively, is earned in South Africa. The Services division's trading profit margin is typically broadly similar across the division's different offerings with the exception of travel services, which have been lossmaking for the last two financial years, and the labor-intensive businesses within the facilities management offering, which are lower margin. The trading profit margin for the division as a whole was 11.4%, 9.7% and 10.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the year ended 30 June 2021, the Services division accounted for R28.9 billion or 31.3% of the Group's revenue, R4.1 billion or 43.2% of the Group's EBITDA, and R3.3 billion or 41.9% of the Group's trading profit.

Freight

The Group is a leading private-sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience. The Freight division facilitates the storage, handling and movement of cargo through its independent terminal operations, international clearing and forwarding, logistics and supply chain as well as port and container services.

The handling and storage of bulk liquid and gas as well as dry mineral and agricultural bulk through quayside terminals in South African ports represents the significant majority of the Freight division's revenue and trading profit. These quayside terminals are land leased under long-term leases from, and under, licenses awarded by Transnet, the large state-owned South African rail, port and pipeline company, and its related subsidiaries. The key terminal businesses are Bidvest Tank Terminals (which focuses on serving as a bulk liquid storage operator for chemicals, liquefied gases, edible oils, fuel, base oils and lube oil additives and has built a LPG storage facility in Richards Bay that is one of the largest globally), South African Bulk Terminals (which focuses on the handling and storage of bulk maize, wheat and rice) and Bidvest Bulk Connections (which focuses on the provision of specialist bulk mineral handling services). The division's terminal operations have long-standing relationships with major importers and exporters of grains, liquids and gases as well as chrome and manganese.

The remainder of the activities provided by the Freight division include port warehousing, transport, stevedoring, ships agency, other marine services and container pack and unpack in all South African ports as well as certain ones in Mozambique and Namibia.

Trading profit earned from the long-term take-or-pay agreements involving Bidvest Tank Terminals represents approximately half of the division's trading profit. In the financial year ended 30 June 2021, the top 10 customers of the division represented approximately 22% of the Freight division's revenue, including most of the revenue stemming from long-term take-or-pay agreements involving Bidvest Tank Terminals. The profit contribution from the operations outside of South Africa is negligible. The Freight division's trading profit margin is typically broadly similar in the terminal type operations which, given the capital intensive nature of these businesses, is significantly higher than that earned in the remainder of the offerings. The trading profit margin for the division as a whole was 20.9%, 18.4% and 20.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Freight division accounted for R6.2 billion or 6.6% of the Group's revenue, R1.5 billion or 15.9% of the Group's EBITDA, and R1.3 billion or 16.4% of the Group's trading profit.

Financial Services

The Financial Services division specializes in fleet management and full maintenance leasing, foreign exchange services and insurance services and is looking to further expand these offerings. The Group's key businesses within the Financial Services division include Bidvest Bank, Bidvest Insurance, FMI and Compendium. The focus of the division is to increase cross-selling among the Group's existing customers, with the division in effect seen as an extension of the Group's trading businesses. For example, Bidvest Bank offers full maintenance leasing services, and Bidvest Insurance provides value-added automobile insurance in respect of vehicles sourced by the Group's Automotive division, while the fleet managed by the Financial Services division is tracked through BidTrack, a business in the Services division.

Bidvest Bank is a wholly owned subsidiary of the Group which is licensed to provide commercial banking services in South Africa and is also licensed as a "locally-controlled bank" by the Reserve Bank of South Africa. Bidvest Bank is a second tier bank and accounts for 22% of total assets of, and is highest-rated among, tier II capital banks (typically understood to be smaller banks not within the top five banks) in South Africa. The CET1 ratio of Bidvest Bank is 23%. Bidvest Bank is primarily engaged in asset leasing and other asset financings, and foreign exchange and related services in which it has identified attractive niches, rather than aspiring to a more traditional full-service retail and commercial banking model. The bank is well capitalized with total assets of R11.3 billion with the original R2.0 billion equity injection from the Group and is funded predominantly by retail and corporate fixed and notice deposits, with terms that are typically 12 months or less, and minor wholesale funding. As at 30 June 2021, Bidvest Bank's liquidity coverage ratio and net stable funding ratio were 471% and 156%, respectively, which was well above minimum regulatory requirements.

The Bidvest Insurance Group comprises a short-term insurer, Bidvest Insurance, life insurer, FMI, which pioneered income protection for the self-employed, and a significant insurance broker, Compendium. These operations are authorized financial services providers and licensed by the South African Financial Services Conduct Authority. Bidvest Insurance focuses on value added insurance products, mainly automotive related, while FMI is one of the fastest growing life insurers in South Africa.

The Group's key customers, which include Telkom, Transnet and various municipalities, within this division are concentrated in Bidvest Bank's full maintenance leasing book, fleet loans and advances, which represents R2.2 billion or 53% of its total advances and leased assets. 60% of Bidvest Bank's deposits and 66% its outstanding loans stem from corporate customers. Historically, Bidvest Bank contributed the vast majority of the divisions' revenue and trading profit but this has moderated in the financial year to 30 June 2021 to become an almost equal contribution between Bidvest Bank and the insurance operations. The investment income recognized in the insurance operations causes fluctuation in the insurance and overall trading margin. The trading margin in the banking operations was 11.2%, 13.9% and 26.1% in the financial years ended 30 June 2021, 2020 and 2019. The trading profit margin for the division as a whole was 12.5%, 11.5% and 21.6% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Financial Services division accounted for R2.6 billion or 2.9% of the Group's revenue, R605.6 million or 6.3% of the Group's EBITDA, and R331.6 million or 4.2% of the Group's trading profit.

Trading and Distribution Operations

Branded Products

The Branded Products division distributes every-day household and pharmaceutical products including office products such as stationery and paper, office furniture, print related products, niche packaging products, labeling products, products to meet customer communication requirements and office automation products such as print machines and systems as well as branded household appliances. The Group represents local and global brands such as Russell Hobbs, Pineware, Salton, Croxley, Primeline, Konica Minolta, Cellini, Maxwell & Williams, Noritake, Panado, Bioplus and Plush, among others. Many of these relationships include multi-year license agreements that have been in place for many years.

The Group generates somewhat less than half of its revenue and proportionately slightly more of its trading profits in this division through Adcock Ingram, a leading pharmaceutical company that manufactures, markets and distributes a broad range of healthcare products and is separately listed on the JSE. Adcock Ingram operates through four separate divisions; namely the Consumer Products, Over-the-counter Products, Prescription Products and Hospital and Critical Care Products divisions. The Consumer Products division distributes its products via retailers, while the Over-the-counter Products division distributes its products to pharmacists. The Prescription Products division requires prescriptions from a physician to distribute its products and the Hospital and Critical Care division distributes its products to hospitals and other medical facilities. A significant majority of the products distributed by the Over-the-counter Products division and approximately one-third of the products distributed by the Hospital and Critical Care division are cost-controlled. The Group owns an effective 57.9% equity stake in Adcock Ingram and the Group's results reflect the consolidation of Adcock Ingram for 11 months of the financial year ended 30 June 2020 and all of the financial year ended 30 June 2021. Adcock Ingram, by volume, distributed 21% of pharmaceutical products in South Africa and held a 34% market share in Schedule 1 and 2 over-the-counter pharmaceutical products as of 30 June 2021.

The remaining contribution to the division's revenue and trading profits is broadly evenly split between (i) office products, (ii) consumer products and (iii) data, print and packaging related products and services. The Group's key businesses are Konica Minolta which provides managed print services and production print technologies and solutions, Bidvest Waltons which focuses on distribution of stationery, office products and office furniture and Home of Living Brands that imports and distributes branded household appliances.

The Group's key customers within this division include hospital groups as well as retailers. In the financial year ended 30 June 2021, about half of the Branded Products division revenue was generated from the retail sector. In the financial year ended 30 June 2021, the top 10 customers of the division, excluding Adcock Ingram, represented 32% of the Branded Products division's revenue. The Branded Products division's trading profit margin is typically broadly similar in a range between 6% and 8%, across the division's different offerings, excluding Adcock Ingram, which tends to have a higher trading margin and reported a trading margin of 11.5% and 12.8% in the financial years ended 30 June 2021 and 2020, respectively, being the two financial years that it has been consolidated. The trading margin for the division as a whole was 8.2%, 8.1% and 7.9% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Branded Products division accounted for R17.8 billion or 19.3% of the Group's revenue, R1.7 billion or 17.6% of the Group's EBITDA, and R1.5 billion or 18.5% of the Group's trading profit.

Commercial Products

Within the Commercial Products division, the Group distributes products on behalf of global brands, including Yamaha, Hikoki, Unicarriers, Rationale and Juki, and distributes, and in some cases, manufactures and distributes under its own brands, including Sellotape, Vulcan, Berzacks and Plumline, across a number of sectors including mechanical and electrical tools, plumbing suppliers, lifting and rigging equipment, embroidery and sewing machines, protective clothing, packaging and fastening products, commercial and industrial catering equipment, and leisure products. This comprehensive offering of basic industrial products is required in the day-to-day activities of most economic sectors.

This division generates the majority of its revenue and trading profit from its electrical and plumbing trade activities. The Group, through Voltex, was the largest wholesaler of electricity products in South Africa as of 30 June 2021. Plumblink, the Group's national plumbing supplies wholesaler, owned 116 stores across Southern Africa as of 30 June 2021. Through Voltex's and Plumblink's respective branch networks that span South Africa, artisans have access to the division's extensive product range, auxiliary services and technical advice and its product range includes both licensed as well as house brand products, which are mostly imported.

The Commercial Products division also distributes tools through Matus, manufactures and wholesales brushware and locks through Academy Brushware and distributes protective workwear and industrial consumables, among other products, through G Fox. This cluster of activities represents about a quarter of divisional trading profit, and slightly less of revenue, and has seen a disproportionate increase given the trend towards increased do-it-yourself and home improvement spending that stems from work-from-home and the increased demand for personal protective equipment.

The balance of the division's businesses manufacture and distribute general industrial equipment, fastening products, catering equipment, marine and musical equipment as well as the sale, renting or leasing of warehousing equipment.

The Group's key customers within this division span the mining, agriculture, infrastructure, construction and industrial manufacturing sectors. Customer concentration risk is negligible with less than 10% of revenue earned from the division's top 10 customers in the financial year ended 30 June 2021. The Commercial Products division's trading profit margin is typically broadly similar across the division's different offerings with the exception of the electrical and plumbing trade activities which are lower due to a product mix that includes a portion of commodity-type product. The trading margin for the division as a whole was 6.9%, 3.3% and 5.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Commercial Products accounted for R14.0 billion or 15.2% of the Group's revenue, R1.0 billion or 10.5% of the Group's EBITDA, and R921.6 million or 11.7% of the Group's trading profit.

Automotive

Within the Automotive division, the Group has a trading history spanning more than 100 years that includes selling and servicing new and used vehicles and auctioning vehicles on behalf of customers. Bidvest McCarthy is a leading vehicle retailer and pioneered the shift to online vehicle retail, with 7% of all new vehicles sold in South Africa being sold by Bidvest McCarthy. Bidvest McCarthy represents most of the major vehicle brands, namely VW, Audi, Toyota, Lexus, Hino, Nissan, Ford, Isuzu, Land Rover, Mercedes Benz, Jaguar, Fiat, UD Trucks and Renault, under exclusive territory agreements with the OEMs and operates through 82 dealerships in South Africa and three dealerships in Namibia.

Bidvest McCarthy sells vehicles to the general public as well as corporate fleet customers. 84% of the Automotive division's revenue is earned from selling new and used cars, with 72% of the Automotive division's trading profit generated from the Toyota, Volkswagen and Audi brand stables. The remaining 16% of the division's revenue is earned from the servicing of vehicles and selling of spare parts. In the financial year ended 30 June 2021, 16% of the vehicle sales originated from fleet customers, a slightly lower proportion compared to recent years. The Automotive division earns a much higher gross profit margin in the servicing and parts activities when compared to the selling of vehicles. The trading margin for the division as a whole was 3.1%, 1.0% and 2.3% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Automotive division accounted for R21.1 billion or 22.9% of the Group's revenue, R685.0 million or 7.1% of the Group's EBITDA, and R652.0 million or 8.3% of the Group's trading profit.

Support functions

Properties

Within the Group's Properties operations, the Group owns and manages 136 properties in South Africa and Namibia with a market value of R8.1 billion. The Group's extensive property portfolio, consists of what the Group perceives as being strategically important commercial and industrial properties and as well as motor dealerships and office properties. Almost all of the properties are leased by Group companies with a small portion leased by third parties. Bidvest Properties also provides assistance to Group companies in lease negotiations and property feasibility studies. In the financial year ended 30 June 2021, Bidvest Properties accounted for R587.7 million or less than one percent of the Group's revenue, R567.5 million or 5.9% of the Group's EBITDA, and R560.7 million or 7.1% of the Group's trading profit.

Corporate and Investments

Within Corporate and Investments, the Group holds its non-core investments and businesses, which are expected to be disposed of or are in the process of being disposed, in addition to the central support functions, including secretarial, treasury, corporate social investment projects among others. In the financial year ended 30 June 2021, Corporate and Investments accounted for R1.0 billion or 1.1% of the Group's revenue, negative R623.4 million or (6.5%) of the Group's EBITDA and a trading loss of R635.9 million or (8.1%) of the Group's trading profit.

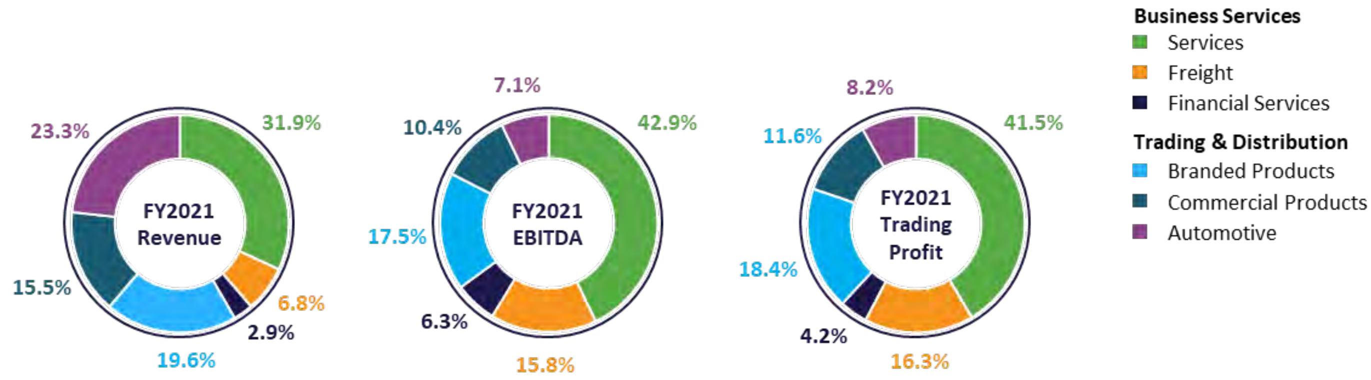
The table below shows the Group's revenue, EBITDA, trading profit, trading margin and net operating assets in year ended 30 June 2021 by division:

	Revenue	EBITDA	Trading profit	Trading margin	Net Operating Assets
R million, except percentages					
Services	28,893	4,141	3,303	11.4%	1,177
Branded Products	17,793	1,687	1,463	8.2%	5,428
Freight	6,205	1,522	1,295	20.9%	3,680
Commercial Products	14,025	1,006	922	6.6%	3,148
Financial Services	2,647	606	331	12.5%	(1,557)
Automotive	21,095	685	652	3.1%	1,503
Total	**90,658**	**9,647**	**7,966**		**13,379**
Properties	588	567	561		3,817
Corporate and Investments	1,030	(623)	(636)		57
Intercompany eliminations	(3,961)	n/a	n/a		n/a
Group	**88,315**	**9,591**	**7,891**	**8.9%**	**17,253**

Strengths

Favorable portfolio diversification and asset mix of defensive, cyclical and growth assets

The Group offers a wide range of products and services across different sectors and also increasingly across different geographies. As of 30 June 2021, the Group offered at least 50 different categories of services and thousands of different products with varying degrees of demand cyclicality across its six divisions either in South Africa, internationally or both. Management believes that the Group, through its Services division, offers the widest basket of services when compared to its global industry peers and that this diverse mix of products and services positions it to maintain resilient and sustainable performance across the Group. The split of the Group's revenue, EBITDA, and trading profit for financial year ended 30 June 2021 between its six divisions is as follows[(1)]:



(1) Percentage proportions reflect segmental FY2021 revenue, EBITDA and trading profit respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments.

The Group also possesses a diverse asset mix of defensive, cyclical and growth assets. Through a typical business cycle, the Group's Recurring Income has tended to contribute a healthy majority of trading profit. The Group also has a strategic focus on growing Recurring Income, which it perceives as defensive, as opposed to trading income, which is more cyclical, and has seen management's estimate of the proportion of its Recurring Income as a percentage of trading profit increase steadily over a number of years, with the proportion at 68%, 80% and 72% in each of the financial years ended 30 June 2019, 2020 and 2021, respectively. The Group considers defensive assets to be the businesses that offer essential basic services, by and large under long-term contracts with customers and typically, with high renewal rates, and generally generate robust and predictable cash flows. Growth assets in turn refers to the Group's businesses with strong structural growth drivers with the potential to outperform GDP growth in South Africa. Cyclical assets refer to the Group's businesses that are more meaningfully correlated with economic activity in South Africa, and thus more likely to experience reduced revenues and profitability in periods of reduced growth or economic contraction and improved revenues and profitability in periods of greater economic expansion. Hygiene services, facilities management services and LPG terminal activities are considered to be growth assets with strong underlying structural growth drivers such as urbanization, greater health and wellness awareness and alternative energy sources, while agricultural terminal activities, security and allied services, pharmaceutical product manufacturing and distribution and fleet management are considered to be defensive assets. The Group's automotive retailing, commercial product wholesaling and bulk terminal operations are considered to be more cyclical in nature.

The Group also aims to ensure that there is a strong sectoral diversification in terms of end markets within its portfolio of companies to achieve resilience against cyclical effects and sector-specific sensitivities. As of 30 June 2021, the Group offered its products and services to all ten economic sectors of the South African economy as classified by the Statistics South Africa.

In addition to this, the Group has diversified its operations into different geographies and has focused on international expansion in developed and developing markets. In recent times, the Group has done this through the acquisition of Noonan in September 2017 and PHS in 2020 (the latter of which was the largest M&A transaction the Group had undertaken to date) and these acquisition established a sizeable presence for the Group in Ireland and the United Kingdom. From having no remaining international operations following the unbundling of Bidcorp in May 2016, the share of the Group's total revenue, EBITDA and trading profit attributable to its international operations has increased to 16.6%, 20.6% and 19.8%, respectively, for the financial year ended 30 June 2021.

As a result of the combination of the Group's diverse offerings of products and services, mix of defensive, cyclical and growth assets, income and geographical diversification, the Group has consistently outperformed the South African economy and believes that it is well positioned to continue to perform strongly.

Resilient business model sustained by Recurring Income

Recurring Income comprised 44% of the Group's revenue and 72% of the Group's trading profits for the financial year ended 30 June 2021. Recurring Income is generally earned on products and services that are essential and generally delivered under contracts spanning one to ten years. Examples of products and services, which earn the Group Recurring Income include hygiene services, liquid and gas terminal operations, office automation machine rental services and full maintenance leasing.

The bulk of the Recurring Income of the Group is earned in the Services division, the operations of which spans South Africa, United Kingdom, Ireland and Spain. In the financial year ended 30 June 2021, the Services division accounted for R28.9 billion or 31.3% of the Group's revenue, R4.1 billion or 43.2% of the Group's EBITDA, and R3.3 billion or 41.9% of the Group's trading profit. The revenue is generally delivered under contracts spanning one to five years. The offerings of the Services division present an attractive mix of tailored, essential and cost-effective offerings to the Group's customers and include, among others, facilities management, hygiene services, cleaning and security, which has enabled the Services division to deliver highly predictable Recurring Income. The Services division has over 200,000 customers in total. This positions the Services division as a resilient division through various economic cycles. In addition, a significant share of the Services division's revenues comes from international operations outside of South Africa, which provides further resilience despite the challenging South African macroeconomic environment.

The operations of Bidvest Tank Terminals, the liquid and gasses terminal operator, also contribute a material portion of the Recurring Income of the Group. In particular, the recently commissioned LPG terminal is backed by a take-or-pay 10-year contract, with further 5-year extension options.

Leading market positions with highly regarded brands

The Group believes that it generally holds, leading market positions in most of the key markets in which it operates. Strategically, scale is viewed as a key differentiator and enabler of the Group and its operations. Scale and product and/or service breadth give the business the ability to offer a complete, one-stop-shop solution to customers. This requires significant working capital investment in the Trading and Distribution businesses and capital investment in long-dated assets in Freight, for example. In the Services division, Bidvest Steiner is South Africa's largest washroom hygiene business by size, with more than one million dispensers and more than 35,000 customers as of 30 June 2021. Also, within this division, Bidvest Facilities Management, which manages 34,377 buildings and 23 million square meters, is South Africa's leading facilities management company, while Bidvest Noonan, which the Group acquired in 2017, is the largest facilities management company in Ireland by number of properties managed as of 30 June 2021and PHS is a leading hygiene service provider in the United

Kingdom, Ireland and Spain and holds a 31% market share in washroom hygiene services in the United Kingdom. In the Freight division, Bidvest Tank Terminals is the foremost independent liquid bulk storage operator in South Africa and has built a LPG storage facility in Richards Bay that is one of the largest globally. Also within this division, South African Bulk Terminals is South Africa's number one handler of bulk rice, wheat, maize, soya and sunflower seeds with a storage capacity of 220,000 tons, and Bidvest International Logistics, which the Company believes is at the forefront of supply chain solutions with 25 locations across South Africa and 180,000 square meters of warehousing. In the Trading and Distribution operations, the Group similarly owns multiple brands and businesses with leading market positions, for example Konica Minolta has a 15% share of the South African office automation sector, Voltex is the largest electrical wholesaler in South Africa, Plumblink is the only national specialist plumbing supplies retailer in South Africa, with 116 stores, and McCarthy, with its 82 dealerships in South Africa, is the second largest motor retail group in South Africa with a market share of 7%, based on new vehicle sales data from NAAMSA.

Strong free cash flow profile underpinned by capital-light operating model

The Group boasts a consistently resilient history of cash generation, with cash flows from operating activities of R9.7 billion, R4.3 billion and R2.6 billion, operating cash conversion of 145%, 138% and 65%, and free cash flows of R10.0 billion, R6.2 billion and R4.3 billion in the financial years ended 30 June 2021, 2020 and 2019, respectively. Typically, net capital expenditure represents only a small portion of the Group's revenue, at 3%, 2% and 3% in the financial years ended 30 June 2021, 2020 and 2019, respectively, and is predominantly spent in the Freight division, for the maintenance and building of terminal infrastructure, and Financial Services division, mainly in Bidvest Bank in relation to full maintenance lease contracts. The Trading and Distribution type businesses predominantly use working capital. The Group current ratio, which represents the extent to which investment in inventory and trade receivables are covered by trade payables, was 1.3x, 1.6x and 1.7x as of 31 June 2021, 31 June 2020 and 31 June 2019, respectively. The Group's efficient, capital-light operating model allows the generation of this strong free cash flow, which in turn permits the Group to pay dividends and invest in its continued growth ambitions while servicing its debts and maintaining consistently modest Net Leverage levels.

Efficient capital allocation and proven ability to execute acquisitions

Since its listing 32 years ago, the Group has delivered strong returns to its shareholders. The Group has been able to do this through consistent efficiency in the allocation of capital across the Group. Over the last three years, the Group has delivered an average ROFE and ROIC of 26.0% and 14.5%, respectively, and the spread of the Group's ROIC over the Group's weighted average cost of capital has consistently been healthy at an average of approximately 450bps over the same period. This demonstrates the Group's efficient deployment of capital to business and industry sectors that present the best opportunity for profits to the Group and returns to its shareholders.

The Group has also demonstrated its strong ability to efficiently execute value accretive acquisitions. For example, the acquisitions of Noonan, PHS, Axis, and Cordant have significant and positive financial impact on the revenue, EBITDA and trading profit of the Group, and in each case without sustained increases in Net Leverage. Acquisitions have been a significant part of the Group's growth and diversification strategy as it seeks to consolidate the market-leading positions of its different business, expand its product and service basket and continue to expand globally. The Group has developed a well-considered acquisition strategy which defines its strategic targets and the terms in which these targets are acquired, including a key focus on businesses with demonstrated profitability, cash generation and quality management teams. As a result, the Group has been able to successfully build new acquisitions into the Group and manage its growth. Since the inception of the Group in 1988, the Group has completed at least 60 acquisitions and since its listing, the market capitalization of the Group has grown to R65.5 billion as of 30 June 2021.

Robust balance sheet supported by a prudent financial policy

The Group has, through its robust cash flow generation and prudent financial policy, a long history of maintaining a strong financial position and generally has an internal tolerance level for Net Leverage of no greater than 2.5x, subject to occasional exceptions in the context of a capital investment opportunity that meets all the Group's criteria and has strong cash generation characteristics that the Group expects will allow its Net Leverage to return within the tolerance level reasonably quickly. For example, the Group's Net Leverage increased modestly above its typical internal tolerance level following the acquisition of PHS during the financial year ended 30 June 2020, but the Group has been able to rapidly deleverage since the acquisition even amidst the more challenging economic environment resulting from the COVID-19 pandemic, reducing its Net Leverage from 2.6x by the end of the financial year ended 30 June 2020 to 1.8x by the end of the financial year ended 30 June 2021. Further, the incurrence of debt throughout the Group (including at individual businesses) is also managed and regulated centrally in order to maintain appropriate Group-wide leverage. The Group has also consistently maintained high interest cover ratios, with an EBITDA/Interest cover of 8.8x, 8.4x and 9.4x for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021, respectively. The Group also has limited short-term refinancing risk given the recent refinancing of its sterling bridge facility (the "**Sterling Bridge Facility**") and euro facility, as amended and restated (the "**Euro Facility**"), in July 2021 and its access to local South African bonds.

The Group's exposure to foreign exchange risks on its foreign currency denominated loans is also meaningfully mitigated by the income generated from the Group's international sales. The EBITDA generated by the Group's international sales for the financial year ended 30 June 2021 more than covers its foreign currency interest expense for the same period. The Group has maintained an international EBITDA / Hard Currency Interest ratio of 7.8x, 4.8x and 6.0x for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021, respectively. The Group also has a prudent hedging policy where its companies enter into foreign exchange swap/forward agreements, which includes forward covers on stock ordered and swaps of some interest rates into fixed rates. On a *pro forma* basis for the Offering and the application of proceeds therefrom, the Group's Liquidity (Undrawn RCFs and Cash and Cash Equivalents) would have been R19,322 million as at 30 June 2021, and the Group would have had R5,921 million of local bonds outstanding (as compared to R8,421 million as at 30 June 2021).

The Group's active management of its portfolio means that businesses, which are deemed to be non-core are appropriately divested, thereby contributing to keeping the Group's balance sheet and debt levels under control.

Experienced management team committed to the highest standards of corporate governance and responsibility

The Group's Executive Committee and Company Board has been instrumental in setting the strategic direction for the Group and its blueprint for growth. The executive directors of the holding company of the Group have an average of 21 years working within the Group and an average of 22 years of industry experience. The members of the Group's Executive Committee have an average of 11 years working within the Group and an average of 23 years of industry experience. In addition, the Group believes that its decentralized governance structure supported by experienced management, many of whom are specialized in particular sectors or industries, leading the day to day operations of the businesses, positions the Group well to continue to successfully execute its key strategic initiatives. As a result, most of the members of the Group's senior management team (whether focused on individual businesses, divisions or the Group as a whole) are heavily rooted, not just in the relevant industry or industries from decades of prior experience, but also in the Group's journey to the diversified business that it is today.

Strategy

Four business objectives

Maximize diverse portfolio

The Group has a diverse portfolio of products and services across its divisions. As of 30 June 2021, the Group offered at least 50 different categories of services and thousands of different products. The Group intends to continue to diversify and broaden its offerings through a combination of product and service innovations and acquisitions both locally and internationally. The Group's diversification also extends across the pricing of its products and services as it provides cost-effective alternate products and services that meet the requirements of its customers across different price points. In general, management views the business of the Group as more supply driven than demand driven.

Maintain the Group's strong financial position

The Group plans to continue to maintain its strong financial position by driving cash generation, growing its annuity-based income, focusing on tight asset management, developing capacity to accommodate expansion, and disposing of its non-core assets. The Group generally has an internal tolerance level for Net Leverage of no greater than 2.5x, subject to occasional exceptions in the context of a capital investment opportunity. The Group also generally diversifies its sources of funding to match its business.

Invest capital for future growth

The Group intends to continue to allocate its capital to fund its organic and inorganic growth, broaden its product offerings and expand internationally. The Group also considers opportunities to invest in relevant long-dated South African infrastructure as and when these opportunities arise. Capital deployed is intended to be utilized in a manner that allows the Group to continue to achieve its target returns on capital and funds employed. The Group expects to broadly allocate its capital roughly equally between South Africa and offshore, but no specific targets are set.

Create social value

The Group intends to adapt its business model to the evolving operating environments in which the Group operates, deliver sustainable solutions and add value to its customers and the broader stakeholder base. The Group also plans to develop and grow its talent pool to be well equipped to deliver on its strategic objectives.

Acquisitive growth strategy

General acquisition criteria and return targets

The Group intends to continue to pursue strategic acquisitions, *provided* these targets fit with the overall Group strategy and the Group's acquisition criteria. The Group's acquisition strategy is to target niche and asset-light business models that generate high operational cash flows and are expected to yield a minimum predetermined required return. In general, the Group's targets will be established market players with identifiable opportunities to scale, and with highly entrepreneurial and experienced management teams that the Group believes will be able to successfully fit within its established decentralized management framework. Generally, the Group's acquired businesses will continue to operate as standalone, separate businesses following their acquisition. Within Business Services, the Group's target ROFE is more than 50% and within Trading and Distribution, the Group's target ROFE is more than 30%. The timeline within which these targets should be achieved is generally short, if not immediate, in the case of bolt-on acquisitions. In the case of larger acquisitions, particularly those that are transformational in terms of geographic presence, the timeline to achieve the target return is typically three years. The appropriate funding mix is evaluated on a case by case basis. Bolt-on acquisitions are generally funded out of operational free cash while the recent sizeable acquisitions were typically debt funded.

Bolt-on opportunities

The Group intends to continue to pursue bolt-on acquisition opportunities. Historically, the Group has demonstrated a strong capability to assimilate and successfully integrate smaller target companies that operate within the Group's existing markets and serve the same customers as the Group. These acquisitions are a means to broaden product and service offerings within the Group's existing markets and to maintain and further enhance its market-leading positions. Acquisitions of this nature are usually financed through operational cash flows at the level of the underlying businesses without the need for additional capital from the Group. Synergies present themselves in the form of supply chain optimization, revenue opportunities and other best practice benefits.

Fragmented market opportunities

In pursuing acquisitions, the Group seeks to identify opportunities in fragmented markets, which provide an opportunity to extract value from scaling the acquired business; for example, by taking a successful service offering from a particular geographic area and expanding it nationally. For example, the Group has grown Bidvest Steiner's branches from eight to 30 since its acquisition in 1991 and more than doubled Plumblink's branch network to 116 stores since its acquisition in 2015. Fragmented markets present significant opportunities for growth as there tend to be no established and dominant market participants. This strategic focus on developing scale provides the Group with the ability to meet large corporate clients' needs while maintaining excellent service offerings to smaller, single-location clients and enables the Group to increase revenues and profits while remaining nimble and close to customers.

Geographical considerations

Over the last 32 years, the Group built an impressive South African trading, services and distribution group and also built and unbundled a global foodservice business, Bidcorp. Following the unbundling of Bidcorp, the Group confirmed its intent to continue maximizing its South African portfolio of businesses and rebuilding its geographic footprint in specific niche areas in which it was confident it would be able to compete globally. In general, with the exception of countries in Africa (other than South Africa), where the Group does not expect to expand through acquisitions in the foreseeable future, the Group is agnostic about the offshore markets into which it may expand, with the Group instead focusing on the right acquisition at the right price.

The Group will consider offshore opportunities typically in narrow, niche and specialist services and product offerings that will benefit from Bidvest's capabilities and expertise. For example, in May 2020, the Group acquired PHS for GBP 537 million, expanding the Group's international hygiene services business with a strong presence in complete hygiene solutions for businesses in the public and private sectors. Other successful offshore acquisitions include Noonan in Ireland, Axis and Cordant in the United Kingdom. The Group aims to have approximately one-third of its revenue generated by its international operations over the medium term.

The Group has also historically completed many successful acquisitions within South Africa, and will continue to consider doing so if the correct opportunities arise. Historically, Bidvest's South African acquisitions have been complementary to and adjacent to the Group's existing business portfolio. The Group also has a long history of capital investment in relevant infrastructure, including the recently commissioned LPG storage facility in Richards Bay, which is one of the largest globally.

ESG Initiatives

The notion of stakeholder capitalism and sustainable enterprise value creation resonates with the Group, and environmental, social and governance ("**ESG**") considerations have made up a part of the Group's corporate thinking and reporting for some time. The integration of ESG into the Group's practices at an operational level has, however, historically been more informal. As the impact of climate change and inequality have become more and more evident, the Group has sharpened its focus in this area, recognizing the need for all stakeholders to pull together to work towards greater sustainability. This culminated in the adoption in the financial year ended 30 June 2021 of a more detailed ESG strategy focused on those areas where the Group believes that it can make the largest difference.

As a result, the Group reviewed its commitments and reiterates them as:

- to conduct profitable business in a responsible and accountable manner;
- to care for the Bidvest family and the Group's connected societies; and
- to drive positive change through partnerships and social dialogue.

To achieve these commitments, the Group set itself the following objectives:

- nurture people and business diversity;
- unlock value through innovation and efficiencies;
- represent responsibly made products;
- maintain financial strength through growth, focus and discipline; and
- preserve its empowering decentralized governance model.

The Group's resulting ESG framework identifies the Group's focus areas and sets targets to achieve the objectives and meet the Group's ESG commitments, all while the Group drives forward its overall strategy. The Group has set a target to reduce its own carbon, water and waste footprint by a further 20% from its 2019 base by 2025. With respect to the Group's labor practices, the Group aims to be an inclusive employer and has committed to having each gender making up 35% to 45% of the Group's employees and African people making up at least 50% of the Group's employees, at the middle-management level and higher, in the Group's South African operations by 2025. Lastly, the Group aims to play a leading role in the transformation of the supply chain in South Africa by targeting more than 90% local sourcing from suppliers with a Level 4 or better B-BBEE rating. As a distributor, it is also critical that the Group plays its part in ensuring the Group's supply chain partners are responsible in their dealings, such that the Group contributes to the circular economy and protects and enhances livelihoods. The Group remains committed to conducting business with uncompromising integrity and actively manage cybersecurity risk.

The Group uses the United Nation's 17 Sustainability Development Goals ("**SDGs**") as a guideline and has incorporated recommendations from the Task Force on Climate-related Financial Disclosures ("**TCFD**") and the principals of stakeholder capitalism as championed by the World Economic Forum.

Care for the Bidvest family and the Group's connected societies

In line with SDGs aimed at good health and wellbeing and gender equality, the Group is committed to providing a safe and healthy workplace with equal opportunities conducive to learning and personal development. In particular, the Group will continue to promote and offer out-of-home hygiene services and integrated facilities management services in order to support adequate work environments for its employees. In 2020, the Group established a R400 million COVID-19 Fund for the purposes of financially supporting its employees who were unable to work during the lockdown period in South Africa. Approximately 72,000 of the Group's employees in South Africa have benefitted from the Fund since its inception to date. Further, the Group has committed to cover the cost of COVID-19 vaccines, as well as booster shots, for its employees who do not benefit from medical aid. In 2020, the Group also introduced an employee wellness program, which was rolled out to all employees across South Africa, recognizing the importance of psychological, wellness, financial and trauma counselling, particularly in light of COVID-19.

Diversity contributes to a Bidvest that is relevant, innovative and future fit. 43% of the Group's employees are female and 65% are African, 77% are black. At middle, senior and top management levels 11.0%, 15.6% and 35.9% are African, respectively. Women represent 33.1%, 30.6% and 37.6%, respectively, at the three management levels.

The Group endeavours to continuously develop the skills of its employees and in the industries in which it operate. During the financial year ended 30 June 2021, Bidvest offered 6,866 learnerships, internships and apprenticeships. Consistent with the Group's aim to provide a safe and healthy workplace, an improved loss time injury frequency rate of 1.25 was reported but regrettably two fatalities occurred during the last financial year.

Drive positive change through partnerships and social dialogue

The Group is proud to be a deep-rooted corporate citizen in South Africa, as it is highly engaged in community development activities, with a particular focus on enhancing education, health, economic advancement and diversity. In the financial year ended 30 June 2021, the Group spent R27.4 million on socio-economic development projects. Decontamination services and products were provided to 2,794 tier-2 schools and following on from the Woza Matric 2020, a free-to-air television initiative aimed at grade 12 learners, which launched last year, the Group awarded 16 full tertiary bursaries to students at the start of 2021. This is in addition to the 583 bursaries awarded by the Bidvest Education Trust. This reflects the importance of the sustainable development goal of quality education to the Group. The Group's businesses engage in a range of corporate social responsibility projects and initiatives to support the communities and the environments in which they operate and to leverage their respective operational capabilities in furthering these projects.

Investing in communities and human capital affords the Group the opportunity to operate, do business in, draw skills from and support local businesses in their growth aspirations. Across the Group's businesses, 52% of its local procurement spend was with suppliers holding a B-BBEE Level 4 and better rating. By moving all local procurement away from poorly rated, or even non-compliant, suppliers, the Group has the opportunity to direct more than R20 billion incremental local procurement spend to transformed businesses. Every subsidiary is expected to transform in its own right, fully integrating B-BBEE as part of their operations. 88% of the Group's businesses have a Level 1-4 rating and 58% of the Group's businesses have a Level 1-3 rating. The Group intends to continue to drive positive social change alongside its business activities.

Conduct profitable business in a responsible and accountable manner

Due to the decentralized and diverse nature of the Group's businesses, sustainability is managed at the business level. In line with SDGs aimed at affordable and clean energy and climate action, the Group is focused on energy and water efficiency, responsible waste management, and innovative solutions to aid customer sustainability. The Group generated Scope 1 and 2 emissions of 302,952 tons in the financial year ended 30 June 2021, 11% more when compared to the financial year ended 30 June 2020. On a like-for-like basis, excluding the acquired businesses, emissions increased by 1%. The emission intensity of the Group, as measured per Rand of revenue generated, declined by 8%. In the financial year ended 30 June 2021, 49% more electricity used was drawn from renewable sources. The Group used 1.9 million kiloliters of water, an increase of 2%, of which 0.5 million cubic meters of industrial wastewater was treated and discharged. Excluding the impact of the acquired businesses, the Group's water consumption declined 3% and water intensity decreased 15%. The Group recycled 126,235 tons of waste. Almost all of the Group's businesses implement recycling initiatives.

The Group has a deeply entrenched functional governance structure that assigns significant importance to the ethical behavior of all employees. This places a very high hurdle of responsibility and accountability on all of the Group's employees. Rather than having many policies and manuals, the Group has a Code of Ethics that sets out the standards of behavior the Group expects of itself and its employees. When an employee missteps, decisive action is taken, and communicated back into the business. As a result of calls received via the independently administered Bidvest Ethics facility during the financial year ended 2021, 47 internal control enhancements were implemented, nine disciplinary actions were taken, three employees were dismissed and two civil and/or criminal cases were opened.

Recent Developments

Recent Refinancing Transaction

On 8 July 2021, the Company, as guarantor, and the Issuer, as borrower, entered into the New Syndicated Sterling Facility (as defined below), which made available an aggregate of £400 million for the purpose of repaying the Sterling Bridge Facility and Euro Facility and for general corporate purposes, including acquisitions. For further discussion, see "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Liquidity and Capital Resources — Indebtedness—New Syndicated Sterling Facility*".

Dividend Declaration

In line with the Group's dividend policy, the Group's directors declared a final gross cash dividend of R3.10 (R2.48 cents net of dividend withholding tax, where applicable) per ordinary share for the 12 months ended 30 June 2021 to those shareholders of the Company registered on the record date, Friday, 1 October 2021. The dividend has been declared from income reserves. The payment date of the dividend is expected to be Monday, 4 October 2021.

THE OFFERING

*The overview below describes the principal terms of the Notes and the Company Guarantee, and is qualified in its entirety by the more detailed information contained elsewhere in this offering memorandum, and in particular in the section entitled "Terms and Conditions of the Notes" (the "**Conditions**"). Capitalized terms used herein and not otherwise defined have the respective meanings given to them in the Conditions.*

Issuer..	The Bidvest Group (UK) Plc (the "**Issuer**").
Guarantor...	The Bidvest Group Limited (the "**Company**").
Notes offered hereby..........................	U.S.$800 million aggregate principal amount of 3.625% Senior Notes due 2026.
Issue Date	On or about 23 September 2021 (the "**Issue Date**").
Issue Price...	100.0% of the principal amount of the Notes, plus interest accrued, if any, from the Issue Date.
Maturity Date.....................................	The Notes will mature on 23 September 2026.
Interest Rates and Payment Dates	Interest on the Notes will be 3.625% per annum, payable semi-annually in arrears on 23 March and 23 September each year, commencing on 23 March 2022. Interest on the Notes will accrue from the Issue Date.
Form and Denomination...................	The Notes will be issued in registered form in minimum denominations of U.S.$200,000, and integral multiples of U.S.$1,000 in excess thereof. On the closing date of the Offering, one or more Rule 144A Global Notes representing the Notes sold in the Offering to QIBs pursuant to Rule 144A will be deposited with a custodian for DTC and registered in the name of Cede & Co., as DTC's nominee, and one or more Regulation S Global Notes representing the Notes sold in the Offering to non-U.S. Persons in offshore transactions under Regulation S will be deposited with, or on behalf of, a common depositary for Euroclear and Clearstream and registered in the name of a nominee of such common depositary. Ownership interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, as applicable, and their respective direct and indirect participants. Interests in each Global Note will be exchangeable for definitive registered notes only in certain limited circumstances. *See* "*Book—Entry; Delivery and Form—Definitive Registered Notes*."
Ranking of Notes and Company Guarantee..	The Notes will be general obligations of the Issuer and will: • rank equally in right of payment with any existing and future obligations of the Issuer that are not subordinated in right of payment to the Notes; • be senior in right of payment to any existing and future obligations of the Issuer that are subordinated in right of payment to the Notes; • be effectively subordinated to any existing and future secured obligations of the Issuer that are secured by property or assets that do not secure the Notes, to the extent of the value of such property and assets;

- be structurally subordinated to any existing and future obligations of subsidiaries of the Issuer and the Company (other than the Issuer) that do not guarantee the Notes; and
- be guaranteed on a senior basis by the Company.

The Company Guarantee will be a general obligation of the Company and will:

- rank equally in right of payment with any existing and future obligations of the Company that are not subordinated in right of payment to the Company Guarantee;
- be senior in right of payment to any of the Company's existing and future obligations that are subordinated in right of payment to the Company Guarantee;
- be effectively subordinated to any existing and future secured obligations of the Company that are secured by property or assets that do not secure the Company Guarantee, to the extent of the value of such property and assets; and
- be structurally subordinated to any existing and future obligations of subsidiaries of the Issuer and the Company (other than the Issuer) that do not guarantee the Notes.

The Company Guarantee will be subject to limitations under the laws of South Africa and may be released under certain circumstances. *See* "*Risk Factors—Risks relating to the Notes and the Company Guarantee—The Company Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*"

As of the Issue Date, none of the Company's or the Issuer's subsidiaries will guarantee the Notes. In the event of the bankruptcy, liquidation or reorganization of any of the Company's or the Issuer's subsidiaries, the subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or the Company. *See* "*Risk Factors—Risks Relating to the Notes and the Company Guarantee—The Notes will be structurally subordinated to existing and future indebtedness and other obligations of the Company's and the Issuer's non-guarantor subsidiaries.*"

Use of Proceeds .... The Issuer intends to use the net proceeds of the Offering to repay the Group's revolving credit facility drawings under the New Syndicated Sterling Facility, to repay an intragroup loan which will be used to repay in part the Group's Local Currency Bonds and other local debt, and to provide funding for future acquisitions and for general corporate purposes. *See* "*Use of Proceeds*."

Taxation/Additional Amounts.......... All payments by or on behalf of the Issuer with respect to the Notes or by or on behalf of the Company with respect to the Company Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges (including related interest and penalties) of whatever nature (“**Taxes**”) imposed, assessed or levied by or on behalf of any Relevant Jurisdiction, unless such withholding or deduction of Taxes is required by law. In that event, the Issuer or the Company, as applicable, will pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required. *See* “*Terms and Conditions of the Notes—Condition 8 (Taxation).*”

Optional Redemption ....

At any time prior to 23 September 2023, the Issuer may on any one or more occasions, at its option, redeem the Notes in whole or in part at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the applicable “make-whole” premium, as described in this offering memorandum.

At any time on or after 23 September 2023, the Issuer may on any one or more occasions, at its option, redeem the Notes in whole or in part at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

See “*Terms and Conditions of the Notes—Condition 7.3 (Redemption at the Option of the Issuer).*”

Change of Control Put ....

Upon the occurrence of certain events constituting a Change of Control Put Event, each Noteholder shall have the option to require the Issuer to redeem such holder’s Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. *See* “*Terms and Conditions of the Notes—Condition 7.4 (Redemption at the Option of Noteholders upon Change of Control Put Event (Put Option).*”

Optional Redemption for Taxation Reasons ....

The Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. *See* “*Terms and Conditions of the Notes—Condition 7.2 (Redemption for Taxation Reasons)*.”

Certain Covenants ....

The Company and the Issuer will agree to certain covenants, including, among other things, limitations on the ability of the Company, the Issuer and the Company’s other subsidiaries to:

- incur or guarantee additional indebtedness;
- make restricted payments;
- sell assets and subsidiary stock;
- create liens; and
- consolidate, merge or sell all, or substantially all, of the Group’s assets.

Each of these covenants is subject to certain exceptions and qualifications. Certain of these covenants may also be suspended in the event that the Notes receive investment grade ratings from

	the relevant credit rating agencies. *See* "*Terms and Conditions of the Notes— Condition 4 (Covenants)*."
Transfer Restrictions..........................	The Notes and the Company Guarantee have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to certain restrictions on transfer and resale. *See* "*Important Information*" and "*Notice to Investors*."
No Established Market.......................	The Notes will be new securities, for which there is currently no established trading market. Although the Managers have informed the Issuer and the Company that they intend to make a market in the Notes, they are not obligated to do so, and they may discontinue market-making at any time without notice. Accordingly, the Issuer and the Company cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing..	Application has been made to the London Stock Exchange ("**LSE**") for the Notes to be admitted to trading on the International Securities Market ("**ISM**") thereof. The ISM is not a regulated market for the purposes of MiFID II.
Governing Law	The Notes, the Trust Deed (including the Company Guarantee set forth therein) and the Agency Agreement will be governed by the laws of England and Wales.
Trustee...	Citibank, N.A., London Branch.
Principal Paying Agent	Citibank, N.A., London Branch.
Transfer Agent and Registrar	Citibank, N.A., London Branch.
Risk Factors	Investing in the Notes involves a high degree of risk. *See* the section entitled "*Risk Factors*" for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The summary consolidated income statement information, consolidated statement of financial position information and consolidated statement of cash flows information as at and for the financial year ended 30 June 2021, 2020 and 2019.

The summary historical consolidated financial data should be read in conjunction with the audited consolidated annual financial statements and the related notes thereto included elsewhere in this Offering Memorandum, as well as the sections entitled "*Presentation of Financial and Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Consolidated Income Statement

The following table presents the Group's consolidated income statement information for the periods indicated:

	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
		(Restated)	(Restated)
		R000s	
Continuing operations			
Revenue	**88,314,806**	**76,542,581**	**76,058,362**
Cost of revenue	(61,140,027)	(53,101,006)	(53,511,794)
Gross profit	**27,174,779**	**23,441,575**	**22,546,568**
Operating expenses	(19,278,934)	(18,079,797)	(16,501,399)
Net impairment losses on financial assets	(252,164)	(245,401)	(54,440)
Other income	273,347	266,807	308,395
Income from investments	(26,103)	(43,482)	368,258
Trading profit	**7,890,925**	**5,339,702**	**6,667,382**
Share-based payment expense	(246,096)	(202,494)	(188,840)
Acquisition costs and customer contracts amortization	(305,025)	(345,229)	(65,858)
Net capital items	(179,663)	(1,973,149)	(787,102)
Profit before finance charges and associate income	**7,160,141**	**2,818,830**	**5,625,582**
Net finance charges	(1,470,534)	(1,429,627)	(924,585)
Finance income	57,367	80,253	238,152
Finance charges	(1,527,901)	(1,509,880)	(1,162,737)
Share of profit (loss) of associates	100,095	(92,250)	583,198
Current year earnings	100,208	(87,129)	592,104
Net capital items	(113)	(5,121)	(8,906)
Profit before taxation	**5,789,702**	**1,296,953**	**5,284,195**
Taxation	(1,670,774)	(851,589)	(1,431,779)
Profit for the year from continuing operations	**4,118,928**	**445,364**	**3,852,416**
Discontinued operations			
Profit Loss after tax from discontinued operations	3,789	(632,267)	(48,486)
Profit (loss) for the year	**4,122,717**	**(186,903)**	**3,803,930**
Attributable to			
Shareholders of the Company – continuing operations	3,840,933	168,981	3,823,768
Shareholders of the Company – discontinued operations	3,789	(632,267)	(48,486)
Non-controlling interest	277,995	276,383	28,648
	4,122,717	(186,903)	3,803,930

Consolidated Statement of Financial Position

The following table presents the Group's consolidated statement of financial position information as of the dates indicated:

	Year ended 30 June 2021	Year ended 30 June 2020 (Restated)	Year ended 30 June 2019 (Restated)
		R000s	
ASSETS			
Non-current assets	**53,211,879**	**53,367,575**	**31,275,564**
Property, plant and equipment	14,107,562	14,425,708	12,048,736
Right-of-use assets	4,615,625	5,134,768	–
Intangible assets	13,661,818	13,313,157	3,835,665
Goodwill	13,678,707	14,058,238	5,094,959
Deferred taxation assets	1,538,254	1,588,036	845,421
Defined benefit pension surplus	252,230	214,329	241,390
Interest in associates and joint ventures	527,908	599,188	5,803,569
Life assurance fund	368,937	242,048	180,105
Investments	2,758,682	2,031,937	1,732,951
Banking and other advances	1,702,156	1,760,166	1,492,768
Current assets	**33,187,856**	**36,806,591**	**30,834,644**
Vehicle rental fleet	–	–	1,277,803
Inventories	10,106,113	11,060,258	8,558,967
Short-term portion of banking and other advances	1,203,708	1,344,550	1,162,407
Short-term portion of investments	–	1,141,545	1,211,481
Trade and other receivables	14,072,021	12,522,646	11,724,064
Taxation	367,941	325,117	282,847
Cash and cash equivalents	7,438,073	10,412,475	6,617,075
Assets of disposal group held for sale	–	1,806,855	-
Total assets	**86,399,735**	**91,981,021**	**62,110,208**
EQUITY AND LIABILITIES			
Capital and reserves	**28,790,766**	**26,640,903**	**25,922,832**
Capital and reserves attributable to shareholders of the Company	25,537,831	23,159,047	25,618,212
Non-controlling interest	3,252,935	3,481,856	304,620
Non-current liabilities	**24,337,921**	**32,143,344**	**9,210,269**
Deferred taxation liabilities	3,907,936	3,931,901	1,463,126
Life assurance fund	222,165	165,860	135,930
Long-term portion of borrowings	15,355,102	22,883,554	7,008,238
Post-retirement obligations	77,040	79,075	74,317
Puttable non-controlling interest liabilities	20,889	22,002	82,317
Long-term portion of provisions	635,356	667,672	350,705
Long-term portion of lease liabilities	4,119,433	4,393,280	95,636
Current liabilities	**33,271,048**	**31,557,555**	**26,977,107**
Trade and other payables	18,288,267	15,018,849	11,991,853
Short-term portion of provisions	460,634	820,590	332,465
Vendors for acquisition	752	2,611	518,231
Taxation	482,485	438,105	291,042
Amounts owed to bank depositors	7,626,671	7,286,764	6,407,490
Short-term portion of borrowings	5,380,263	6,752,335	7,436,026
Short-term portion of lease liabilities	1,031,976	1,238,301	–
Liabilities of disposal group held for sale	–	1,639,219	–
Total equity and liabilities	**86,399,735**	**91,981,021**	**62,110,208**

Consolidated Statement of Cash Flows

The following table presents the Group's consolidated statement of cash flows information for the periods indicated:

	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019
			(Restated)
		R000s	
Cash flows from operating activities	**9,743,707**	**4,258,631**	**2,580,285**
Profit before finance charges and associate income	7,160,141	2,818,830	5,781,471
Costs incurred in respect of acquisitions	33,509	178,179	22,940
Depreciation and amortisation	3,639,342	2,947,696	1,513,700
Share-based payment expense	224,666	216,348	188,840
Impairment of property, plant and equipment, goodwill, right-of-use and intangible assets	80,421	1,186,581	11,228
Impairment of associates	77,448	523,279	623,941
Loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	64,722	279,637	201,209
Other non-cash items	(49,762)	67,847	(373,488)
Remeasurement of post-retirement obligations	(6,938)	(5,015)	(20,501)
Decrease in life assurance fund	(70,584)	(32,013)	(22,851)
Cash generated by operations before changes in working capital	**11,152,965**	**8,181,369**	**7,926,489**
Working capital changes	2,394,336	874,428	(1,282,468)
Decrease (increase) in inventories	918,157	(740,413)	45,211
(Increase) decrease in trade and other receivables	(436,213)	2,623,679	(273,472)
Decrease (increase) in banking and other advances	198,852	(449,541)	(764,085)
Increase (decrease) in trade and other payables and provisions	1,373,632	(1,438,571)	(1,076,470)
Increase in amounts owed to bank depositors	339,908	879,274	786,348
Cash generated by operations	**13,547,301**	**9,055,797**	**6,644,021**
Finance income	41,166	63,688	238,152
Finance charges	(1,452,812)	(1,495,743)	(1,154,860)
Taxation paid	(1,814,274)	(1,454,118)	(1,420,857)
Dividend income received	97,767	123,910	
Distributions to shareholders	(1,068,734)	(2,267,564)	(2,019,277)
Net operating cash flows from discontinued operations	393,293	232,661	293,106
Cash flows from investment activities	**(1,786,944)**	**(3,319,199)**	**(3,281,913)**
Net additions to property, plant and equipment	(1,916,902)	(1,678,051)	(2,178,902)
Net additions to intangible assets	(324,155)	(141,410)	(146,394)
Net cash and cash equivalents arising on consolidation of Adcock Ingram	–	467,913	–
Acquisition of subsidiaries, businesses, associates and investments	(3,935,212)	(5,329,003)	(2,253,447)
Disposal of subsidiaries, businesses, associates and investments	2,949,139	4,014,367	1,573,283
Net investing activities from discontinued operations	1,440,186	(653,016)	(276,453)
Cash flows from financing activities	**(7,083,290)**	**2,041,278**	**(766,609)**
Repayment of lease liabilities	(1,294,769)	(1,017,544)	–
Settlement of puttable non-controlling interest liability	–	(57,050)	(16,500)
Transactions with non-controlling interests	(481,410)	(200,650)	(757,645)
Part held subsidiary share buy-back from non-controlling interest	–	(154,056)	–
Borrowings raised	5,424,273	19,954,763	3,124,004
Borrowings repaid	(10,372,402)	(16,774,408)	(3,116,468)
Net financing activities from discontinued operations	(358,982)	290,223	–
Net increase (decrease) in cash and cash equivalents	873,474	2,980,710	(1,468,237)
Net cash and cash equivalents at the beginning of the year	5,343,865	2,034,523	3,514,398
Exchange rate adjustment	(399,210)	328,632	(11,638)
Net cash and cash equivalents at end of the year	5,818,129	5,343,865	2,034,523
Net cash and cash equivalents comprise:			
Cash and cash equivalents – continuing operations	7,438,073	10,412,475	6,617,075
Cash and cash equivalents – discontinued operations	–	(746,561)	–

Bank overdrafts included in short-term portion of interest-bearing borrowings	(1,619,944)	(4,322,049)	(4,582,552)
	5,818,129	**5,343,865**	**2,034,523**

Certain Alternative Performance Measures

	Year ended 30 June		
	2021	**2020**	**2019**
	R000s except percentages and ratios		
Other financial data[(*)]:			
EBITDA[(1)]	9,590,748	6,823,799	8,138,164
Adjusted EBITDA[(2)]	10,031,958	9,370,541	8,138,164
Operating Cash Flow[(3)]	11,306,244	7,236,336	4,318,725
Operating Cash Conversion[(4)]	145%	138%	65%
Free Cash Flow[(5)]	10,011,475	6,218,792	4,318,725
Free Cash Flow Conversion[(6)]	127%	116%	65%
Total Debt[(7)]	20,735,365	29,635,889	14,444,264
Net Debt[(8)]	13,297,292	19,223,414	7,827,189
Adjusted Net Debt[(9)]	18,265,760	24,283,951	12,395,716
Net Leverage[(10)]	1.8x	2.6x	1.5x
EBITDA/Interest[(11)]	9.4x	8.4x	8.8x
Liquidity (Undrawn RCFs and Cash and Cash Equivalents)[(12)]	10,273,180	14,123,354	6,134,981
Average Funds Employed[(13)]	25,839,481	29,541,587	31,406,801
ROIC[(14)]	14.1%	12.8%	16.8%
ROFE[(15)]	31.6%	23.0%	23.3%
WACC[(16)]	10.9%	10.5%	9.8%
Other as adjusted financial data[(*)]:			
Pro forma Adjusted Net Debt[(17)]	18,408,860	-	-
Pro forma Net Leverage[(18)]	1.8x	-	-
Pro forma EBITDA/Interest[(19)]	6.7x		
Pro forma Liquidity (Undrawn RCFs and Cash and Cash Equivalents)[(20)]	19,322,170	-	-

(*) EBITDA, Adjusted EBITDA, Operating Cash Flow, Operating Cash Conversion, Free Cash Flow, Free Cash Flow Conversion, Total Debt, Net Debt, Adjusted Net Debt, Net Leverage, EBITDA/Interest, Liquidity (Undrawn RCFs and Cash and Cash Equivalents), Average Funds Employed, ROIC, ROFE and WACC (and their equivalents presented on an as adjusted basis to show the effect of the Offering) are intended to provide additional information to investors and analysts and do not have any standardized meaning prescribed by IFRS. These non-IFRS financial measures are not measurements of performance or liquidity under IFRS or any other generally accepted accounting principles. Investors should not place undue reliance on these non-IFRS financial measures and should not consider these measures as: (a) an alternative to operating income or profit for the year as determined in accordance with IFRS, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with IFRS, or a measure of the Group's ability to meet cash needs; or (c) an alternative to any other measures of performance under IFRS. These measures are not indicative of the Group's historical operating results, nor are they meant to be predictive of future results. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. You should carefully consider the risks and limitations of such financial measures.

(1) EBITDA is determined as trading profit before depreciation and amortization charges and EBITDA has been adjusted for the impact of IFRS 16: Leases by adding back the right-of-use asset depreciation and deducting lease payments.

The following table provides a reconciliation of trading profit to EBITDA for the financial years ended 30 June 2021, 2020 and 2019:

	Year ended 30 June		
	2021	**2020**	**2019**
		R000s	
Trading profit	7,890,925	5,339,702	6,667,382
Add back depreciation	1,953,194	1,550,837	1,368,418
Add back amortization and impairments on intangible assets	416,409	493,894	146,930
Adjustments to amortization and impairments on intangible assets	(315,911)	(392,243)	(44,566)
Intangible impairments	(44,395)	(322,124)	(1,648)
Acquired intangibles/customer contracts amortisation	(271,516)	(70,119)	(42,918)
IFRS 16: Leases adjustment	(353,870)	(168,391)	-
Add back Right-of-use asset depreciation	1,314,134	1,225,089	-
Less Lease payment	(1,668,004)	(1,393,480)	-
EBITDA	**9,590,747**	**6,823,799**	**8,138,164**

(2) Adjusted EBITDA is defined as EBITDA adding back COVID-19 charges and giving effect to the acquisitions concluded during the relevant period as if the financial results of each relevant acquired company had been consolidated within the

Group's results from the first day of the relevant period presented. COVID-19 charges include restructuring costs, net impairment losses on financial assets, onerous contracts, inventory obsolescence provisions and the impairment of MIAL necessitated by the pandemic and the establishment of Bidvest COVID-19 Fund to support employees and communities during the pandemic.

The following table provides a reconciliation of EBITDA to Adjusted EBITDA for the financial years ended 30 June 2021, 2020 and 2019:

	Year ended 30 June		
	2021	2020	2019
		R000s	
EBITDA	9,590,747	6,823,799	8,138,164
Add back COVID-19 expenses	182,466	1,200,644	-
Add back COVID-19 MIAL impact	-	351,442	-
Add Adcock EBITDA for July 2019	-	53,184	-
Add Services offshore EBITDA acquisitions contribution as if the acquisition has been consolidated from the first day of the relevant period	258,745	941,472	-
Adjusted EBITDA	**10,031,958**	**9,370,541**	**8,138,164**

(3) Operating Cash Flow is defined as cash generated by operations after net working capital movements minus capital expenditure.

The following table provides a reconciliation of cash generated by operations before changes in working capital to Operating Cash Flow for the financial years ended 30 June 2021, 2020 and 2019:

	Year ended 30 June		
	2021	2020	2019
		R000s	
Cash generated by operations before changes in working capital	11,152,965	8,181,369	7,926,489
Add changes in working capital	2,394,336	874,428	(1,282,468)
Cash generated by operations	13,547, 301	9,055,797	6,644,021
Less capital expenditure	(2,241,057)	(1,819,461)	(2,325,296)
Operating Cash Flow	**11,306,244**	**7,236,336**	**4,318,725**

(4) Operating Cash Conversion is defined as Operating Cash Flow divided by trading profit excluding dividends from associates.

(5) Free Cash Flow is defined as cash generated by operations after net working capital movements minus capital expenditure and the payment of lease liabilities.

The following table provides a reconciliation of Operating Cash Flow to Free Cash Flow for the financial years ended 30 June 2021, 2020 and 2019:

	Year ended 30 June		
	2021	2020	2019
		R000s	
Operating Cash Flow	11,306,244	7,236,336	4,318,725
Less repayment of lease liabilities	(1,294,769)	(1,017,544)	-
Free Cash Flow	**10,011,475**	**6,218,792**	**4,318,725**

(6) Free Cash Flow Conversion is defined as Free Cash Flow divided by trading profit.

(7) Total Debt is defined as the sum of long-term and short-term borrowings.

(8) Net Debt is defined as the sum of long-term and short-term borrowings minus cash and cash equivalents.

The following table provides a reconciliation of gross debt to Net Debt for the financial years ended 30 June 2021, 2020 and 2019:

	Year ended 30 June		
	2021	2020	2019
		R000s	
Gross debt	20,735,365	29,635,889	14,444,264
Minus cash and cash equivalents	7,438,073	10,412,475	6,617,075
Net Debt	**13,297,292**	**19,223,414**	**7,827,189**

(9) Adjusted Net Debt is defined as long term and short term borrowings minus cash and cash equivalents excluding Bank deposits and restricted cash.

The following table provides a reconciliation of gross debt to Adjusted Net Debt for the financial years ended 30 June 2021, 2020 and 2019:

	Year ended 30 June		
	2021	**2020**	**2019**
		R000s	
Gross debt	20,735,365	29,635,889	14,444,264
Minus cash and cash equivalents	7,438,073	10,412,475	6,617,075
Net Debt	**13,297,292**	**19,223,414**	**7,827,189**
Add back cash and cash equivalents in Financial Services	4,727,265	4,777,679	4,318,200
Add back restricted cash	241,203	282,858	250,327
Adjusted Net Debt	**18,265,760**	**24,283,951**	**12,395,716**

(10) Net Leverage is defined as Adjusted Net Debt divided by Adjusted EBITDA.

(11) EBITDA/Interest is defined as EBITDA adding back COVID-19 charges divided by net interest expense excluding the impact of IFRS16: Leases interest expense.

(12) Liquidity (Undrawn RCFs and Cash and Cash Equivalents) is defined as cash and cash equivalents and available committed revolving and working capital lines excluding Bank deposits and restricted cash.

(13) Average Funds Employed is defined as the rolling monthly average net working capital excluding cash plus property, plant and equipment, investments, life assurance fund, banking and other advances.

(14) ROIC is defined as trading profit after taxation plus associate income divided by Average Funds Employed plus intangible assets and goodwill.

(15) ROFE is defined as trading profit plus associate income, divided by Average Funds Employed.

(16) WACC is defined as the weighted cost of equity and debt based on the Group's funding structure and agreements.

(17) *Pro forma* Adjusted Net Debt is defined as long-term and short-term borrowings minus cash and cash equivalents excluding Bank deposits and restricted cash, as adjusted for the issuance of the Notes and the use of proceeds therefrom.

(18) *Pro forma* Net Leverage is defined as pro forma Adjusted Net Debt divided by Adjusted EBITDA.

(19) *Pro forma* EBITDA/Interest is defined as EBITDA adjusted for COVID-19 charges divided by net interest expense excluding the impact of IFRS16: Leases interest expense, as adjusted for the issuance of the Notes and the use of proceeds therefrom.

(20) *Pro Forma* Liquidity (Undrawn RCFs and Cash and Cash Equivalents) is defined as cash and cash equivalents and available committed revolving and working capital lines excluding Bank deposits and restricted cash, as adjusted for the issuance of the Notes and the use of proceeds therefrom.

RISK FACTORS

An investment in the Notes involves certain risks. Prior to making an investment decision, prospective purchasers of the Notes should carefully read the entire Offering Memorandum and consider the following risks relating to the Group and the Notes. If any of the following risks actually occur, the Group's business, financial condition, results of operations, cash flows, liquidity and prospects may be materially and adversely affected, and the Issuer's ability to make payments under the Notes and/or the market price of the Notes may be adversely affected. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are also described below. The Company believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Company does not represent that the statements below are exhaustive. For purposes of this section, the indication that a risk, uncertainty or problem may or will have a "material adverse effect" on the Group or that the Group may experience a "material adverse effect" means that the risk, uncertainty or problem could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows, liquidity and prospects, or the ability of the Issuer to make payments under the Notes and/or the market price of the Notes, except as otherwise indicated or as the context may otherwise require. You should view similar expressions in this section as having a similar meaning.

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. See "Important Information–Cautionary Note regarding Forward-Looking Statements". The Group's actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing the Group described below and elsewhere in this Offering Memorandum.

Risks Relating to the Businesses of the Group

The investments, business, profitability and results of operations of the Group may be adversely affected as a result of global economic conditions and economic, political and social risks in South Africa.

The Group's operations are predominantly concentrated in South Africa, and the significant majority of its revenues, trading profit and EBITDA are derived from its operations in South Africa. The Group is therefore highly exposed to South African macroeconomic, political and social conditions and, as to the extent of their impact on the South African economy or the economies of the Group's more limited international operations, global economic conditions. Any material deterioration in global economic conditions or South African economic, political or social conditions could lead to a substantial reduction in business activity, higher impairment charges, increased funding costs and reduced profitability and revenues.

Global economic conditions

The South African economy is exposed to the global economy. South Africa's exports are impacted by economic activity of some of the world's largest economies including China, the United States and Europe. Commodity prices and the Rand exchange rate also have a material impact on South African exports. The South African economy is also reliant on foreign capital flows into the country and has been a recipient of foreign capital through the domestic bond and equity markets over the last few years. Economic observers such as the International Monetary Fund have estimated that the effects of the Coronavirus ("**COVID-19**") pandemic resulted in a contraction in the global economy of 3.3% in 2020, substantially worse than the recession experienced as a result of the 2009 global financial crisis. The economy of the Sub-Saharan Africa region has contracted by 1.9% in 2020. The effects of a global recession during 2020 has impacted a significant number of the Group's customers, and led to increased unemployment and a decrease in disposable income and consumer spending. Although the International Monetary Fund currently predicts positive global growth in 2021 and growth rates have improved in 2021 in many countries, supported by loose monetary policy by major global central banks and accommodating fiscal policy, particularly in developed countries, and vaccination efforts against COVID-19, the outlook for the world economy remains subject to significant uncertainty, particularly in light of ongoing COVID-19 pandemic. Renewed waves or the discovery of new strains of COVID-19 may adversely affect global growth, and there accordingly remains significant risk remains that measures taken by governments and central banks may not prevent the global economy from further declines. Any such downturn, recession or depression could have a material adverse effect on the Group's business, financial condition and results of operations. With 83.1%, 79.4% and 80.2% of the Group's revenue, EBITDA and trading profit generated in South Africa in its most recent financial year, the Group's financial performance is inherently linked to the performance of the South African economy, which in turn is inherently linked to the performance of the global economy.

Moreover, the magnitude of fiscal policy stimulus in some economies such as the United States has raised some concern about inflation. Should major central banks (such as the United States Federal Reserve, the European Central Bank and the Bank of Japan) increase interest rates, or shrink their balance sheets, faster than currently envisioned by global financial markets in response to such inflation concerns, it could jeopardize foreign capital inflows into South Africa's bond and equity markets. Large outflows of foreign portfolio investments from South Africa could result in currency weakness, inflationary pressure, higher interest rates, an increase in bond yields and consequently weaker economic growth. Accordingly, a shift by major global central banks to tighten their monetary policy stances in response to inflation concerns could in turn weaken economic growth both internationally and in South Africa and have a material adverse effect on the Group's business, financial condition and/or results of operations.

South African economic conditions

The South African economy has had an extended period of low economic growth. In the five years prior to 2020, annual growth in South Africa's GDP averaged just 0.9%, significantly lower than annual growth in the size of the population. Prior to 2020, the South African economy had entered into recession with two consecutive quarters of contracting GDP, partly due to electricity supply constraints. Since 2020, the combination of weaker global economic activity, stringent lockdown restrictions and loss of confidence due to the COVID-19 pandemic has had a large negative impact on the South African economy. According to data from Statistics South Africa, total GDP for 2020 showed a decline of 7.0% when compared with 2019, highlighting the severity of the impact of the COVID-19 pandemic on the economy. While there have been improvements in the economic outlook in South Africa in the early part of 2021, the South African macroeconomic environment is characterized by a number of challenges, including low private sector investment growth, weak employment growth and pressure on domestic demand, which may continue to hamper economic growth in the coming years even if the impacts of the COVID-19 pandemic are abated. In addition, due to financial and operational weaknesses in several state-owned companies (including at the state-owned electricity company, Eskom) as well as the weak economic growth of recent years mentioned above, which has adversely affected tax receipts, and strong growth in expenditure, particularly on the government wage bill, South Africa's public finances have deteriorated significantly over the past decade. An inability to stabilize public finances could have further negative implications for economic growth as well as financial stability. As noted above, the Group's financial performance has been and is likely to remain linked to the performance of the South African economy. No assurance can be given that the Group would be able to sustain its current performance levels if the current South African macroeconomic conditions were to persist or materially worsen.

South African political conditions

Historically, the South African political environment has been characterized by a high level of uncertainty and concerns about the strength and independence of the country's institutions. The risk of political and social instability has increased in recent years as a result of accusations that members of a prominent South African family and their associates have used the Government to further their interests and the interests of their associates in a form of political corruption known as 'state capture'. These accusations resulted in the appointment of a commission of enquiry into potential state capture in January 2018 (the "**State Capture Commission**"), which is still on-going. If these accusations, as well as the perception of significant private corruption, significantly undermine business confidence, or if they result in formal proceedings, they could have a further adverse impact on the political and social environment in South Africa. Furthermore, although President Ramaphosa has strengthened his support base within the African National Congress ("**ANC**"), South Africa's governing party, since 2018, there remain substantial divisions within the ANC which threaten to compromise his economic and structural reform plans. An important test will be the ANC's national elective conference in December 2022, where Mr. Ramaphosa will seek to be confirmed as the ANC leader and presidential candidate for the country's 2024 elections.

The recent arrest of former President Zuma in July 2021 for failing to appear before the State Capture Commission has only amplified the uncertain environment of recent years. Following that arrest, several violent protest actions – accompanied by rioting and looting – erupted across various parts of the country. The unrest resulted in deaths, injuries and destruction to private and public property (including disruptions to critical supply chains). A limited number of the Group's facilities were looted in the unrest and the Group temporarily closed business operations at sites in Kwa-Zulu Natal and in hot-spots in Gauteng. Additional security personnel and assets were deployed for the protection of property and the Group's businesses. While former President Zuma's arrest sparked the unrest, the upheaval coincided with the extension of the COVID-19 lockdown and widespread dissatisfaction over the high levels of poverty and unemployment in South Africa. The arrest of the former president could also deepen fractures within the ANC. Further, any future protest action may act as a destabilizing factor for South Africa.

The local government ('midterm') elections are scheduled to be held between 27 October and 1 November 2021. These elections will give an indication of the support for the ANC and the country's primary opposition parties, the Democratic Alliance and the Economic Freedom Fighters. The performance of various Anticorruption Task Team institutions, in particular the National Prosecuting Authority, will continue to be of importance, particularly in light of the Government's commitment to hold accountable those responsible for corruption and state capture during the tenure of former President Zuma. Political instability, including any resulting inability of the Government to implement necessary structural reforms, may have an adverse impact on the South African economy and could consequently have a material adverse effect on the Group's business, financial condition and/or results of operations.

South African socio-economic conditions

Some socio-economic challenges in South Africa are more acute than in many similarly rated emerging markets. Serious public health system deficiencies and a poor public education system are reflected in South Africa's low United Nations Human Development ranking at 114 out of 188 countries. South Africa's Gini coefficient index representing income inequality is one of the most extreme globally. Unemployment has been rising in recent years and reached 32.5% at the end of 2020, its highest rate since the first quarter of 2004. These persistent socio-economic challenges adversely impact South Africa's creditworthiness and give rise to long-term expenditure needs, heightened social pressures and constrained growth which in turn could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The COVID-19 pandemic has affected, and may continue to affect the Group's business and results of operations

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic. The outbreak has resulted in government authorities and businesses worldwide implementing numerous measures intended to contain and limit the spread of COVID-19, including travel bans and restrictions, quarantines, shelter-in-place and lockdown orders and business restrictions, shutdowns and other trade limitations. The COVID-19 pandemic and the response has adversely impacted and may continue to adversely impact the Group's businesses as well as its employees, customers, users, suppliers, vendors, wholesalers, retail partners, banking partners and business partners. In particular, the lockdowns and other restrictions imposed in April, May, June and July of 2020 resulted in reduced demand for the Group's products and services. In the financial year ended 30 June 2020, the Group's operations continued intermittently despite the COVID-19 pandemic but revenue grew only 0.6% compared to the prior year, with even that low growth largely reflecting the impact of the consolidation of Adcock Ingram for 11 months of the financial year ended 30 June 2020 and of PHS for two months, which helped offset what would otherwise have been a sharp decline in revenue. The Group's Automotive and Commercial Products divisions were most affected with a decline in revenue of 20.1% and 7.1%, respectively. In the financial year ended 30 June 2021, the Group has however seen some recovery as its revenue has increased by 15.4% as compared to the same period last year. The Group was also unable to pursue it growth objectives though acquisitions as travel was restricted, which precluded the level of diligence the Group requires to be undertaken to progress purchases of target businesses.

The Group faces risk of disruptions to or failure by third-party vendors, suppliers, service providers, and businesses to operate their business and meet the expectations of customers and users during the pandemic, all of which could be disruptive to the Group's business, which relies on such third parties. Supply chain constraints were evident early in the COVID-19 pandemic and some of these have persisted, including lack of availability of containers for north / south routes to South Africa as they are primarily servicing east / west trade routes and inefficiencies at ports which led to high freight and logistics costs. The Group may also face its own operational challenges. For example, reduced time for employees was introduced at several production and warehouse facilities as well as service operations linked to travel, tourism and hospitality. Reduced time was managed dynamically, but has persisted into 2021 at isolated operations. The extent to which the COVID-19 pandemic will continue to impact the Group's business, financial condition, results of operations, prospects and liquidity will depend on numerous evolving factors that are unpredictable, including the duration and scope of the pandemic, governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic, and the impact of the pandemic on global economic activity, unemployment levels and financial markets, including the possibility of a global recession and volatility in the global capital markets which, among other things, may increase the cost of capital and adversely impact the Group's access to capital. The Group may also be affected by the structural decline in demand in certain sectors, such as traditional office products, as ways of doing business have shifted in the pandemic and may result in long-term changes. Any of the foregoing could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

Even as lockdown and other measures are eased in response to the rollout of vaccinations, the outlook for the world economy and South Africa following the outbreak of COVID-19 remains subject to unprecedented uncertainty and such uncertainty may be prolonged in many of the markets and industry sectors in which the Group operates. For example, vaccination rates across South Africa continue to be low and, as a result, certain restrictions may be required to be re-implemented on short notice. The full extent of the impact of the COVID-19 pandemic on the Group's business and financial performance, including its ability to execute its near-term and long-term business strategies and initiatives in the expected time frame, will depend on future developments, including the continuation and severity of the pandemic, the national and international completion of vaccine rollouts and new strains or variants of the disease, all of which are uncertain and cannot be predicted.

The Group is heavily dependent on its Services, Freight and Branded Products divisions for the generation of its trading profit

As of 30 June 2021, 41.9%, 18.5% and 16.4% of the Group's trading profit was derived from its Services, Branded Products and Freight divisions, respectively. These divisions in aggregate contribute 57.3% of the Group's revenue and 76.8% of the Group's trading profits. As such, the Group is heavily dependent on the success of the operations of these divisions for the generation of revenue or profit for the Group. In the event that the Group encounters any challenges that negatively impact the operation of any of these divisions in particular or in the event that any of these divisions experience a decline in their revenue or margins, this may materially adversely affect the Group's business, financial condition and/or results of operations and prospects and the ability of the Group to make repayments under the Notes.

The Group operates in a number of highly regulated industries, and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could result in added expenditures or liabilities and could in turn have an adverse impact on the Group's business, financial condition and/or results of operations

The Group operates businesses in a number of highly regulated industries, including the financial services, automotive and pharmaceutical products industries. The marketability of the Group's products and services and the profitability of its business will, to a certain degree, depend on the ability of the Group to comply on an ongoing basis with government regulations applicable to its products and services in such markets. The Group is also subject to regulations and standards related to the environment, occupational health and safety, and labor practices. Such regulations may become more stringent in the future, and noncompliance may result in fines, penalties, legal judgments or other costs and may adversely affect the Group's reputation due to the growing consumer concern on compliance. In addition to this, from time to time, new legislation that is applicable to the Group may be introduced such as the recent implementation of the Protection of Personal Information Act, which may require the Group to implement certain measures or adapt its current practices, potentially at significant cost.

In the Financial Services division, the Group is regulated by, among other regulatory authorities, the Prudential Authority and Financial Sector Conduct Authority (the "**FSCA**"). The Financial Services division is also subject to a number of regulations designed to maintain the safety and financial soundness of banks, ensure their compliance with economic and other obligations and limit their exposure to various risks.

Some of the key regulations relevant to the Financial Services division (and the Automotive division as noted below) include:

- *The Banks Act No. 94 of 1990 (the "**Banks Act**").* The Banks Act provides for, inter alia, the regulation and supervision of banks and sets out the legislative basis for governance and internal compliance of banks. The Banks Act, regulations relating to banks (the "**Regulations relating to Banks**"), circulars, directives and guidance notes issued by the Prudential Authority set out the framework governing the formal relationship between banks and the Prudential Authority.

  The recommendations of the Basel Committee on Banking Supervision (the "**Basel Committee**") are implemented in South Africa through the Banks Act and the Regulations relating to Banks. In 2013, the Basel Committee introduced two liquidity standards, the liquidity coverage ratio minimum requirement, which was phased in from 1 January 2015 (60%) to 1 January 2019 and now applies at 100%, and the net stable funding ratio, which became effective on 1 January 2018 with a minimum requirement of 100%. The liquidity coverage ratio standard aims to ensure that Bidvest Bank has an adequate stock of unencumbered high quality liquid assets that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30 calendar day liquidity stress scenario. The net stable funding ratio requires Bidvest Bank to maintain a stable funding profile in relation to the composition of its assets and off-balance sheet activities. At 30 June 2021, Bidvest Bank maintained a liquidity coverage ratio, net stable funding ratio and capital adequacy ratio of 471%, 156% and 23.3% which at present are sufficient to meet its applicable regulatory requirements. Further, Bidvest Bank has committed and uncommitted funding lines with other South African banks and as a last resort, access to a R500 million on demand liquidity facility from the Group.

  Under Directive D1/2020 (Temporary measures to aid compliance with the liquidity coverage ratio during the COVID-19 pandemic stress period), issued in terms of the Banks Act, the minimum liquidity coverage ratio requirement was revised from 100% to 80%, with effect from 1 April 2020 until such time as the Prudential Authority directs in writing that it is of the view that financial markets have normalized. This Directive is aimed at providing temporary liquidity relief to banks, controlling companies, branches of foreign institutions, eligible institutions and auditors of banks or controlling companies, during the COVID-19 pandemic.

  Minimum prescribed Basel Committee guidelines in South Africa have been issued by the Prudential Authority under Directive D4/2020. In implementing current capital requirements, the Prudential Authority requires Bidvest Bank to maintain a prescribed ratio of total capital to total risk-weighted assets, market risk exposure and operational risk exposure. Bidvest Bank follows the standardized approach under the Third Basel Accord, introduced by the Basel Committee, ("**Basel III**") and calculates requirements for market risk in its banking portfolios based upon its market risk models and uses both external and internal grading as the basis for risk weightings for credit risk. Bidvest Bank's regulatory capital is analyzed into two categories:

  - tier I capital, which includes ordinary share capital, share premium and appropriated retained earnings; and

  - tier II capital, which includes collective impairment allowances.

  Basel III is a minimum global standard and, accordingly, the Prudential Authority is not prevented from setting higher standards, as was done in South Africa with the implementation of Basel II.

- *The Insurance Act No. 18 of 2017 (the "**Insurance Act**").* The Insurance Act came into effect on 1 July 2018. It provides a consolidated legal framework for the prudential supervision of the insurance sector (both long term and short term), enhances protection of policyholders, increases access to insurance for all South Africans and promotes broad-based transformation of the insurance sector. The Prudential Authority is responsible for monitoring compliance with the Insurance Act.

- *The Financial Sector Regulation Act No. 9 of 2017 (the "**FSR Act**").* The FSR Act came into effect on 1 April 2018. The FSR Act is the first in a series of acts that will give effect to the South African Government's decision to implement the "twin peaks" model of financial regulation with a view to ensuring that the sector is safer and more effective. The FSR Act established two financial sector regulators, namely the Prudential Authority and the FSCA. The Prudential Authority is responsible for regulating banks, insurers, financial conglomerates as well as certain market infrastructures. The objective of the Prudential Authority is to promote and enhance the safety and soundness of financial institutions that provide financial products, market infrastructures and payment systems to protect financial customers, including depositors, against the risk that those financial institutions may fail to meet their obligations. The FSCA is responsible for market conduct regulation and supervision. Its aim is to enhance and support the integrity of financial markets, to protect financial customers by promoting their fair treatment by financial institutions and to promote effective financial consumer education.

The FSCA has introduced the Conduct of Financial Institutions Bill (which is still under the consultation process), which is intended to strengthen market conduct within financial institutions and could potentially increase the cost of compliance. Some areas of concern of this bill have been raised by industry participants and were submitted to the FSCA for consideration. The FSCA has already published draft conduct standards in terms of the FSR Act, which objective is to introduce requirements that promote the fair treatment of financial customers of banks. These standards are currently under the commentary review process.

The Financial Sector Laws Amendment Bill of 2018, which was approved by the South African Cabinet, gives effect to proposals contained in the discussion document: Strengthening South Africa's Resolution Framework for Financial Institutions released on 13 August 2015 and the deposit insurance discussion policy document: Designing a Deposit Insurance Scheme for South Africa released on 30 May 2017. Together, the proposed resolution framework and the deposit insurance scheme will provide for the establishment of a framework for the resolution of designated institutions to ensure that the impact or potential impact of a failure of a designated institution on financial stability is managed appropriately. The bill contains high-level principles for resolution and the deposit insurance scheme, with the details on the mechanics to be captured in supplemental regulations or directives once designed and agreed. Only once finalized will banks and other designated institutions be in a position to fully assess the potential impact.

- *The National Credit Act No. 34 of 2005 (the "**National Credit Act**").* The National Credit Act regulates the extension of credit to consumers in South Africa and seeks to promote a fair, transparent and accessible credit market and industry. Under the most recent amendments to the National Credit Act (pursuant to the National Credit Amendment Act No. 7 of 2019, (which was signed by the President in 2019 but is yet to be promulgated) (the "**Act**")), a low-income consumer (earning less or equal to R7,500) may apply to the National Credit Regulator for debt relief if the applicant has a total unsecured debt owing to credit providers of no more than R50,000, or such an amount as may be prescribed. The Act also provides for increased enforcement powers of the regulator. These reforms may increase the cost of credit for consumers as well as restrict access to credit from formal credit providers for the lower income market, which may negatively impact demand for products and services provided by the Financial Services and Automotive divisions.
- *The Financial Intelligence Centre Act No. 38 of 2001 ("**FICA**").* FICA aims to prevent money laundering and unlawful activities and requires the Financial Services division to, among other things, adopt and enforce "know your customer" policies and procedures and to report suspicious and unusual transactions to the applicable regulatory authorities. While the Financial Services and Automotive divisions have adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and terrorist financing activity, such policies and procedures may not completely eliminate instances in which the Financial Services and Automotive divisions may be used by other parties to engage in money laundering or other illegal or improper activities.

In the future, new or more stringent laws or regulations might be adopted, and existing laws and regulations might be enforced or interpreted in a manner that could have an adverse effect on the Financial Services division, financial condition, cash flows and results of operations. In addition, a breach of regulatory guidelines could expose the Group to potential liabilities or sanctions.

In the automotive industry, regulations and standards relating to emission controls, fuel economy, safety and recalls are applicable to motor vehicles, engines and equipment for sale. Compliance with new emission control standards will present significant technological challenges to the automotive industry in general and as a consequence, the OEMs of the vehicles that the Automotive division of the Group purchases may be unable to continue to offer certain vehicles or other automotive products and, in turn, the Group would no longer be able to purchase and sell such vehicles or other automotive products. In addition, such OEMs may be required to invest significantly into research and development efforts in order to design or adapt vehicles to implement required technological changes in order to comply with changing or heightened regulations. The inability of OEMs to meet these standards could result in fewer or a less attractive mix of vehicles, engines and equipment available to be purchased and sold by the Automotive division or higher costs of such vehicles, which could materially affect the division's trading profits.

In the Branded Products and Commercial Products divisions, the Group is subject to a number of regulations including consumer protection and safety standards such as:

- *Consumer Protection Act No. 68 of 2008 (the "**CPA**")* In terms of the CPA, strict liability is imposed on all persons in a supply chain, for example manufacturers, importers and/or retailers, in respect of harm caused wholly or partly as a consequence of supplying any unsafe goods, a product failure, defect or hazard in any goods, or inadequate instructions or warnings provided to the consumer pertaining to any hazard arising from or associated with the use of any goods. Liability arises irrespective of whether the harm resulted from any negligence on the part of the producer, importer, distributor or retailer, as the case may be.

- *The Medicines and Related Substances Act No. 101 of 1965, as amended (the "**Medicines Act**") and the Pharmacy Act No. 53 of 1974 (the "**Pharmacy Act**")* Amendments to the Medicines Act in 2017 brought about the replacement of the Medicines Control Council, being the regulatory body that sat under the National Department of Health, with the newly incorporated South African Health Regulatory Products Authority (the "**Authority**").

  The Authority requires that a pharmaceutical manufacturer or wholesaler be licensed to manufacture, which may include a licence to import and/or export medicines, or to act as a wholesaler of medicines.

  Guidelines are issued by the Authority, from time to time, which relate to various matters including Good Manufacturing Practices ("**GMP**") or Good Distribution Practices ("**GDP"**). All pharmaceutical manufacturers and wholesalers are required to comply with such guidelines.

  In addition, a pharmaceutical manufacturer or wholesaler must be licensed and recorded as a manufacturing or wholesale pharmacy, as the case may be, with the South African Pharmacy Council ("**Pharmacy Council"**) and must further be recorded as a pharmacy owner.

  Additional requirements of the Pharmacy Council include the appointment of a dedicated responsible pharmacist who is required to continually and personally supervise the operations of the manufacturing or wholesale pharmacy.

  The Department of Health further requires that premises licences be held by the relevant pharmaceutical manufacturer or wholesaler. Such a licence may be withdrawn in the event of any contravention of the provisions of the Medicines Act and/or the Pharmacy Act, or the failure to comply with GMP and/or GDP.

  In terms of the Medicines Act, medicines and substances are classified in terms of a scheduling system from Schedule 0 through to Schedule 8, with the latter being the most highly controlled.

  A transparent pricing system, which includes a single exit price regime for medicines and scheduled substances, was introduced within the framework of the Medicines Act in 2004.

  The advertising and promotion of medicines to healthcare professionals and the public is regulated in terms of the SA Code of Marketing Practice (Code), which is intended to signify the industry's commitment to ensure that the marketing of health products is carried out in a responsible, ethical and professional manner.

- *The National Regulator for Compulsory Specifications Act No. 5 of 2008 ("**NRCS Act**").* The NRCS Act establishes the National Regulator for Compulsory Specifications of South Africa (**NCRS**), which enforces minimum safety and environmental requirements for, amongst others:

  - Vehicles and aftermarket vehicle components including tyres;

  - Electrical and electronic products and components;

- o Buildings and construction materials;
- o Disinfectants;
- o Personal protective equipment.

Sampling, inspecting and testing products, auditing of manufacturing and other processes, and examination of documentary evidence are used to assess compliance with compulsory standards and regulations. Every effort is made to assist manufacturers, importers, business and commerce in general, to meet these standards, which are, wherever possible, aligned to corresponding international requirements.

A variety of sanctions are applied where products and services do not meet these minimum standards. These range from stopping the sale of non-conforming products, to seizure, destruction and prosecution of offenders.

In the Freight division, the Group is subject to a number of regulations including:

- *Occupational Health and Safety Act No. 85 of 1993* (“***OHSA***”) *and other health and safety legislation*. The primary aim of the OHSA is to "provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith".

  In addition, there are ancillary occupational safety and health laws (e.g. the Explosives Act No. 15 of 2003 and Hazardous Substances Act No. 15 of 1973) and regulations (e.g. Regulations for the Integration of the Occupational health and Safety Act No. 45 of 1995).

  Every employer has a general duty to provide and maintain, as far as is reasonably practicable, a working environment which is safe and without risk to the health of employees. This duty includes, among others, the following: the provision and maintenance of systems of work, plant and machinery that, as far as is reasonably practicable are safe and without risks to health; taking reasonable steps to eliminate or mitigate any hazards or potential hazard to the safety and health of employees before resorting to protective equipment; making reasonable arrangements for safety and health in connection with production, processing, use, handling, storage or transport of articles or substances; establishing the hazards, if any, to the health and safety of employees in the workplace and providing the necessary precautionary measures in this regard; ensuring that work is performed and that plant or machinery is used under the supervision of a trained person; and identifying and evaluating the hazards associated with listed work and, if possible, preventing the exposure of employees to such work.

  An employer is required to take steps, as far as is reasonably practicable, to ensure that hazardous chemical substances in storage or distributed are properly identified, classified and handled; that a container or vehicle in which such substances are transported is clearly identified, classified and packed; and that any container into which a hazardous chemical substance is decanted, is clearly labelled with regard to contents thereof.

  The Regulation of Hazardous Chemical Agents (“**HCA”**) was promulgated on March 29, 2021, under OHSA, which calls for new safety obligations, chemical prohibitions, and classification and labelling requirements beginning in September 2022. The newly published regulation applies to employers and self-employed individuals, as well as manufacturers, importers, and suppliers exposed to HCA at workplaces. The regulation also adopts the United Nation’s Globally Harmonized System of classification and labelling of chemicals. According to this regulation, any person who fails to comply with the provisions of this regulation is subject to a fine and a detention of up to six months, and upon continuous violation, is subject to an additional fee per day violated, or an additional detention.

- *National Road Traffic Act No. 93 of 1996 (“**NTRA**”).* The Transportation of Dangerous Goods Regulations as set out in the MTRA are intended to promote the safe transportation of hazardous material through the effective management of systems and processes. The Dangerous Goods Regulations require all individuals, companies or entities involved in the handling, warehousing, and transporting of dangerous goods to receive training and abide by the South African Codes of Practice outlined in the Act and relevant standards. Failure to meet the dangerous goods requirements as legislated by the NTRA could result in heavy fines and penalties.

- In addition, the Group is required to comply with licensing, registration, safety and other requirements under various legislation in respect of the products and services offered in the Freight division, including, but not limited to the Petroleum Pipelines Act No. 60 of 2003, the Gas Act No. 48 of 2001, the National Ports Act No. 12 of 2005, and the Customs and Excise Act No. 91 of 1964.

A failure to satisfy applicable regulations could subject the Group to penalties or fines. Additionally, if any applicable regulations should change, such regulations could indirectly have a material adverse effect on the Group's business, financial condition and/or results of operations.

Changes in consumer preferences, including developments in digitalization and the declining use of certain of the Group's products may affect the demand for the Group's products.

The success of the Group's products and services depends on the Group's ability to identify the evolving tastes, habits and requirements of its customers and to offer products and services that appeal to these tastes, habits and requirements. Consumer preferences may change as a result of changes in the ways the business and education sectors operate, including work from home and learn from home, the availability of alternative products or services, including less expensive product grades, or as a result of pressure from consumers for more environmentally friendly solutions. Many of the Group's products and services are based on personal preferences, including in healthcare and wellness, office supplies and stationery and other branded household products. In addition, some of the Group's services, including in respect of travel, aviation and automotive, may be affected as climate change continues to influence customer preferences. As customer preferences change, this may impact the demand for a number of the Group's products and services.

For example, the trend of digitalization may further accelerate in response to the COVID-19 pandemic, with proportions of the populations in the Group's markets working remotely and not consuming office supplies and stationery for the duration of governmental lockdown and social distancing measures implemented in response to the pandemic, and any such trend may persist following the COVID-19 pandemic. Further, the demand for vehicles and the servicing thereof from the Group's Automotive division decreased significantly during the COVID-19 pandemic and with the potential permanent implementation of remote working, alternative mobility solutions other than cars may become more popular and other consumer preferences related to purchasing vehicles may also change. As a result, the Group believes demand for some of the Group's products is unlikely to return to pre-COVID-19 levels for some time. In the face of such structurally declining demand for certain products, any failure to adapt effectively and sustain profitable product and services offerings appropriate to the demand environment could have a material adverse effect on its results of operations, prospects and financial condition.

New technologies may affect the Group's ability to compete successfully.

The Group believes that new technologies or novel processes may emerge and that existing technologies may be further developed in the fields in which the Group operates, in particular in the Group's Commercial Products (for example, with respect to alternative energy products), Branded Products (for example, with respect to digital communication solutions), Services (for example smart sensors used in facilities management), Financial Service (for example digital banking and payment applications) and Automotive divisions (for example pay-for-use mobility services). These technologies or processes could have an impact on production methods or on product quality in these fields. Unexpected rapid changes in employed technologies or the development of novel processes that affect the Group's operations and product range could render the technologies the Group utilizes or the products the Group produces and/or distributes obsolete or less competitive in the future. Difficulties in anticipating changes in technologies and assessing new technologies may impede the Group from implementing them and competitive pressures may force the Group to implement these new technologies at a substantial cost. Any such development could materially and adversely affect the Group's results or operations.

Failure to proactively develop and/or source new products or processes may negatively affect the Group's ability to compete successfully. Further, the Group's competitors may have greater financial or other resources that allow them to develop or otherwise access new products or processes before the Group does. In order to compete successfully, the Group must continually source and introduce new products and services in a timely manner to keep pace with technological and regulatory developments and achieve customer acceptance. The Group may not be able to respond to these competitive pressures or acquire or develop new technologies on a timely basis or at an acceptable cost.

In addition, the Group is exposed to risks that are inherent to innovation and new technologies, such as those related to customer acceptance of new products. Therefore, the Group may incur certain costs relating to developing and marketing new products and the Group cannot guarantee that the profitability of or demand for such products will meet the Group's expectations.

Adverse changes to economic or market conditions could have a negative impact on the Group's customers and constrain consumer demand, which in turn could materially adversely affect the Group's results of operations and financial position.

Adverse changes in economic conditions have had and may continue to have a negative impact on the Group's customers and constrain consumer demand. Such changes cannot be predicted and their impacts may be severe, including such customers experiencing financial distress, filing for bankruptcy protection or insolvency, going out of business, or otherwise suffering disruptions in their businesses, which could in turn have a negative impact on the Group's business. A disruption in the ability of the Group's significant customers to access sources of liquidity could also cause serious disruptions or an overall deterioration of their businesses, which could lead to a significant reduction in their future orders of the Group's products or demand for services offered by the Group and the inability or failure on their part to meet their payment obligations to the Group, any of which could have a material adverse effect on the Group's results of operations and financial position. Similarly, sustained adverse changes in market conditions for the Group's significant customers' products, such as lower demand, lower prices or increased competition, could also reduce future orders of the Group's products and have a material adverse effect on the Group's results of operations and financial position.

Consumer discretionary spending since early 2020 has been, and to a lesser extent remains, under pressure amidst the COVID-19 pandemic and related lockdowns and restrictions. Although this period has seen some spending redirection towards DIY for the home, consumer healthcare spending on preventative measures (which is forecast to increase as health concerns and protecting families take priority) and certain other products and services that the Group offers, the demand effect has otherwise broadly been negative. For example, the automotive industry (particularly in regards to the sale of luxury cars) has been and is likely to continue to be negatively affected by strained consumer confidence and discretionary spending, impacting the Group's Automotive division, as are the travel and leisure industry sectors in which certain of the Group's divisions operate. The reduction in demand amidst the COVID-19 pandemic has also had a negative effect on the Branded Products division, particularly resulting in lower trading profits from the Branded Products division's Home of Living Brands, Silveray and Interbrand/MIC businesses.

In addition to depressed order volumes and potentially reduced revenues and trading profits, such adverse changes could also lead to consolidation in the industries in which the Group's significant customers participate. Such consolidation could increase the Group's dependence on a few key customers, which could lead to less favorable terms and lower sales prices for the Group's products.

The Group faces significant competition across many of the business lines in which it operates, which may adversely affect the Group's business, market share and profitability

The Group faces significant competition in many of the businesses in which it operates. While most of these businesses are largely focused on the domestic South African market, the markets for some of the Group's other products and services are sold and provided outside of South Africa. For example, with the acquisition of PHS in 2020, the Group significantly expanded its footprint in the United Kingdom. There are a number of factors that may impact the Group's competitive position across its divisions, including operating efficiency, actions of other competitors and price competition, as well as the availability, quality and cost of raw materials and other supplies, including energy, labor, logistics and technological innovations. In addition, in certain divisions such as the Commercial Products division, there are low barriers to entry for new competitors. The Group's ability to adequately respond to changes in local and global markets and to maintain its pricing competitiveness and operating efficiency will be fundamental to its future success in new and existing markets, and its market share. In some markets and for some products and services, the Group's competitors have greater financial and marketing resources, larger customer bases and/or a greater breadth of product and service offerings as compared to the Group. If the Group is unable to remain competitive, the Group's market share for some of its products and services may be adversely affected, and competitive pressures could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Services division

In the Group's Services division, the Group faces competition from other companies that offer facility management, security and travel services within South Africa and internationally. The Group's ability to maintain and grow its market share in South Africa and internationally will depend on its ability to introduce technology and alternative products and services. Although, the Group through its strategic acquisitions, including PHS and Noonan, has increased its capability to offer these services in the United Kingdom and Ireland, its competitors in these markets may have greater financial and marketing resources. The Group's ability to continue its international growth will depend on its acquisition of businesses with niche offerings and the success of those businesses following their acquisition. For example, the performance of Future Cleaning, a company recently acquired by the Group, has to date been below expectation due to the closure of pubs and cinemas during the lockdowns.

Financial Services division

According to the South African Reserve Bank BA 900 report for 31 December 2020, the top five banking groups by total assets in South Africa were The Standard Bank of South Africa Limited, FirstRand Bank Limited, Absa Bank Limited, Nedbank Limited and Investec Bank Limited. Many of these banks as well as second-tier banks in South Africa compete for substantially the same customers as the Financial Services division. The Financial Services division also faces competition from other non-bank entities that increasingly provide similar services to those offered by banks, including entities such as retailers, mobile telephone companies and other technology companies. The emergence of additional local banks and the entry of foreign banks in South Africa could further increase competition. The provision of insurance services is also highly competitive and is expected to remain so for the foreseeable future. The Group faces competition from a number of companies, including some that have significantly greater financial, technical and marketing resources. There can be no assurance that further competitive pressures in the Group's provision of banking and insurance services will not result in increased margin compression, which may have a material adverse effect on the Group's Financial Services division's business, financial condition and/or results of operations and, in turn, on the Group's business, financial condition and/or results of operations. For more information, *see* "*Business—Description of the Group's Operations—Financial Services Division*".

Automotive division

In the Group's Automotive division, the Group faces significant competition from distributors in the South African automotive industry and competing franchises of alternative OEMs. Factors that affect competition in this division include pricing, product quality, design and features, customer service and financing terms. The development of competitors to the Group's online retailer "mccarthy.co.za" could also contribute to further competition and related pricing pressure in the Automotive division. In addition, disruptive platforms such as online automobile sales aggregators are gaining market acceptance and growing market shares. The Group's ability to be an effective competitor in its Automotive division depends on its relative success at competing on the basis of these characteristics. For more information, *see* "*Business—Description of the Group's Operations—Automotive Division*"

Commercial Products division and Branded Products division

In the Group's Commercial Products and Branded Products divisions, the Group faces competition from a wide variety of retailers, distributors and pharmaceutical groups across South Africa and internationally. The Group distributes a wide variety of products across its Commercial Products and Branded Products divisions and so it has no clear competitor across its product range, but instead its competitors can range from small retail outlets, to regional and local dealers, to networks of regional suppliers and distributors, to wholesalers, to large distribution chains, depending on the specific products in question. The Group's ability to compete will accordingly depend on its ability to distribute an appropriate mix of its products effectively through its distribution channels.

Freight division

While the bulk of revenue is from the division's terminal business, where competitive pressures are less intense, the freight forwarding, logistics and supply chain management industries in which the division has smaller but still important businesses is intensely competitive and is expected to remain so for the foreseeable future. The Group faces competition from a number of companies in these businesses, including many that have significantly greater financial, technical and marketing resources. Customers increasingly are turning to competitive bidding processes, in which they solicit bids from a number of competitors, including competitors that are larger than the Group. Increased competition may lead to revenue reductions, reduced profit margins, or a loss of market share, any one of which could harm the Group's business and have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group is subject to a number of risks associated with suppliers, particularly in its Commercial Products, Branded Products and Freight divisions

The Group's Commercial Products and Branded Products divisions offer a wide range of products and are supplied by a large number of suppliers. This exposes those divisions to the risk that such suppliers may fail to meet agreed deadlines, provide them sufficient products or comply with their specifications and quality requirements. Some of the Commercial Products and Branded Products divisions' suppliers may have limited resources, production capacities and operating histories. As a result, the capacity of some such suppliers to meet the Commercial Products and Branded Products divisions' supply requirements has been, and may in the future be, constrained at various times and its suppliers may be susceptible to production difficulties, errors in complying with product specifications, insufficient quality control and failures to meet production deadlines or increases in manufacturing costs or other factors that negatively affect the quantity or quality of their production.

If the Commercial Products and/or Branded Products divisions experience increases in demand or the need to replace an existing supplier (e.g., because one suppliers decides to no longer work with it or them or demands higher prices or more stringent payment terms), there can be no assurance that additional manufacturing capacity will be available when required on terms that are acceptable to the Group. In addition, even if Commercial Products and/or Branded Products divisions were able to find new suppliers, they may encounter delays in production and added costs as a result of the time it would take to train the new suppliers in its methods, products, quality control and other standards. There is also a risk that the production by one or more manufacturers could be suspended or delayed, temporarily or permanently, due to economic or technical problems such as the insolvency of the manufacturer or its inability to access liquidity, the failure of manufacturing facilities or disruption of the production process, all of which are beyond the Group's control.

Other supplier related risks to which the Commercial Products and/or Branded Products divisions are susceptible include: their ability to identify and develop relationships with qualified suppliers; the terms and conditions upon which they purchase products from their suppliers, including applicable exchange rates, transport costs and other costs, their suppliers' willingness to extend credit to them to finance their purchases, and other factors beyond their control; the financial condition of their suppliers; political stability in the countries in which their suppliers are located; their suppliers' compliance with applicable laws, trade restrictions and tariffs; or other issues affecting their suppliers' ability to manufacture and deliver raw materials and outsourced products according to the Group's standards of quality on a timely and efficient basis. Any such difficulties may negatively impact the ability of the Commercial Products and/or Branded Products divisions to deliver quality products to its or their customers on a timely basis, which may, in turn, have a negative impact on its or their customer relationships and have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is also subject to other supply chain constraints including the congestion issues at the ports in Durban through which the Group imports, which could affect the volumes handled by the Freight divisions' port operations and increase the prices of raw materials used in and products sold by its Commercial Products and Branded Products divisions. Since the start of the COVID-19 pandemic, there has been an increase in the price of raw materials. In some cases the Group was able to pass on such increases, for example, in the Commercial Products division where some raw materials saw a 20% to 30% price increase. However, the increase in single exit pricing as set by the South African government for certain pharmaceutical products, did not compensate fully for the input costs. The Group's operations are vulnerable to power shortages that generally affect enterprises located in South Africa. If the cities in which the Group's suppliers or logistics providers have operations are affected by power outages or must ration power, the Group's volumes access to supplied could be delayed and its financial performance may be adversely affected.

The Company and Adcock Ingram are publicly listed companies that are subject to the JSE's regulatory regime

The Company and Adcock Ingram are listed on the JSE. Publicly listed companies in South Africa are subject to regulatory obligations established by the JSE with respect to corporate governance, including the structure of the board of directors, handling of material transactions such as major asset purchases or divestitures, related party transactions, dividend distributions, reorganizations such as mergers and acquisitions, disclosure obligations, and market abuse regulations. Any change to the JSE's existing regulatory regime or in the interpretation or enforcement of existing rules or regulations, the adoption of new rules or regulations, or any failure to comply with such rules or regulations, may have a material and adverse effect on the Company and other publicly listed companies in the Group and, in turn, on the Group's business, financial condition and/or results of operations.

The Group may be unable to obtain and maintain adequate agency and distribution rights, which may substantially harm its business

If the Group is unable to acquire and protect its agency and distribution rights, it could materially harm the Group's business. The Group's Commercial Products and Branded Products divisions in particular are reliant on their ability to retain their existing agency and distribution rights. The Commercial Products and Branded Products divisions' agreements governing agency and distribution rights generally have terms of approximately 12 months and require renewal at the end of their terms. Although many of the Commercial Products and Branded Products divisions' agency and distribution rights are longstanding and have historically been renewed without notable difficulties, in the event such renewals were to become more challenging to obtain (or obtain on acceptable terms) in the future, or other events were to occur that were to result in early terminations or withdrawals of such rights or a loss of exclusivity in the countries and geographic areas to which these agreements apply, disruptions in supply chain and customer service level agreements could result, which could have an adverse effect on the Group's financial condition and/or results of operations.

The Group's risk management strategies and internal controls may not be adequate

In the course of its business activities through its portfolio companies, the Group is exposed to a wide variety of risks, including credit risk, market risk, liquidity risk, foreign exchange risk and operational risk. Although the Group invests substantial time and effort in implementing risk management strategies and techniques, it may fail to manage risk adequately. Some of the Group's risk management methods are based upon the use of historical market behavior, which may not always accurately predict future risk exposure. In the event the Group fails to identify or anticipate any risk adequately, its risk assessment and mitigation procedures and/or its internal controls are insufficient, or if the security of its risk management systems is compromised, the Group could incur significant and unexpected losses, which could have a material adverse effect on the Group's business, financial condition and/or results of operations. For more information, see "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Quantitative and Qualitative Disclosures of Market Risk*".

The Group is subject to a wide variety of operational risks and its insurance coverage may not be sufficient to cover all potential losses arising from operating hazards

The Group is subject to a wide variety of operational risks that are common to its business divisions. The Group's operations, including in particular its Freight, Commercial Products and Branded Products divisions are subject to various hazards including explosions, fires, toxic emissions, maritime hazards, and other accidents. The occurrence of any of these risks could result in damage to, or destruction of, equipment, personal injury or death, as well as property damage, suspension of operations or environmental damage. The Group also is susceptible to, among other things, fraud by employees or outsiders, unauthorized transactions by employees and other operational errors (including clerical or record-keeping errors and errors resulting from faulty computer or telecommunications systems). From time to time, the Group is also subject to service interruptions in third-party services such as telecommunications and electricity which are beyond the Group's control. The Group may also not be able to maintain or obtain insurance of the necessary type and amount at reasonable rates going forward. As a result of market conditions, premiums and deductibles for certain of the Group's insurance policies could also increase substantially and, in some instances, certain insurance coverages could become unavailable or available only for reduced amounts. The occurrence of any loss or other liability that exceeds the Group's insurance limits or is otherwise not covered under the Group's policies may result in significant unexpected additional costs for the Group and have a material and adverse effect on the Group's business, financial condition and/or results of operations.

If the Group is unable to acquire or renew permits and approvals necessary to its business, the Group may be forced to suspend or cease operations, and the Group's profitability may be reduced

Certain of the Group's businesses require numerous permits and approvals from governmental agencies in the areas in which it operates. For example, the Freight division of the Group requires port leases and licenses, which are required for the division's operations. If the Freight division is not able to obtain or renew necessary permits and approvals in a timely manner, the Freight division's operations could be adversely affected. Obtaining and renewing all necessary permits and approvals, as required, may necessitate expenditures to comply with the requirements of such permits and approvals, future changes to such permits or approvals, or any adverse change in the interpretation of existing permits and approvals. In addition, such regulatory requirements and restrictions could also delay or curtail the Freight division's operations, require the Group to make additional expenditures to meet compliance requirements, and could have a significant impact on the Freight division's financial condition or results of operations and may create a risk of expensive delays or loss of value if a project is unable to function as planned. Although the Group has historically renewed and expects to be able to continue to renew its licenses and permits without undue difficulty, there can be no assurance that the renewals will be granted, or that if granted, it will be on the similar terms as the Group's current permits. In addition, there may be administrative delays, which might result in new licenses and permits being issued after existing licenses and permits have expired. Though temporary licenses are available in such circumstances, there can be no assurance that such licenses will be available in time.

The Financial Services division is also dependent on its banking, insurance and other licenses. A large majority of the Group's Financial Services division depends on Bidvest Bank's banking license from the Prudential Authority. If Bidvest Bank loses its banking license, it will be unable to perform any banking operations in South Africa. Although Bidvest Bank believes that it and its subsidiaries have the necessary licenses for their banking and other operations and that each of Bidvest Bank and its subsidiaries are currently in compliance with their existing material license and reporting obligations, there can be no assurance that it will be able to maintain the necessary licenses in the future. The provision of insurance services is the Financial Services division's second largest offering and Bidvest Insurance is one of its key businesses. Bidvest Insurance is dependent on its license from the Financial Services Conduct Authority and without its license, it will be unable to provide insurance services. The loss of the aforementioned licenses, any breach of the terms of any such license or failure to obtain any further required licenses in the future could have a material adverse effect on the Financial Services division's business, financial condition and/or results of operations which, in turn, could have a have a material and adverse impact on the Group's business, financial condition and/or results of operations.

Failure to duly obtain, hold and renew these licenses may subject the Group to civil or criminal enforcement action, which may not be covered by contractual indemnification or insurance and could have a material adverse effect on the Group's financial position, operating results and cash flows or its ability to continue the Group's operations in the countries in which it operate.

The Group may be subject to a deterioration of labor relations with its employees, increases in labor costs and/or labor disputes that may have a material and adverse effect on its business, financial condition or results of operations

The Group is exposed to the risk of labor disputes and other industrial actions as the Group's operations are labor intensive. As of 30 June 2021, the Group employed more than 121,000 employees, and approximately 30% of the Group's employees are represented by labor unions under collective bargaining agreements, which are subject to periodic renegotiation. Although the Group believes it has good relations with its employees, the Group may experience strikes, work stoppages or other industrial actions in the future. The Group may not be able to negotiate acceptable new collective bargaining agreements or future restructuring agreements on satisfactory terms or even at all, which may result in labor disturbances that could disrupt the Group's operations, which may have a material adverse effect on its business, financial condition or results of operations. For a description of labor-related matters, *see* "*Business—Employees*".

Also, the Group may become subject to material cost increases or additional work rules imposed by agreements with labor unions. This could increase expenses in absolute terms and/or as a percentage of sales.

Environmental, health and safety regulations may adversely affect the Group's business

The Group's Freight, Commercial Products, Services, Automotive and Branded Products divisions engage in activities that may require the use, handling, disposal and discharge of hazardous materials into the environment. The Group is subject to increasingly stringent and complex laws and regulations relating to environmental protection in South Africa, including the National Environmental Management Act No. 107 of 1998 ("**NEMA**"), the National Environmental Management: Air Quality Act No. 39 of 2004 ("**NEMAQA**"), the Carbon Tax Act No. 15 of 2019 (the "**Carbon Tax Act**"), the National Environmental Management: Waste Act No. 59 of 2008 ("**NEMWA**"), the National Water Act No. 36 of 1998 ("**NWA**"), the Hazardous Substances Act No. 15 of 1973, the National Environmental Management: Biodiversity Act No. 10 of 2004 and the National Environmental Management: Integrated Coastal Management Act No. 24 of 2008 and the regulations and notices promulgated in terms of these Acts.

The NEMA is framework legislation promulgated to give effect to the environmental right contained in the Constitution and all other environmental legislation and decisions must be guided by the principles contained in section 2 of the NEMA. These principles include the cradle to grave principle, principles concerning sustainable development, the polluter pays principle and principle of intergenerational equity.

In addition, the NEMA imposes a duty of care on 'every person' to take reasonable measures to prevent pollution or environmental degradation from occurring, continuing or recurring. To the extent that such pollution or environmental degradation is permitted by law or an authorization, the authorized person must take reasonable measures to ensure that pollution or environmental degradation does not occur or recur in excess of the permitted thresholds. This duty of care imposes strict liability and applies retrospectively. That is, every person is required to take reasonable measures in respect of pollution or environmental degradation irrespective of when it was caused or who caused it to occur in the first place.

The nature and extent of the measures required depends on the circumstances in each instance. In the event that the relevant person fails to take the reasonable measures required of them, the competent authority may issue a directive instructing them to implement specific measures within a specified time period.

Failing to take reasonable measures or comply with a directive is an offense which may, upon successful prosecution, result in fines of up to R10 million and/or 10 years imprisonment. In addition, courts may impose penalties on the guilty parties. These may include (i) paying damages to any person who suffered loss or damage as a result of the unlawful conduct; (ii) paying the costs of or undertaking rehabilitation obligations; (iii) paying any costs incurred by the person prosecuting the offense; and/or (iv) director liability. The courts are also empowered to inter alia cancel permits and disqualify persons from obtaining permits for a period not exceeding five years and declare any item used in connection with the commission of an offense and which was seized in terms of the NEMA to be forfeited to the State.

In addition to any prosecution, the competent authority may apply to court in circumstances where a person has failed to comply with a directive for an order compelling various persons to contribute towards the costs of implementing the reasonable measures. These persons include any person who is or was responsible (directly or indirectly) for the pollution or environmental degradation, the land owner or that person's successor in title, the person who was or is in control of the land or activities which caused the pollution and/or any person who negligently failed to prevent the pollution or environmental degradation.

The Group is required to obtain permits, in terms of the laws mentioned above as well as others, from governmental authorities for many aspects of the Group's operations. These laws, regulations and permits can often require the Group to purchase and install pollution control equipment or to make operational changes to limit the actual or potential impacts of the Group's operations to the environment and/or to the health of the Group's employees. Violations of such laws and regulations or permit conditions may result in compliance notices being issued requiring the Group to implement measures within a specified period. Breaching permit conditions, environmental laws and compliance notices is an offense and may result in the penalties set out above.

In addition to the general duty of care discussed above, changes in environmental laws and permit conditions may require the Group to implement measures which require the installation of new technologies or infrastructure in order to achieve compliance. This has been most recently applied under regulations published in terms of the NEMAQA which required that operations comply with certain emission standards by 1 March 2020. In limited circumstances, extensions were granted until 1 March 2025 but the law prohibits extensions beyond this period. In other instances, such as the Carbon Tax Act, parties are encouraged to implement measures to reduce greenhouse gas emissions generated by their operations so as to limit the taxes payable, particularly as the tax rate is likely to increase and the tax exemptions will decrease. These additional costs may have a negative impact on the profitability of the projects the Group intends to implement, or may make such projects economically unfeasible.

Due to the possibility of changes to environmental regulations and other unanticipated changes, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated.

The Group's operations are also subject to extensive health and safety regulations under the Occupational Health and Safety Act No. 85 of 1993. Non-compliance with these laws applicable statutes or regulations could result in the suspension of operations pending investigation or remedial measures as well as the imposition of civil fines and criminal penalties.

The Group cannot assure that the Group's costs of complying with current and future environmental and health and safety laws, and the Group's liabilities arising from past or future releases of, or exposure to, hazardous substances will not materially and adversely affect the Group.

Concerns about the effects of climate change may have an impact on the Group's operations and business

The Group faces operational and physical risks related to climate change both in South Africa and in the jurisdictions where it operates internationally. First, regulatory and other efforts to reduce fossil fuel-related greenhouse gas emissions, as well as legal and financial incentives favoring, and in some jurisdictions' requirements mandating use of alternative fuels, are leading to the increased use of sustainable, non-fossil fuel sources for electricity generation. The Group may incur additional costs for electricity supplies and/or to purchase emissions allowances or pay carbon taxes applicable to the Group's operations in certain jurisdictions, including the United Kingdom, Ireland and South Africa. The effects of climate change may also impact the Group's business to the extent they result in reduced demand for the Group's products. For example, if an increase in the use of electric vehicles resulted in a reduction in the use of gas powered vehicles and thus a reduction in use of fossil fuels utilized in logistics, this could result in less volume available to be handled by the Group's Freight division.

Unfavorable outcomes in pending or future litigation or investigations and regulatory actions may adversely affect the Group

In the ordinary course of business, the Group faces the risk of litigation and regulatory proceedings relating to tax, labor, environmental and administrative matters, governmental investigations, tort claims and contract disputes, criminal prosecution and other matters. The Group has also from time to time faced anti-trust and Competition Commission investigations in South Africa and internationally, mainly as they related to acquisitions, and immaterial fines for various reasons. Legal and regulatory actions may seek to recover very large, and sometimes unspecified, amounts of damages or to limit the Group's operations, and the matters in dispute may remain unresolved for substantial periods of time. A substantial legal liability or adverse regulatory outcome, and the substantial cost to defend the litigation or regulatory proceedings, may have an adverse effect on the Group's business, operating results, financial condition, cash flows and reputation.

As of 30 June 2021, the Group believes that it has adequately provided for any anticipated exposure to lawsuits. However, any unfavorable outcome in one or more of the Group's pending disputes may have a material adverse effect on the Group's business, financial condition and/or results of operations. *See* "*Business—Legal Proceedings*".

The Group is subject to product liability claims, product recalls and other legal claims and adverse publicity in connection with the sale of defective products, any of which may have a material and adverse effect on the Group's results of operations

Product quality significantly influences consumers' decisions to purchase many of the products distributed by the Group, including by its Automotive, Commercial Products and Branded Products divisions. Defects in component parts or assembly could require the Group to publicly undertake service actions or product recall campaigns. Any such actions or campaigns could require the Group to spend considerable resources and could impact the decisions of potential purchasers to buy its products, thereby negatively affecting future sales and the Group's profitability. In particular, product recalls or product liability claims challenging the safety of the products that the Group distributes may result in decline in sales, especially if such claims or recalls induce customers to question the safety or reliability of specific products, even if a product liability claim is not successful or is not fully pursued, and the Group might have large quantities of products that could not be sold. Under laws regulating consumer products, the Group may be forced to recall or repurchase some of its products under certain circumstances, and more restrictive laws and regulations may be adopted in the future. Any repurchase or recall of products could be costly and may damage its reputation. As a result, service actions and product recall campaign may have a material adverse effect on the Group's reputation, business, financial condition and/or results of operations.

In addition, the Group may be named as a defendant in lawsuits involving product liability claims. In such proceedings, plaintiffs may seek to recover large and sometimes unspecified amounts of damages, and the matters may remain in dispute for several years. In the event the Group is not able to successfully defend itself or settle such matters, or its insurance coverage is insufficient to satisfy any judgments against the Group or settlements relating thereto, this could have a material adverse effect on its business, financial condition and/or results of operations. Additionally, although the Group maintains product recall insurance through the Group's insurance cover, product recall insurance may not cover many of the exposures discussed above. *See* "*Risk Factors—Risks Relating to the Businesses of the Group—The Group is subject to a wide variety of operational risks and its insurance coverage may not be sufficient to cover all potential losses arising from operating hazards*".

The Group may be unable to adequately protect its intellectual property rights and may be subject to intellectual property infringement claims, either of which may substantially harm its business

If the Group is unable to protect its respective intellectual property, any infringement or misappropriation could materially harm the Group's business. This is particularly relevant for Adcock Ingram, whose ability to compete effectively in part depends on its ability to obtain, maintain, and protect its trade secrets, proprietary information and other intellectual property rights in relation to its products. In addition, if the Group fails to ensure the relevance and attractiveness of its brands, including its trademarked products, and the enhancement of brand marketing, there is a risk that significant growth opportunities may not be realized. Any failure to protect the intellectual property owned or used by the Group or the reputation of its brands could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may suffer a failure or interruption in or breach of its information systems

The Group relies heavily upon information systems and is increasingly dependent on its technology infrastructure for the effective operation of its business. Sophisticated information technology ("**IT**") systems are vulnerable to a number of problems, such as software or hardware malfunctions, malicious hacking, physical damage, and computer virus infection. For example, businesses within the Group's Freight and Services divisions have been subject to attempted cyber-attacks, although none of these has to date been successful in causing interruptions or failures of the businesses' systems. Any failure, interruption or breach in security of the IT or information systems across the Group could result in failures or interruptions in its risk management, general ledger, or other important systems. Any failure of IT or information systems, permanent or temporary, may render a business unable to serve some or all customers' needs on a timely basis and this could result in a loss of business. Likewise, a temporary shut-down of information systems could result in significant costs for information retrieval and verification. In addition, IT systems also need regular upgrading to meet the needs of changing business and regulatory requirements and to keep pace with the requirements of existing operations. Despite the investments in IT infrastructure, failure to update and develop its existing IT and information systems as effectively as its competitors may result in a loss of the competitive advantages that it believes its systems provide. Although the Group's underlying businesses have developed business continuity plans, backup systems and a disaster recovery center, there can be no assurance that failures or interruptions will not occur or that the Group will be able to adequately address them if they do occur. Any disruption or security breach including cyber-attacks, that results in a loss or damage to the data or an inappropriate disclosure of confidential, proprietary or customer information, could have an adverse effect on the Group's reputation and the relationships with its customers. Accordingly, the occurrence of any failure, interruption or major disruption of the existing IT systems could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The business strategy of the Group contemplates substantial capital and long-term investments in the Freight division as well as substantial capital for further acquisitions, all of which may require significant financing

The Group's business strategies may require further substantial capital investment, which the Group may finance through additional debt and/or equity financing. The Group's Freight division in particular is capital intensive, and will require continued funding in order to remain compliant and grow its terminal capacity. For example, the Group made a significant recent capital investment in the commissioning of a LPG storage terminal in Richards Bay. In addition, as part of its growth plan to internationalize key niche areas and increase scale in the facilities management businesses within the Services Division, the Group has recently raised GBP598 million, which was used by the Group to purchase PHS, Axis, Cordant in the United Kingdom and Interact in Ireland, as well as for other bolt-on acquisitions and may require similar significant acquisition financing in the future. For more information, see "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Liquidity and Capital Resources—Indebtedness*".

The Group's access to adequate financing on acceptable terms to fund these activities could be impaired by factors that affect the Group or these divisions in particular or the industries or geographies in which they operate. As of 30 June 2021, the Group had total debt of R20.7 billion, of which R12.3 billion was bank borrowings and R8.4 billion was debt securities in issue. As of 30 June 2021, the Group's total foreign currency-denominated bank borrowings and debt securities in issue constituted 34% of its total debt. The Group may have difficulties in refinancing or extending this funding and such funding may become more difficult and/or costly to obtain. In addition, funding requirements of the Group companies may limit the availability of dividends for distribution to shareholders, including the Company. If the Group is unable to access additional capital, in the form of debt and/or equity financing, on terms acceptable to the Group, or at all, the Group may not be able to fully implement its business strategy or complete future acquisitions, which may limit the future growth and development of the Group's businesses. If the Group's need for capital arises because of losses, the occurrence of these losses may make it more difficult for the Group to raise additional capital to fund the Group's expansion projects and this could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may be unable to identify or accurately evaluate suitable acquisition candidates or complete or integrate the Group's past or prospective acquisitions successfully, which could materially and adversely affect the Group's business, financial condition and/or results of operations. In addition, anticipated synergies from certain acquisitions may not materialize and the integration process may disrupt the Group's operations

In the past, the Group has acquired, and expects in the future to acquire, additional businesses in South Africa or elsewhere. The Group is unable to predict whether or when any additional acquisitions will occur, or the likelihood of a material transaction being completed on favorable terms and conditions to the Group, or at all. For example, as a result of the lockdowns imposed due to the COVID-19 pandemic, the management of the Group was unable to travel to identify and negotiate potential acquisitions. The Group's ability to continue to expand successfully through strategic acquisitions of new businesses and through bolt-on acquisitions depends on many factors, including the availability of potential targets in key sectors, and the Group's ability to identify acquisitions and negotiate, finance and close transactions. The Group is growing via international acquisitions outside of South Africa which may pose greater risk with respect to legal and regulatory requirements, compliance costs and integration within the larger Bidvest Group.

Even if the Group completes future acquisitions, these transactions involve risks, including the following:

- failure of the acquired business to achieve expected results, including any anticipated cross-selling or other expected benefits;

- unanticipated liabilities;
- failure to effectively plan or manage any acquisition;
- anti-trust considerations and other regulatory requirements;
- failure to adapt to different characteristics of any new markets into which it expands, such as demand seasonality, development of new products, customer relationship and supply chain management, local laws and regulations, and new or different competitors;
- the potential for new tariffs, taxes and other restrictions and expenses, which could increase the prices of the Group's products and services and make them less competitive;
- increased investments in order to understand new markets and follow trends in these markets in order to effectively compete;
- incurrence of substantial costs, delays or other operational or financial problems in integrating acquired businesses;
- the Group may not be able to properly diligence the acquired businesses or vet the management or employees of the acquired business;
- diversion of attention of the Group's management; and
- possible inability to retain or hire key personnel for the acquired businesses.

If the Group is unable to integrate or manage acquired businesses, the Group may not realize anticipated cost savings, revenue growth and margins, which may have a material adverse effect on the Group's business, financial condition and/or results of operations. Although the Group analyzes each acquisition target, these assessments are subject to a number of assumptions and estimates concerning markets, profitability, growth, interest rates and company valuations. The Group's assessment of and assumptions regarding acquisition candidates may not prove to be correct and actual developments may differ significant from the Group's expectations. Moreover, the Group may incur write-downs, impairment charges or unforeseen liabilities, or encounter other difficulties in connection with completed acquisitions.

The Group may also have to pay cash, incur further debt, or issue further securities to pay for an acquisition, any of which could adversely affect our results of operations in the future. The incurrence of further indebtedness could result in increased obligations and include covenants or other restrictions that restrict the Group's operational ability, which could also adversely affect the Group's business, results of operations or financial condition. Furthermore, acquisitions expose the Group to the risk of unforeseen obligations with respect to employees, customers, suppliers and subcontractors of acquired businesses, public authorities or other parties. Such obligations may have a material adverse effect on the Group's business, results of operations or financial condition.

The Group may not successfully manage its growth

As the Group continues to grow, it must continue to improve its managerial, technical, operational and other resources, and to operate effective management information systems. In order to fund the Group's ongoing operations and its future growth, the Group needs to have sufficient internal sources of liquidity or access to additional financing from external sources. Further, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. There can be no assurance that the Group will not experience issues such as capacity and capital constraints, operational difficulties or difficulties in upgrading or expanding existing facilities, including any upgrading of the current computer and information technology systems and training an increasing number of personnel to manage and operate new or expanded facilities and upgraded systems. In particular, failure of the Group to implement its expansion plans in a timely manner could adversely affect its ability to maintain, expand and diversify its revenue base and to maintain the profitability of the Group. There can be no assurance that any such expansion plans will not adversely affect the Group's existing operations and thereby have a material adverse effect on the Group's business, financial condition and/or results of operations.

If the Group does not deploy capital to, and manage, its subsidiaries and associates efficiently, its business and results of operations may be adversely affected.

The Group has made and may continue to make substantial capital investments, loans, advances and other commitments to support certain subsidiaries and associates and to acquire new interests. These investments and commitments have included, among other things, capital contributions and the issuance of corporate guarantees to lenders in order to enhance the financial condition or liquidity position of the subsidiaries of the Group. If the business and operations of these subsidiaries were to deteriorate or it the Group were required to expend capital to support such companies, its financial condition may be adversely affected. To mitigate these risks, the Group undertakes feasibility studies as well as detailed due diligence prior to deciding to support certain subsidiaries and affiliates and in acquiring new interests. However, there can be no assurance that the Group will deploy capital in the most efficient manner across the Group.

Any erosion of the Group's reputation or the reputation of one or more of its major brands or brands with which it has a relationship could have a material adverse impact on the Group

The reputation of the Group, its shareholders and its brands is critical to the maintenance of effective relationships with key stakeholders and other constituencies, such as customers and suppliers. The Bidvest brand permeates throughout the Group either as a specific inclusion in the business name or by association through the Proudly Bidvest tagline. In a number of divisions, and in particular the Branded Products and Services divisions, the Group's financial success is dependent, to a large extent, on the success of its brands such as Waltons, Croxley, Panado, Bioplus, Bidvest Steiner, Bidvest Protea Coin, which have domestic and/or international recognition. The Group has made significant investment in its brands (whether owned or licensed) and products over many years. The success of these brands can suffer if the Group's marketing plans or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Costs associated with brand improvements can be significant and can have an adverse impact on the Group's results if they do not produce such desired outcomes. The Group's results could also be negatively impacted if one of its brands, co-brands, or brands with which it has a relationship, such as Konica Minolta, Russell Hobbs and Yamaha, suffers a substantial reputational damage due, for instance, to a significant product recall, product-related litigation, allegations of product tampering, or the distribution and sale of counterfeit products. In addition, given the association of individual products with brands, an issue with one of the Group's products could negatively affect the reputation of other products produced under the same brand, which could in turn have a material and adverse impact on the Group's business, financial condition and/or results of operations.

In highly competitive consumer-focused industries, it is critical to maintain and develop a positive image for the Group itself and across all brands. To do so, it is critical to maintain and increase customer confidence by providing safe, high-quality products that meet customer demands. If the Group is unable to effectively maintain and develop its brands, the Group's sale prices, revenues and profits may not increase and may decrease, adversely affecting the Group's business, financial condition and/or results of operations. In addition, if the Group is unable to actively manage its public relations or media engagements or if significant negative social media attention targets the Group, the Group may suffer reputational harm. The Group also devotes significant resources to programs designed to protect and preserve its reputation, such as social responsibility and environmental sustainability. If the Group is unable to effectively manage real or perceived issues, including concerns about safety, quality, efficiency or similar matters, these issues could negatively impact the Group, its brands or its products, and its ability to operate could be impaired and its results could suffer.

Fluctuations in interest rates could increase the cost of the Group's debt and negatively affect the Group's overall financial performance

The Group's financial expenses are affected by changes in interest rates, including the reference interest rates applicable to the Group's variable rate financing arrangement. The South African repo rate has fluctuated significantly in the past in response to the expansion or contraction of the South African economy, inflation, South African government policies and other factors. A significant increase in interest rates could have a material adverse effect on the Group's interest payments on its financial liabilities and negatively affect the Group's overall financial performance.

As of 30 June 2021, R19.1 billion or 92% of the Group's borrowings accrued interest at a variable rate. If interest rates increase, the Group's debt service obligations on variable rate indebtedness would increase even though the amount borrowed would remain the same, and the Group's net income and cash available for servicing our indebtedness would decrease. As a result, the Group's financial condition, results of operations and liquidity could be materially adversely affected. Furthermore, the Group's attempts to mitigate interest rate risk by financing long-term liabilities with fixed interest rates and using derivative financial instruments, such as floating-to-fixed interest rate swaps, in respect of its indebtedness could result in the Group's failure to realize savings if interest rates fall and could adversely affect the Group's results of operations and its ability to service its debt and other obligations.

The Group is dependent on its senior management and other personnel

The Group is dependent upon its Group-level senior management to implement its strategy and the operation of its day-to-day business. In addition, business relationships of members of its Group-level senior management are important to the conduct of the Group's businesses. Further, given its decentralized nature, the Group relies on upper management of each of its divisions and the businesses within the divisions. If members of the Group's senior management or the upper management of the divisions or businesses within the divisions were to leave, the Group may lose the benefits of the knowledge, expertise and business relationships of those managers.

In addition, the Group's continuing success depends, in part, upon its ability to continue to attract, retain and motivate qualified and experienced management, engineers and other technical and skilled personnel especially within its Financial Services, Freight and Services divisions, which are largely dependent on the quality of service delivery by the Group's personnel. Any failure to recruit, train and/or retain qualified and experienced personnel or manage its personnel successfully could have a material adverse effect on the Group's business, financial condition and/or results of operations.

Any violation of anti-bribery or anti-corruption laws or other similar laws and regulations, could result in significant expenses, divert management attention, and otherwise have a negative impact on the Group

The Group operates in countries known to have a reputation for corruption. The Group is subject to the risk that it or one of its affiliated entities or respective officers, directors, employees and agents may take action determined to be in violation of anti-corruption laws, including the South African Prevention and Combating of Corrupt Activities Act No. 12 of 2004 ("**PRECCA**") and the United Kingdom Bribery Act 2010 (the "**U.K. Bribery Act**") and similar laws in other countries. Any violation of PRECCA or the U.K. Bribery Act or other applicable anti-corruption laws could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect the Group's business, results of operations or financial condition. Actual or alleged violations could damage the Group's reputation and ability to do business. Further, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of the Group's senior management.

The prevalence of HIV/AIDS, specifically in South Africa, exposes the Group to certain risks, which may have an adverse effect on the Group's South African operations.

The Southern African region has one of the highest infection rates of HIV/AIDS in the world.

The Group's employees and the Group's business, operations, and in particular Southern African operations, continue to be exposed to certain risks related to the HIV/AIDS pandemic. The Group incurs and will continue to incur costs related to the prevention, detection and treatment of the disease. However, the Group cannot guarantee that any current or future management program will be successful in preventing or reducing the infection rate among the Group's employees and any potential effect thereof on the mortality rate. The Group may be exposed to lost workers' time associated with the disease and a potential loss of skill, which may adversely affect the Group's operations.

Difficulty by the Group to comply with any current or future broad-based black economic empowerment ("B-BBEE") requirements could have an adverse impact on the Group's operations in South Africa

As a business operating in South Africa, the Group is subject to the requirements of the Broad-Based Black Economic Empowerment Act No. 53 of 2003, as amended. This social empowerment legislation is targeted at reducing the effects of socioeconomic disadvantages experienced by historically marginalized racial groups in South Africa and seeks to distribute wealth and opportunities more equally throughout the country. The B-BBEE framework requires businesses to be assessed in terms of B-BBEE compliance levels according to a scorecard measuring a number of features, including structural characteristics such as ownership and management control. The Group is currently a Level 4 B-BBEE contributor.

Failure to achieve or maintain a suitable B-BBEE level relative to its competitors could impair the Group's ability to engage in procurement contracts or to attract customers or investors.

Changes in tax laws may have an adverse impact on the taxes applicable to the Group's business

Governments in the territories in which the Group operates may implement changes to tax regimes that may affect the Group and its customers. These changes include changes in prevailing tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. Some of these changes may result in increases in the Group's tax payments, which could adversely affect profitability and increase the prices of its services, restrict its ability to do business in its existing and new markets and cause its financial results to suffer. There can be no assurance that the Group will be able to maintain its projected cash flow and profitability following any such increases in taxes applicable to the Group and its operations.

Through Bidvest Bank, the Group is exposed to various risks relating to the South African banking system

Bidvest Bank is subject to risks associated with money laundering and terrorist financing. Bidvest Bank has implemented internal measures aimed at preventing the risk of being used as a conduit for money laundering, including illegal cash operations, or terrorist financing. However, such measures, procedures and compliance may not be completely effective. If Bidvest Bank is associated with money laundering, including illegal cash operations, or terrorist financing, it could suffer serious damage to its reputation, including among its network of correspondent banks in foreign countries, which could in turn affect its ability to maintain existing relationships, attract new business and provide services to its customers. Bidvest Bank could also become subject to fines, sanctions and/or legal enforcement, including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with Bidvest Bank, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group's Financial Services division is subject to banking risks via Bidvest Bank

Liquidity risk

One of the underlying operations of Bidvest Bank is to take deposits with maturities, which are contractually shorter than advances to customers. This exposes Bidvest Bank to the risk that depositors could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing liquidity strains. This liquidity risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, wholesale and overnight funding), credit rating downgrades or market-wide stress scenarios such as market dislocation and major disasters. Additionally, Bidvest Bank's ability to raise or access funds may be impaired by factors that are not specific to it, such as general market conditions, severe disruption of the financial markets or negative views about the prospects for Bidvest Bank or the Group, or the industries or regions in which they operate. During the height of the financial crisis in 2008, wholesale funding providers were unwilling to lend to banks and this had a material adverse effect on global banks' ability to raise funding in both the public and private markets. This resulted in severe liquidity problems for financial institutions, which forced governments and central banks to provide unprecedented financial assistance to enable financial markets to continue to operate. Although financial markets have stabilized considerably since then, they remain subject to periods of volatility. In addition, although funding spreads have tightened substantially since 2012 reflecting additional liquidity provided to the market by central banks and more stable financial markets, accommodative monetary policies may not continue. An inability on Bidvest Bank's part to access funds or to access the markets from which it raises funds may lead to Bidvest Bank being unable to meet its obligations as they fall due, which in turn could have a material adverse impact on it and the Group's reputation, liquidity positions, solvency position, business, results, or prospects. In addition, Bidvest Bank's borrowing costs and access to funds may be adversely affected by any credit rating downgrade. Bidvest Bank has developed and implemented risk management policies, procedures and processes designed to reduce this risk through proactive monitoring, management and reporting of its liquidity risk position, however there is no assurance that such measures will adequately address all liquidity risks that Bidvest Bank may face.

Bidvest Bank is reliant on both retail deposits and wholesale funding. Although Bidvest Bank believes that its level of access to domestic and international inter-bank and capital markets and its prudent liquidity risk management will continue to allow it to meet its short-term and long-term liquidity needs, any severe liquidity stress events could have a material adverse impact on Bidvest Bank's liquidity and solvency position results or prospects.

Interest rate risk

Bidvest Bank is exposed to risk resulting from mismatches between the interest rates on its interest bearing liabilities and interest earning assets. Generally, the maturities Bidvest Bank's assets and liabilities are not balanced and, accordingly, an increase or decrease in interest rates could have an adverse effect on Bidvest Bank's net interest margin and results of operations. To the extent that the Bank's assets reprice more frequently than its liabilities, if interest rates fall, its interest expenses will decrease more slowly than its interest income, which could negatively affect interest margins and result in liquidity problems. According to Bidvest Bank's credit policy, it intends to pass on such risks to borrowers by lending on similar conditions as it borrows; however, it may not always be able to do so. Bidvest Bank's ability to mitigate interest rate risks is, accordingly, limited and, as such, its financial condition may be negatively affected. Interest rates on Bidvest Bank's interest bearing liabilities and interest earning assets may be impacted by a number of factors outside of Bidvest Bank's control including governmental decisions such as monetary policy decisions, the domestic and international political climate and domestic and international macro-economic conditions. In addition, volatility in interest rate movements may have a material adverse effect on Bidvest Bank's business, prospects, financial condition, cash flows or results of operations and a have a material and adverse impact on the Group's business, financial condition and/or results of operations.

Credit risk

As Bidvest Bank's activities and services are conducted in South Africa, like other lending institutions, it is subject to the credit risk that its borrowers may not make payments of principal and interest on loans in a timely manner, if at all, and that upon any such failure to pay, Bidvest Bank may not be able to enforce any security interest or guarantee that it may have against such borrowers. The credit risk of South African borrowers is relatively high when compared to borrowers from developed markets due to the stage of maturity of the South African market and uncertainties inherent in the political, economic, legal and regulatory environment, as well as the higher risk of fraud.

Although South Africa's credit information sharing environment is relatively developed there is currently a significant gap – the system focuses on the credit records of individual consumers and has only a marginal and underutilised ability to provide information on businesses. There is no data on the number of credit active businesses. Sole proprietors are indistinguishable from consumers, and while the National Credit Act of 2005 ("**NCA**") covers some juristic persons there is currently limited information shared and these juristic cannot be identified by bureaus. In 2011, the South African Credit and Risk Reporting Association constituted the Business Credit and Risk Information Sharing Initiative to close the gap with regards to business credit information sharing. Although there has been some progress, no completion date has been set for the project and it is unclear when business credit information will be shared with participating bureaus.

There are two primary pieces of legislation that cover credit information sharing in South Africa – the NCA enforced by the National Credit Regulator, and the Protection of Personal Information Act of 2013 which is enforced by the Information Regulator. The focus of the NCA is on consumer credit and in March 2015, various amendments were made to the NCA which amendments relate to the reporting of credit information and the maximum time limits with respect to the retention of data by bureaus. However, the amendments make no reference to credit information sharing with respect to Micro, Small and Medium Enterprises.

Furthermore, South Africa's system for gathering and publishing statistical information relating to the South African economy generally, or specific economic sectors and companies within it, is not as comprehensive as those of many countries with established market economies. Thus, the statistical, corporate and financial information available to Bidvest Bank relating to some of its prospective borrowers, makes the assessment of credit risk, including the valuation of collateral, more challenging.

Loans and advances may be concentrated among its largest borrowers and within certain industries

As of 30 June 2021, Bidvest Bank's loans and advances to its 10 largest borrowers or borrower groups amounted to 34% of its total loans and advances to customers and 9% of its total assets. In addition to this, 49% of its loans and advances were concentrated with the Community, Social and Personal Services, Real Estate and Private Household sectors, as fleet contracts and advances are mainly with municipalities and government employees in terms of the vehicle schemes. Impairment in the ability of one or more of these borrowers or borrower groups to service or repay their obligations to Bidvest Bank could indirectly have a material adverse effect on the Group's business, financial condition and/or results of operations. A downturn in any of the major sectors to which Bidvest Bank has exposure through its balance sheet may adversely affect the financial condition of the companies operating in such sectors and may result in, among other things, a decrease of funds that such corporate customers hold on deposit with Bidvest Bank, a default on their obligations owed to Bidvest Bank or a need for it to increase its provisions in respect of such obligations. A downturn of any one or more of Bidvest Bank's largest customers' financial positions may have similar effects.

Risks Relating to the Notes and the Company Guarantee

The Issuer and the Company are holding companies and will depend on cash from operating subsidiaries to be able to make payments on the Notes

The Issuer and the Company are holding companies without independent business operations or significant assets other than their investments in their respective subsidiaries. As such, the Issuer and the Company are both largely dependent upon the cash flow from the Group's operating subsidiaries to meet their respective payment obligations under the Notes and the Company Guarantee. Accordingly, if the subsidiaries within the Group do not distribute sufficient cash to the Issuer and/or the Company in order for them to make payments on the Notes or the Company Guarantee, as the case may be, neither the Issuer nor the Company are likely to have other sources of funds in sufficient amounts to allow them to make such payments. The amount of cash available to the Issuer and the Company will depend on the profitability and cash flows of their respective operating subsidiaries and the ability of those operating subsidiaries to transfer funds under applicable law. Such operating subsidiaries may not be able to, or may not be permitted under applicable law to, make distributions or advance loans, directly or indirectly, to the Issuer and/or the Company in order for the Issuer or the Company to make payments in respect of the Notes or the Company Guarantee, as applicable. Certain of the agreements governing the Group's indebtedness may also restrict the ability of, and in some cases, may prevent members of the Group from transferring funds within the Group. In addition, the members of the Group that do not guarantee the Notes have no obligation to make payments with respect to the Notes. Limitations on the ability of the Group to transfer cash among entities within the Group may mean that even though the entities, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity in the Group to another entity in the Group in order to make payments to the entity owing the obligations.

The Notes will be structurally subordinated to existing and future indebtedness and other obligations of the Company's and the Issuer's non-guarantor subsidiaries

The Notes will be structurally subordinated to existing and future obligations of the Company's subsidiaries (other than the Issuer). This includes the financings (R14,061 million as of 30 June 2021 on a reported basis, and R10,811 million as of 30 June 2021 after giving effect to the offering and sale of the Notes and the use of proceeds therefrom as described in "*Use of Proceeds*") raised by the Group at the level of Bidvest Treasury Services Pty Ltd. and Bidvestco Limited, which are finance subsidiaries that raise financing guaranteed by the Company, since the proceeds of those financings have generally been on-lent (and may continue in the future to be on-lent) to the Company's operating subsidiaries. It also includes the preference shares issued by Bidvest Industrial Holdings Pty Ltd, which is the holding company for the Group's equity interest in Adcock Ingram, with the benefit of a guarantee from the Company (R2,080 million as of 30 June 2021 on both a reported basis and after giving effect to the offering and sale of the Notes and the use of proceeds therefrom as described in "*Use of Proceeds*"), potentially to the extent of the value of that equity interest. Holders of the Notes will not have any claim as a creditor against any such subsidiaries unless such subsidiaries become guarantors of the Notes in the future. None of the Companies other subsidiaries will guarantee the Notes on the Issue Date. As a result, lenders, preference shareholders, trade and other creditors of the Group's subsidiaries (other than the Issuer) will generally be entitled to payment of their claims from the assets of such subsidiaries (or, potentially, other Group subsidiaries to which such subsidiaries with external creditors may have extended intercompany loans or in which such subsidiaries with external creditors may hold equity interests) before these assets are made available for distribution to the Issuer or the Company, or other subsidiaries through which the Issuer or the Company hold their direct or indirect equity interests in such subsidiaries, in their capacity as common equity holders. In the event of any dissolution, winding-up, administration, liquidation or other insolvency, reorganisation or bankruptcy proceeding in respect of any of the Issuer's subsidiaries or the Company's subsidiaries, holders of such subsidiaries' debt and preference shares and trade creditors will typically be entitled to payment of their claims from the assets of their respective subsidiaries (or, potentially, other Group subsidiaries to which such subsidiaries with external creditors may have extended intercompany loans or in which such subsidiaries with external creditors may hold equity interests) before any assets are made available for distribution to other Group entities in their capacity common equity holders. As such, the Notes will be structurally subordinated to the creditors (including trade creditors) and preference shareholders of all of the Company's subsidiaries (other than the Issuer and any subsidiaries that in the future may guarantee the Notes). The terms and conditions of the Notes permit the incurrence of additional indebtedness at the level of the Company's subsidiaries (other than the Issuer) and, in the future, the assets and EBITDA of such entities could increase, possibly substantially. As of June 30, 2021, the Company's subsidiaries (other than the Issuer) had total indebtedness of R14,061 million on a reported basis and R10,811 million after giving effect to the offering and sale of the Notes and the use of proceeds therefrom as described in "*Use of Proceeds*."

The Notes may be effectively subordinated to claims of the Issuer's and the Company's future secured creditors, up to the value of the assets securing such indebtedness.

The Notes and the Company Guarantee are unsecured and unsubordinated obligations of the Issuer and the Company, respectively. The Notes will rank equally with all of the Issuer's other unsecured and unsubordinated indebtedness, and the Company Guarantee will rank equally with all of the Company's unsecured and unsubordinated indebtedness. However, the Notes will be effectively subordinated to the Issuer's or Company's secured indebtedness, if any, and will be effectively subordinated to any additional secured indebtedness the Issuer or the Company may incur in the future, in each case to the extent of the value of the assets securing such indebtedness. Accordingly, in the event of a bankruptcy, insolvency, liquidation, dissolution, reorganisation or similar proceeding affecting the Issuer or the Company, the rights of holders of the Notes to receive payment will effectively be subordinated to those of secured creditors up to the value of the assets securing such indebtedness. In any of the foregoing events, the Issuer and the Company cannot assure investors that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of the Notes may receive less, rateably, than holders of secured indebtedness. As of June 30, 2021, after giving effect to the offering and sale of the Notes and the use of proceeds therefrom as described in "*Use of Proceeds*," the Issuer and the Company had no secured indebtedness.

Although the occurrence of a Change of Control Put Event will permit a Noteholder to require the Issuer to repurchase its Notes, the Issuer may not be able to repurchase the Notes

Upon the occurrence of certain events constituting a Change of Control Put Event, each Noteholder shall have the option to require the Issuer to redeem such holder's Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. Certain other debt of the Company, the Issuer and the Company's other Subsidiaries may also be subject to early repayment upon the occurrence of an event constituting a Change of Control Put Event. There can be no assurance that the Issuer or the Company will be in a position to finance a redemption of all Notes which the Noteholders may require the Issuer to redeem upon a Change of Control Put Event and to repay any other debt that becomes due as a result of such an event. The Issuer's ability to repurchase the Notes upon such a Change of Control Put Event would be limited by the Issuer's access to funds at the time of the repurchase and the terms of the debt agreements to which the Issuer is a party, which could restrict or prohibit such a repurchase.

In addition, although the Issuer's failure to enable or effect such redemptions when required under the terms and conditions of the Notes would constitute an event of default under the Trust Deed prospective investors should note that some important corporate events, including a reorganisation, restructuring, merger or other similar transaction, that might adversely affect the value of the Notes would not constitute a "Change of Control" under the terms and conditions of the Notes. For a complete description of the events that would constitute a

"Change of Control," see "*Terms and Conditions of the Notes—Condition 7.4 (Redemption at the Option of Noteholders upon Change of Control Put Event (Put Option)*."

Covenants in the Group's financing agreements and the Notes may limit the Group's flexibility, and breach of such covenants may negatively affect its financial position

The Group's financing agreements and the Notes contain restrictive covenants that require it to abstain from certain actions, to the extent they are prohibited by such financing agreements or the Notes. In addition, some of the Group's financing agreements require that the Group complies with certain financial covenants or maintain certain financial ratios. These restrictive covenants and other requirements may affect the ability of the Company, the Issuer or the Company's other subsidiaries to obtain loans, pay dividends, dispose of or acquire assets or execute contracts out of the ordinary course of business, or create security. Some of these financing agreements and the Notes contain restrictive conditions imposing limitations on change of control, ownership, corporate structure, reorganizations and mergers. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Liquidity and Capital Resources—Indebtedness,*" and "*Terms and Conditions of the Notes*."

The ability of the Company, the Issuer and/or the Company's other relevant subsidiaries to comply with these covenants may be affected by events beyond their control, including prevailing economic, financial and industry conditions. If the Company, the Issuer and/or the Company's other relevant subsidiaries breach any of these covenants, the Company, the Issuer and/or the Company's other relevant subsidiaries could be in default under their credit facilities and other indebtedness. This may permit relevant lending banks or other relevant counterparties to such indebtedness to take certain actions, including potentially declaring all amounts under such indebtedness to be due and payable, together with accrued and unpaid interest and other fees, if any. This may also result in an event of default under the Notes, the Trust Deed and other of the Group's debt instruments. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions may also be accelerated and become due and payable as a result. If the debt under the credit facilities and other indebtedness or the Notes or any other material financing arrangement that the Company, the Issuer and/or the Company's other relevant subsidiaries enter into were to be accelerated, the Company's, the Issuer and/or the Company's other relevant subsidiaries' assets may be insufficient to repay in full the Notes and such other indebtedness.

The Company Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability

As of the Issue Date, the Company will guarantee the payment of the Notes on a senior basis. The Company Guarantee will provide the relevant holders of the Notes with a direct claim against the Company under the terms and conditions of the Notes. However, the Trust Deed will provide that enforcement of the Company Guarantee would be subject to certain generally available defenses.

These laws and defenses include those that relate to corporate benefit, fraudulent conveyance or transfer, impeachable dispositions, insolvency, financial assistance, corporate purpose, capital maintenance, thin capitalization, or similar laws, regulations or defenses affecting the rights of creditors generally. By virtue of these limitations, the Company's obligation under the Company Guarantee could be significantly less than amounts payable with respect to the Notes.

Under South African law, in general, under the above-mentioned laws and defenses (such as impeachable dispositions), a court could subordinate or void the Company Guarantee and, if payment had already been made under the Company Guarantee, require that the recipient return the payment to the Company.

Under the South African Insolvency Act, a transaction is capable of being set aside at the instance of a liquidator if the transaction constitutes a disposition. A "disposition" refers to the transfer or abandonment of rights to property and includes a sale, lease, mortgage, pledge, delivery, payment, release, compromise, donation, or any contract therefor but does not include a disposition in compliance with a court order. Transactions may be set aside by a court as:

- a disposition without value: if the Company did not receive fair consideration or reasonably equivalent value for the Company Guarantee or if the payment was made: (i) more than two years prior to liquidation and it is proved that immediately after the disposition, the Company's liabilities exceeded its assets; or (ii) within two years prior to liquidation and the person who received the benefit is unable to prove that immediately after the disposition, the Company's assets exceeded its liabilities. This is known as disposition without value;

- a voidable preference: if within six months prior to liquidation, the Company disposed of property (i.e. issued the Company Guarantee or made payment under the Company Guarantee) which had the effect of preferring one creditor over another and immediately after disposing the property the Company's liabilities exceeded its assets. A transaction will not constitute a voidable preference if the person in whose favour the disposition was made, can demonstrate that the payment was made in the ordinary course of business and there was no intention to prefer one creditor over another;

- an undue preference: if the Company disposed of property (i.e. issued the Company Guarantee or made payment under the Company Guarantee) at a time when its liabilities exceed it assets, and with the intention of preferring one creditor over another; and

- a collusive transaction: if the Company in collusion with another concluded a transaction which the Company disposed of property (i.e. issued the Company Guarantee or made payment under the Company Guarantee) in a manner which had the effect of prejudicing or preferring one creditor over another.

Transactions may also be set aside under the South African common law, if the transactions were fraudulent and prejudiced or preferred one of the Company's creditors over another. A company incorporated in South Africa would be considered insolvent if it is demonstrated that it cannot meet its obligations as and when they fall due (including claims due in the near future) (including contingent and prospective liabilities).

If a court decided either that the Company Guarantee was a fraudulent conveyance and voided the Company Guarantee, or held it unenforceable for any other reason, holders of the Notes may cease to have any claim in respect of the Company and would be a creditor solely of the Issuer or if a court sets aside any payments made under the Company Guarantee, holders of the Notes could be called upon to repay any amounts so received.

Decisions of the holders of the required majority of the Notes bind all Noteholders

The terms and conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions will permit Noteholders holding defined percentages of Notes to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Notes' optional redemption feature is likely to limit their market value

The Notes contain an optional redemption feature, which is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of the Notes generally may not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes having taken into account the cost of redeeming the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer may create and issue further Notes

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes having terms and conditions that are the same as those of the Notes, or the same except for the amount of the first payment of interest, which new Notes may be consolidated and form a single series with the outstanding Notes even if doing so may adversely affect the value of the original Notes.

It may not be possible for investors to enforce foreign judgments against the Issuer or the Company

The Issuer is incorporated as a public limited company under the laws of England and Wales, and the Company is incorporated as a public company under the laws of the Republic of South Africa. Most of the assets of the Issuer and the Company are, located in South Africa. As a result, it may not be possible for investors to effect service of process upon such persons outside South Africa or to enforce against them in the courts of jurisdictions other than South Africa any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

Under South African law, a court will not accept a complete ouster of jurisdiction, although generally it recognizes party autonomy and gives effect to choice of law and choice of jurisdiction provisions. However, whether the court assumes jurisdiction remains within the discretion of the court and a court may, in certain instances, assume jurisdiction provided there are sufficient jurisdictional connecting factors. South African courts may, in rare instances, choose not to give effect to a choice of jurisdiction clause, if, for example, such choice is contrary to public policy. Proceedings before a court of South Africa may be stayed if the subject of the proceedings is concurrently before any other court.

While the courts of South Africa will recognize and enforce foreign judgments, it should be noted that, under South African law, it will not do so in certain circumstances including where the foreign judgment requires enforcement of (i) a foreign revenue or penal law, (ii) an award for punitive damages, or (iii) a decision that would be contrary to the public policy of the Republic of South Africa.

The terms and conditions of the Notes are governed by English law. However, the enforcement rights of the Noteholders against the Issuer, the Company and their assets in South Africa, including as concerns the willingness of South African courts to recognize and give effect to foreign judgments, assume the application of South African law as presently in effect. Any possible judicial decision or change to English or South African law or administrative practice after the date of this Offering Memorandum may impact the Notes.

Furthermore, any claim against the Issuer or the Company which is denominated in a foreign currency would, upon the commencement of the winding-up of the Issuer or the Company, only be payable in South African Rand, thereby shifting the currency exchange risk from the Issuer or the Company to the Noteholders. The relevant exchange rate for determining the South African Rand amount of any such claim would be the South African Reserve Bank's exchange rate for the purchase of the relevant currency, which is effective on the date when the relevant application is issued at court, to place the Company in liquidation in accordance with South African law, or if the liquidation is undertaken by the Company on a voluntary basis, the date upon which the documentation relevant to the winding-up is filed with the South African companies' office, The Companies and Intellectual Property Commission. Such exchange rate may be less favourable to a Noteholder than the rate of exchange prevailing at the relevant time.

The Notes, the Trust Deed and the Agency Agreement do not contain provisions for the waiver of any right to claim sovereign and other immunity from jurisdiction, recognition or execution and any similar argument in any jurisdiction, including in relation to the recognition of any judgement or court order in connection with any suit, action or proceeding arising out of or in connection with the Notes. If the Issuer or the Company were to become able to claim such sovereign or other immunity, Noteholders' right to relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process in any jurisdiction, whether before or after final judgment, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, judgment or award in connection with any proceedings may be limited.

A South African court may not recognize English law as the governing law of certain non-contractual obligations

The terms and conditions of the Notes provide that the Notes, the Trust Deed and the Agency Agreement, and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed and the Agency Agreement, are governed by, and will be construed in accordance with, English law.

In any proceedings for the enforcement of the obligations of any South African party, the South African courts will generally give effect to the choice of foreign law as contemplated in the Notes as the governing law thereof. However, under South African law, certain restrictions may be imposed in relation to the choice of law for certain non-contractual obligations or claims. While parties are permitted to choose the law applicable to claims relating to tort and/or unjust enrichment, such choice might only be enforceable after the commitment or occurrence of the relevant tortious act or the relevant unjust enrichment. As a result, a South African court may refuse to apply English law to any such non-contractual obligations or claims arising out of or in connection with the Notes, the Agency Agreement or the Trust Deed and may decide to apply South African law in respect of such obligations.

There is no public trading market for the Notes and an active trading market may not develop or be sustained in the future

The Notes are new securities, there is no active trading market for investments in the Notes and the Issuer and the Company cannot assure the holders of the Notes that an active or liquid trading market will develop for the Notes. The Managers have advised the Issuer that they intend to make a market in the Notes after completing the offering. However, the Managers have no obligation to do so and may discontinue market making activities at any time without notice.

If investments in the Notes are traded after their initial issuance, then they might trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Group's financial condition. Although application has been made for the Notes to be admitted to trading on the London Stock Exchange's ISM, there can be no assurance that such application will be accepted, that an active trading market will develop or, if developed, that it can be sustained. If an active trading market for investments in the Notes is not developed or maintained, then the market or trading price and liquidity of investments in the Notes may be adversely affected.

The market price of the Notes is subject to a high degree of volatility

The market price of investments in the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale by the Group of other debt securities, as well as other factors, including the trading market for sovereign debt issued by South Africa. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of investments in the Notes without regard to the Group's financial condition or results of operations.

The market price of investments in the Notes is also influenced by economic and market conditions in South Africa and, to varying degrees, economic and market conditions in emerging markets generally. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the South African economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in South Africa. Crises in other emerging market countries may diminish investor interest in securities of South African issuers, including the Group's, which could adversely affect the market price of investments in the Notes.

Credit ratings may not reflect all risks, and changes to South Africa's credit ratings may affect the Group's ability to obtain funding

In addition to the ratings on the Notes provided by Moody's Investors Service, Inc. ("**Moody's**"), and Fitch Ratings Ltd. ("**Fitch**"), one or more other independent credit rating agencies may assign credit ratings to the Notes. The ratings might not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. Similar ratings on different types of notes do not necessarily mean the same thing. The initial ratings by Moody's and Fitch will not address the likelihood that the principal on the Notes will be prepaid or paid on the scheduled maturity date. Such ratings also will not address the marketability of investments in the Notes or any market price. Any change in the credit ratings of the Notes or the Group or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating. Moreover, a downgrade or potential downgrade of the South African sovereign rating could negatively affect the Group's ratings. See "*—The investments, business, profitability and results of operations of the Group may be adversely affected as a result of global economic conditions and economic, political and social risks in South Africa—South African political conditions*" for a discussion of the South African sovereign credit rating.

In general, European regulated investors are restricted under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Memorandum.

Investors whose financial activities are denominated in a currency or currency unit other than U.S. Dollars may receive less interest or principal than expected, or no interest or principal on the Notes, as a result of fluctuations in exchange rates or changes to exchange controls

The Issuer will pay principal and interest on the Notes in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Issuer's currency or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. Dollar would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Changes in the value of the Investor's Currency relative to the U.S. Dollar could be caused by a variety of factors, including changes to the monetary policies maintained in the relevant central banks and vacillating demand for various currencies in the global marketplace. As a result of COVID-19, global demand for the U.S. Dollar has increased, causing it to appreciate against a variety of currencies. Additionally, in response to the economic fallout of COVID-19, global central banks have endeavoured to bolster local economies by implementing substantial stimulus programmes, which can dramatically impact the availability of, and demand for, certain currencies (thus impacting foreign exchange rates). In some cases, these stimulus measures can be, or may be perceived to be, catalysts for future inflation, which can also impact the relative present and future value of a currency.

Furthermore, governmental and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal on the Notes.

Transfer of investments in the Notes will be subject to certain restrictions

The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. Prospective investors may not offer or sell the Notes, except to Qualified Institutional Buyers as defined under Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Similar restrictions will apply in other jurisdictions.

Prospective investors should read the discussion under "*Notice to Investors*" for further information about these transfer restrictions. It is their obligation to ensure that their offers and sales of the Notes within the United States and other countries comply with any applicable securities laws.

Investors in the Notes must rely on DTC, Euroclear and Clearstream procedures

The Notes sold in the Offering to non-U.S. Persons in offshore transactions under Regulation S will be represented on issue by one or more global notes, the Regulation S Global Notes, that will be deposited with, or on behalf of, a common depositary for Euroclear and Clearstream and registered in the name of a nominee of such common depositary. Except in the circumstances described in the relevant Regulation S Global Note, investors will not be entitled to receive Regulation S Notes in definitive form. Euroclear and Clearstream and their respective participants will maintain records of the beneficial interests in the relevant Regulation S Global Note. While the Notes are represented by the Regulation S Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream and their respective participants.

The Notes sold in the Offering to QIBs pursuant to Rule 144A will be represented on issue by the Rule 144A Global Notes that will be deposited with a custodian for DTC and registered in the name of Cede & Co., as DTC's nominee. Except in the circumstances described in the relevant Rule 144A Global Note, investors will not be entitled to receive Notes in definitive form. DTC and its direct and indirect participants will maintain records of the beneficial interests in the relevant Rule 144A Global Note. While the Notes are represented by the Rule 144A Global Notes, investors will be able to trade their beneficial interests only through DTC. While the Notes are represented by the Rule 144A Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems.

A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Notes. Similarly, holders of beneficial interests in a Global Note will not have a direct right to vote or take other actions in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Financial turmoil in emerging markets could cause the price of the Notes to suffer

In general, investing in the securities of issuers that have operations primarily in emerging markets like South Africa involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the European Union or similar jurisdictions. The market price of the Notes is influenced by economic and market conditions in South Africa and, to a varying degree, economic and market conditions in both emerging market countries and more developed economies, including those in the European Union and the United States. Financial turmoil in South Africa and emerging markets in the past has adversely affected market prices in the world's securities markets for companies that operate in developing economies. Even if the South African economy remains relatively stable, financial turmoil in these countries could materially adversely affect the market price of the Notes.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes (the "**Conditions**") which (subject to modification and except for the paragraphs in italics) will be endorsed on each Definitive Registered Note (if issued):*

The U.S.$800,000,000 3.625% Senior Notes due 2026 (the "**Notes**," which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of The Bidvest Group (UK) plc (Registration number 10855367) (the "**Issuer**") are constituted by a trust deed to be dated 23 September 2021 (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") between the Issuer, The Bidvest Group Limited (Registration number 1946/021180/06) (the "**Company**") and Citibank, N.A., London Branch as trustee (the "**Trustee**", which expression shall include its successor(s)) for the Noteholders (as defined below). The Notes are also the subject of an agency agreement to be dated 23 September 2021 (as amended and/or supplemented and/or restated from time to time, the "**Paying Agency Agreement**") made between the Issuer, the Company, and Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**," which expression shall include its successor(s)), registrar (the "**Registrar**," which expression shall include its successor(s)) and transfer agent (the "**Transfer Agent**," which expression shall include its successor(s), and together with the Principal Paying Agent, the Registrar and the Transfer Agent, the "**Agents**") and the Trustee.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed and the Paying Agency Agreement. Copies of the Trust Deed and the Paying Agency Agreement are available for inspection or collection upon reasonable notice during normal business hours by the Noteholders at the registered office of the Trustee, and at the specified offices of each of the Agents or may be provided by email to any Noteholder following their written request to the Trustee or any Agent together with the Noteholder's proof of holding and identity (in a form satisfactory to the Trustee or the relevant Agent). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Paying Agency Agreement applicable to them.

*The owners shown in the records of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and the Depository Trust Company ("**DTC**") of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Paying Agency Agreement applicable to them.*

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Notes are issued in registered form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (referred to as the "**principal amount**" of a Note).

The Notes will be initially issued in global, fully registered form, and represented by (i) one or more global notes representing the Notes initially sold to qualified institutional buyers within the meaning of, and pursuant to, Rule 144A under the Securities Act (the "**Rule 144A Global Notes**") and (ii) one or more global notes representing the Notes initially sold outside the United States to non-U.S. persons within the meaning of, and pursuant to, Regulation S under the Securities Act (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"), which will each be exchangeable for Notes in definitive, fully registered form ("**Definitive Registered Notes**") only in the limited circumstances specified in the Global Notes and the Paying Agency Agreement.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Definitive Registered Note in respect of it) and no person will be liable for so treating the holder. In these Conditions

"**Noteholder**" and (in relation to a Note) "**holder**" means the person in whose name a Note is for the time being registered in the register of Noteholders (or, in the case of joint holders, the first named thereof) and "**holders**" shall be construed accordingly.

For a description of the procedures for transferring title to book-entry interests in the Notes, see "Book-Entry; Delivery and Form."

2. TRANSFERS OF NOTES

2.1 Transfers

A Note may, subject to Conditions 2.4 and 2.5, be transferred in whole or in part in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof upon surrender of the relevant Definitive Registered Note representing that Note, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer endorsed thereof), duly completed and signed and any other evidence as the Registrar or such Transfer Agent may reasonably require, at the specified office of the Registrar or the Transfer Agent. No Note will be valid unless and until entered on the register of Noteholders.

For a description of certain restrictions on transfers of interests in the Notes, see "*Notice to Investors*".

2.2 Registration and Delivery of Definitive Registered Notes

Within five Business Days (as defined below) of surrender of a Definitive Registered Note in accordance with Condition 2.1 above, the Registrar or the Transfer Agent (as the case may be) shall register the transfer in question and deliver a new Definitive Registered Note to each relevant Noteholder at the specified office of the Registrar or send it by uninsured mail at the risk and expense of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 2, "**Business Day**" shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or Transfer Agent are located.

Except in the limited circumstances described in "Book-Entry; Delivery and Form—Definitive Registered Notes", owners of interests in the Notes will not be entitled to receive physical delivery of Definitive Registered Notes. Issues of Definitive Registered Notes upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Trust Deed and compliance with the legends placed on the Notes as described in "Notice to Investors".

Where some but not all of the Notes represented by a Definitive Registered Note are to be transferred, a new Definitive Registered Note in respect of the balance of the Notes not so transferred will be mailed by uninsured mail at the risk and expense of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities Free of Charge

Subject to Condition 2.5, the registration of a transfer of Notes will be effected without charge by or on behalf of the Issuer or any Transfer Agent but (i) upon payment by the Noteholder (or the giving of such indemnity as the Issuer or any Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and (ii) the Registrar or the Transfer Agent being satisfied with the documents of title and/or identity of the Noteholder making such application.

2.4 Closed periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal or interest on that Note or (ii) after any such Note has been called for redemption.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes set out in the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Transfer Agent (such consent not to be unreasonably withheld or delayed). A copy of the current regulations will be provided (free of charge) by the Registrar or the Transfer Agent to any Noteholder as soon as reasonably practicable upon reasonable request.

3. STATUS OF THE NOTES AND THE COMPANY GUARANTEE

3.1 Status of the Notes

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu* in right of payment, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save only for such obligations as may be preferred by mandatory provisions of applicable law.

3.2 Status of the Company Guarantee

The payment of the principal and interest in respect of the Notes and of all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Company (the "**Company Guarantee**") in the Trust Deed. The obligations of the Company under the Company Guarantee constitute direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of the Company and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Company, present and future, save only for such obligations as may be preferred by mandatory provisions of law.

4. COVENANTS

4.1 Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed), the Company and the Issuer will ensure that no Indebtedness of the Company, the Issuer or any of the Company's other Subsidiaries will be secured by any Security Interest, other than a Permitted Security Interest, upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Company, the Issuer or any of the Company's other Subsidiaries unless the Company and the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, take and cause any relevant Subsidiaries to take any and all action necessary to ensure that:

(a) all amounts payable by the Issuer under the Notes then outstanding and the Company under the Company Guarantee are secured by the relevant Security Interest equally and rateably with the relevant Indebtedness; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

4.2 Limitation on Indebtedness

(a) The Company and the Issuer shall not, and shall not cause or permit any of the Company's other Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "**incur**") any Indebtedness; provided, however, that the Company, the Issuer or any of the Company's other Subsidiaries may incur Indebtedness if the Consolidated Net Leverage Ratio for the most recent Relevant Period in respect of which consolidated financial statements of the Company prepared in accordance with IFRS have been delivered pursuant to Condition 4.3 immediately preceding the date on which such additional Indebtedness is incurred (or in the case of Condition 4.2(b)(iii), the date on which such acquisition is completed) would not exceed 3.0 to 1.0, as determined on a *pro forma* basis (including a *pro* *forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred (and in the case of Condition 4.2(b)(iii), such acquisition had been completed) at the beginning of the Relevant Period.

For the purpose of calculating the Consolidated Net Leverage Ratio in this Condition 4.1(a) (or elsewhere in these Conditions) for a Relevant Period ending on 31 December in any year (i) the financial information as at such 31 December and for the six month period ending on such date shall be derived from the published consolidated financial statements for the six month period ended on such 31 December, and (ii) the financial information for the six month period in the second half of the prior financial year ending on 30 June shall be derived from deducting that of the consolidated financial statements for the first six month period in such prior year from the consolidated financial statements for that full year.

(b) Condition 4.2(a) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"):

(i) the incurrence by the Company, the Issuer or any of the Company's other Subsidiaries of Indebtedness pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility) in a maximum aggregate principal amount at any time outstanding not exceeding £240 million plus in the case of any refinancing of any Indebtedness permitted under this clause (i) or any portion thereof, the aggregate amount of fees, costs and expenses (including fees and commissions paid as discounts) incurred in connection with such refinancing;

(ii) the incurrence by the Issuer of Indebtedness represented by the Notes to be issued on the Issue Date and by the Company of the Company Guarantee thereof;

(iii) the incurrence by the Company, the Issuer or any of the Company's other Subsidiaries of Existing Indebtedness (other than Existing Indebtedness deemed incurred under Condition 4.2(b)(i) or (xii) pursuant to the allocation provisions of Condition 4.2(d));

(iv) any Indebtedness of any company which becomes a member of the Group after the Issue Date outstanding on the date it was acquired (including, for the avoidance of doubt, any Indebtedness incurred by such company in contemplation of such acquisition) or incurred by the Company, the Issuer or any of the Company's other Subsidiaries to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such company was acquired; *provided, however, either*:(A) the Consolidated Net Leverage Ratio, as determined on a *pro forma* basis giving effect to the relevant acquisition and the additional Indebtedness would not exceed 3.0 to 1.0; or (B) the Consolidated Net Leverage Ratio, as determined on a pro forma basis giving effect to the relevant acquisition and the additional Indebtedness, would not be greater than it otherwise would be if determined without giving effect to such acquisition and the additional Indebtedness;

(v) the incurrence by the Company, the Issuer or any of the Company's other Subsidiaries of Permitted Refinancing Indebtedness, to the extent that it is in exchange for, or to the extent that the net proceeds of which are or shall be used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that, at the time such Indebtedness was incurred, was permitted by these Conditions to be incurred under Condition 4.2(a) or 4.2(b)(ii), (iii), (iv) or this clause (v);

(vi) the incurrence by the Company, the Issuer or any of the Company's other Subsidiaries of Indebtedness in respect of any Qualified Securitisation;

(vii) the incurrence by the Company, the Issuer or any of the Company's other

Subsidiaries of hedging obligations not intended for speculative purposes (as determined in good faith by the Company);

(viii) (A) the guarantee by the Company, the Issuer or any of the Company's other Subsidiaries of Indebtedness of the Company, the Issuer or any of the Company's other Subsidiaries that was permitted to be incurred by another provision of this Condition 4.2 (excluding guarantees by Persons other than Adcock Ingram Subsidiaries or Financial Services Subsidiaries of Indebtedness incurred by Adcock Ingram Subsidiaries or Financial Services Subsidiaries, respectively); provided that if the Indebtedness being guaranteed is subordinated to or pari passu with the Notes or a guarantee thereof, as applicable, then the guarantee shall be subordinated or pari passu, as applicable, to the same extent as the Indebtedness guaranteed; or

(B) intercompany indebtedness owed to and held by the Company, the Issuer or any of the Company's other Subsidiaries in respect of the Company, the Issuer or any of the Company's other Subsidiaries; provided, however, that (x) any subsequent issuance or transfer of any Capital Stock which results in any such Subsidiary ceasing to be a Subsidiary or any subsequent disposition, pledge or transfer of such intercompany Indebtedness (other than to the Company, the Issuer or any of the Company's other Subsidiaries) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the relevant obligor in respect of such Indebtedness and (y) if the Company or the Issuer is the obligor in respect of such Indebtedness, such Indebtedness is unsecured, and is expressly subordinated to the prior payment in full in cash of all obligations of the Issuer with respect to the Notes and the Company with respect to the Company Guarantee;

(ix) the incurrence by the Company, the Issuer or any of the Company's other Subsidiaries of Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 15 Business Days;

(x) Indebtedness in respect of self-insurance obligations or captive insurance companies or consisting of the financing of insurance premiums in the ordinary course of business;

(xi) the incurrence by the Company, the Issuer or any of the Company's other Subsidiaries of Indebtedness in respect of (x) letters of credit, bank guarantees, bid, performance, appeal, surety and similar bonds, completion guarantees, judgment, advance payment, customs, VAT or similar instruments issued for the account of the Company, the Issuer or any of the Company's other Subsidiaries in the ordinary course of business (in each case, (a) other than an obligation for money borrowed and (b) to the extent such obligations are reimbursed within 30 days of incurrence), including guarantees and obligations of the Company, the Issuer or any of the Company's other Subsidiaries with respect to letters of credit or similar instruments supporting such obligations or in respect of self-insurance and workers compensation obligations; and (y) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, entered into in the ordinary course of business;

(xii) the incurrence by any Adcock Ingram Subsidiaries of Indebtedness approved by the board of directors of Adcock Ingram Holdings Limited (or the board of directors (or any equivalent body) of any successor thereto listed on the JSE Limited) or pursuant to Delegated Board Approval;

(xiii) the incurrence by the Company, the Issuer or any of the Company's other Subsidiaries of Indebtedness under working capital facilities in a maximum aggregate principal amount at any time outstanding not exceeding U.S.$200 million (or an equivalent amount in any other currency or currencies); or

(xiv) the incurrence by the Company, the Issuer or any of the Company's other Subsidiaries of additional Indebtedness and any Permitted Refinancing Indebtedness in respect thereof (other than and in addition to Indebtedness permitted under sub-clauses (i) through (xiii) in an aggregate principal amount at any time outstanding not to exceed U.S.$100 million (or an equivalent amount in any other currency or currencies).

(c) Notwithstanding the foregoing, the aggregate principal amount of Indebtedness that may be incurred by Subsidiaries of the Company (other than the Issuer) pursuant to Conditions 4.2(a) and 4.2(b)(i), (b)(iv) (with respect to debt incurred in contemplation of any acquisition only), (b)(xiii), and (b)(xiv), as well as (b)(v) (but only to the extent that Indebtedness that was originally incurred under one of the foregoing provisions of this Condition 4.2(c) (or Permitted Refinancing Indebtedness in relation to Indebtedness that was originally so incurred) has been refinanced thereby) shall not at any one time outstanding exceed the greater of ZAR 10 billion and 100% of Consolidated EBITDA.

(d) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness incurred pursuant to and in compliance with this Condition 4.2:

(i) in the event that an item or portion of an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in Condition 4.2(b), or is entitled to be incurred pursuant to Condition 4.2(a), the Company, in its sole discretion, will be permitted to classify such item or portion of an item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Condition 4.2; provided that (a) debt incurred under Facility B of the Multi-Currency Facilities shall be deemed incurred under sub-clause (i) and may not be reclassified; and (b) the Existing Adcock Ingram Debt Facilities shall be deemed incurred under sub-clause (xii) and may not be reclassified;

(ii) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included; and

(iii) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Condition 4.2 permitting such Indebtedness.

4.3 Financial Information

The Company hereby undertakes to the Noteholders that:

(a) it will make available on its website, within 150 days after the end of each of its financial years, its audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied with corresponding financial statements for the preceding period and together with the audit report of the Auditors thereon;

(b) it will make available on its website, within 90 days after the end of the first half of each of its financial years, copies of the Company's unaudited consolidated financial statements for the six month period then ended, prepared in accordance with IFRS consistently applied with corresponding financial statements for the preceding period and together with the review report of the Auditors thereon (if any); and

(c) the annual and semi-annual financial information required by Conditions 4.3(a) and (b) above shall include, as supplemental unaudited information, Consolidated EBITDA, total debt, net interest expense and cash and cash equivalents for the relevant period or as at the relevant period-end disregarding the impact of IFRS 16 (*Leases*) and any successor standard thereto.

4.4 Merger, Consolidation and Sale of Substantially All Assets

Neither the Company nor the Issuer shall consolidate, merge or amalgamate with or into (whether or not the Company or the Issuer (as applicable) is the surviving corporation), and the Company shall not, directly or indirectly, sell, assign or convey, transfer, lease, or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its assets (determined on a consolidated basis for the Company and its Subsidiaries) to, another Person, unless:

(a) the resulting, surviving or transferee Person, if other than the Company or the Issuer (as applicable) (the "**Successor**"), shall be a Person organised and existing under the laws of South Africa, England and Wales, Switzerland, Australia, any member state of the European Union, or any State of the United States and shall expressly assume, by a supplement to the Trust Deed in form and substance satisfactory to the Trustee, all the obligations of the Company or the Issuer (as applicable) in respect of the Notes and under the Trust Deed and the Paying Agency Agreement;

(b) immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness which becomes an obligation of the Company, the Issuer or any Successor, as applicable, or any Subsidiary of the Company, the Issuer or the Successor, as the case may be, as a result of such transaction as having been Incurred by the Company, the Issuer or the Successor or such Subsidiary at the time of such transaction) no Event of Default shall have occurred and be continuing; and

(c) immediately after giving effect to such transaction on a pro forma basis, as if such transaction had occurred at the beginning of the Relevant Period (and treating any Indebtedness which becomes an obligation of the Company, the Issuer or the Successor, as applicable, or any Subsidiary of the Company, the Issuer or the Successor, as the case may be, as a result of such transaction as having been Incurred by the Company, the Issuer or the Successor or such Subsidiary at the time of such transaction with the appropriate adjustments with respect to such transactions being included in such pro forma calculation), either:

    (i) the Company, the Issuer or the Successor, as the case may be, could Incur at least U.S.$1.00 of additional Indebtedness pursuant to Condition 4.2(a); or

    (ii) the Consolidated Net Leverage Ratio for the Company or, as the case may be, the Successor and its Subsidiaries would be no greater than such ratio for the Company and its Subsidiaries immediately prior to such transaction.

(d) the Company shall have delivered to the Trustee (x) an Officer's Certificate (as defined in the Trust Deed) stating that such consolidation, merger or amalgamation or such sale, assignment, conveyance, transfer, lease or other disposition complies with this Condition 4.4; and (y) an Opinion of Counsel (which may include in-house counsel) stating that such consolidation, merger or amalgamation or such sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental Trust Deed is required in connection with such transaction, such supplemental Trust Deed will, comply with this Condition 4.4 and has been duly authorised, executed and delivered by the Successor and constitutes a legal, valid, binding and enforceable obligation of the Successor. The Trustee shall be entitled to accept and rely on such Officer's Certificate (as defined in the Trust Deed) and Opinion of Counsel as conclusive evidence of such compliance and the Trustee shall enter into such document, agreement or deed (in form and substance satisfactory to the Trustee) as shall be necessary to give effect to such transaction, without further enquiry and without liability to any person. In giving an Opinion of Counsel, counsel may rely on an Officer's Certificate (as defined in the Trust Deed) as to any matters of fact.

The Successor shall succeed to, and be substituted for and may exercise every right and power of, the Company or the Issuer (as applicable) under the Trust Deed and the Paying Agency Agreement. Except in the case of a lease, the Company or the Issuer (as applicable) shall be relieved of all obligations and covenants under the Trust Deed and the Paying Agency Agreement and the Notes.

Nothing contained in the foregoing restrictions on merger, consolidation, amalgamation and asset transfers shall prohibit:

(a) (i) any Subsidiary of the Company from consolidating or amalgamating with, merging with or into, or transferring all or part of its properties and assets to the Company, the Issuer or any of the Company's other Subsidiaries, *provided* that in the case of any such consolidation, merger or amalgamation (but not any such transfer of properties and assets) involving the Company or the Issuer in which the Company or the Issuer, as applicable, is not the surviving Person, Condition 4.4(a) and (d) shall apply to the transaction, (ii) the Issuer and the Company from consolidating, amalgamating, or merging with the other or into each other, or transferring all or part of their properties and assets to the other, *provided* that in the case of any such consolidation, merger or amalgamation (but not any such transfer of properties and assets) involving the Company and the Issuer in which the Issuer is not the surviving Person, Condition 4.4(a) and (d) shall apply to the transaction; and in each such case, *provided further* that, after giving effect to any such merger, consolidation, amalgamation or asset transfer, no Event of Default shall have occurred and be continuing or would result therefrom; and

(b) the merger, consolidation or other combination of the Company, the Issuer or any of the Company's other Subsidiaries with or into another person for the purpose of changing the legal domicile of that Person, reincorporating (or other similar transaction) the Company or, as the case may be, any of its Subsidiaries, in another jurisdiction, or changing the legal form of the Company or any of its Subsidiaries.

4.5 Limitation on Asset Sales

(a) The Company and the Issuer shall not, and shall not cause or permit any of the Company's other Subsidiaries to, consummate an Asset Sale unless:

(i) The Company, the Issuer and/or such Subsidiary receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and

(i) at least 75% of the consideration received in the Asset Sale by the Company, the Issuer and/or such Subsidiary is in the form of cash or Cash Equivalent Investments. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company, the Issuer and/or any such Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases the Company, the Issuer or such Subsidiary from or indemnifies against further liability;

(B) any securities, notes, bonds or other obligations received by the Company, the Issuer and/or any such Subsidiary from such transferee that are as soon as reasonably practicable and subject to ordinary settlement periods, converted by the Company, the Issuer or such Subsidiary into cash, to the extent of the cash received in that conversion; and

(C) any stock or assets of the kind referred to in clauses (ii), (iv) or (v) of the next paragraph of this Condition 4.5.

(b) Within 365 days after the receipt of any Net Available Cash from an Asset Sale, the Company, the Issuer or one or more of the Company's other Subsidiaries may apply an amount equal to the amount of such Net Available Cash:

(i) to (A) repay Indebtedness (other than (I) the Notes, (II) intercompany Indebtedness or Indebtedness owed to a shareholder or an Affiliate of the Company or (III) Indebtedness expressly subordinated to the Notes) or (B) redeem Notes in accordance with Condition 7;

(ii) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Subsidiary of the Company;

(iii) to make a capital expenditure;

(iv) to acquire other assets that are used or useful in a Permitted Business; or

(v) a combination of any of the above permitted by the foregoing sub-clauses (i) through (iv).

(c) If the Net Available Cash is in an amount that exceeds the aggregate amount applied or invested in accordance with Condition 4.5(b) within the applicable time period specified in Condition 4.5(b), such excess amount to that applied or invested in accordance with Condition 4.5(b) will constitute "**Excess Proceeds**".

When the aggregate amount of Excess Proceeds exceeds US$50.0 million, within 30 days thereof, the Issuer will make an offer (an "**Asset Sale Offer**") to all Noteholders with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of Notes (plus all accrued and unpaid interest and the amount of all fees and expenses, including premiums (if any), incurred in connection therewith) that may be purchased or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase or redemption. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company, the Issuer and the Company's other Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by these Conditions. If the aggregate principal amount of Notes tendered in (or required to be redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Issuer will accept Notes for purchase on a pro rata basis, based on the amounts tendered or required to be prepaid or redeemed (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in denominations of US$200,000, or an integral multiple of US$1,000 in excess thereof, will be purchased). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of all securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Condition 4.5, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Condition 4.5 by virtue of such compliance.

Pending the final application of any Net Available Cash, the Company, the Issuer or any of the Company's other Subsidiaries may temporarily reduce revolving credit borrowings or otherwise invest the Net Available Cash in any manner that is not prohibited by these Conditions.

4.6 Limitation on Restricted Payments

(a) The Company and the Issuer shall not, and shall not cause or permit any of the Company's other Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Company's, the Issuer's or any of the Company's other Subsidiaries' Equity Interests (including, without limitation, any such payment or distribution made in connection with any merger or consolidation involving the Company, the Issuer or any Subsidiary) or to the direct or indirect holders of the Company's, the Issuer's or any of the Company's other Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests of the Company and other than dividends or distributions (including through capital/equity reductions and/or share redemptions) payable to the Company, the Issuer or to any of the Company's other Subsidiaries);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company held by Persons other than the Company, the Issuer or any of the Company's other Subsidiaries (other than in exchange for Equity Interests of the Company); or

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of Company, the Issuer or any of the Company's other Subsidiaries that is expressly contractually subordinated in right of payment to the Notes and/or the Company Guarantee (excluding any intercompany Indebtedness between or among the Company, the Issuer or any of the Company's other Subsidiaries) except (i) a payment of interest or principal at the stated maturity thereof or (ii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal instalment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement,

(all such payments and other actions set forth in these clauses (i) through (iii) above being collectively referred to as "**Restricted Payments**"), unless, at the time of and after giving effect to such Restricted Payment:

(A) no Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(B) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable semi-annual period, have been permitted to incur at least U.S.$1.00 of additional Indebtedness pursuant to Condition 4.2(a); and

(C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and the Subsidiaries since the Issue Date (excluding Restricted Payments permitted by Condition 4.6(b)(ii), (iii), (iv), (v), (vi), (x) and (xi)) is less than the sum, without duplication, of:

(1) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from 1 July 2021 to the end of the Company's most recently ended fiscal semi-annual period for which consolidated financial statements of the Company prepared in accordance with IFRS that have been delivered pursuant to Condition 4.3 (or, if such Consolidated Net Income for such period is a deficit, *less* 100% of such deficit); *plus*

(2) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company or from the issue or sale of convertible or exchangeable debt securities of the Company, in each case, that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests and convertible or exchangeable debt securities sold to a Subsidiary and 100% of any cash capital contribution received by the Company from its

shareholders subsequent to the Issue Date.

(b) Condition 4.6(a) will not prohibit:

(i) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of these Conditions;

(ii) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Equity Interests of the Company or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilised for any such Restricted Payment will be excluded from the calculation of amounts under sub-clause (C)(2) above;

(iii) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company, the Issuer or any of the Company's other Subsidiaries that is contractually subordinated to the Notes and/or the Company Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, redemption, defeasance or other acquisition or retirement for value;

(iv) the declaration or payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Subsidiary to the holders of its Equity Interests on a *pro rata* basis;

(v) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(vi) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person; and

(vii) so long as no Default or Event of Default has occurred and is continuing and the Company's ordinary shares remains listed on the JSE Limited, the declaration and payment by the Company, consistent with its stated dividend policy in effect from time to time, of semi-annual gross cash dividends to holders of its ordinary shares in an amount not to exceed ZAR 2.90 per ordinary share; *provided that* after giving *pro forma* effect to such Restricted Payment the Consolidated Net Leverage Ratio would not exceed 3.0 to 1;

(viii) so long as no Default or Event of Default has occurred and is continuing, Restricted Payments in an aggregate amount not to exceed U.S.$150.0 million (or an equivalent amount in any other currency or currencies), since the Issue Date;

(ix) repurchases of ordinary shares of the Company to hold in treasury pending their use to satisfy share awards or the exercise of share options pursuant to management or employee incentive plans; *provided that*, after giving *pro forma* effect to any such repurchase, (a) the aggregate number of ordinary shares held in treasury would not exceed 5% of the issued share capital of the Company, and (b) the Consolidated Net Leverage Ratio would not exceed 3.0 to 1;

(x) the payment of the declared dividend for second six month period in the 2021 financial year relating to net income earned from 1 January through 30 June 2021; and

(xi) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary (x) outstanding on the Issue Date or (y) incurred on or after the Issue Date in accordance with Clause 4.2 (*Limitation on Indebtedness*).

(c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company, the Issuer or the relevant other Subsidiary of the Company, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors acting in good faith.

(d) Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

4.7 Additional Guarantees

(a) The Company and the Issuer shall not cause or permit any of the Company's other Subsidiaries to guarantee (whether directly or indirectly) any Indebtedness of the Company or the Issuer unless such Subsidiary provides, by way of a supplemental Trust Deed in form and substance satisfactory to the Trustee, a guarantee of the Notes on a substantially identical basis and ranking senior to or pari passu with such Subsidiary's guarantee of such other Indebtedness of the Company or the Issuer, which guarantee of the Notes shall be legally valid and enforceable to at least the same degree as such guarantee of other Indebtedness of the Issuer and shall be in effect for so long as such Subsidiary's guarantee of such other Indebtedness of the Company or the Issuer remains in effect.

(b) The additional guarantee pursuant to this Condition 4.7 shall be conditional upon receipt by the Trustee of an Opinion of Counsel as to the enforceability under English law of the Subsidiary's guarantee. The Trustee shall be entitled to accept and rely on the Opinion of Counsel referred to above, without further enquiry and without liability to any person, as sufficient evidence of the matters certified therein.

(c) This Condition 4.7 shall not be applicable to any guarantees by any Subsidiary: (i) that existed as of the Issue Date or at the time such Person became a Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary; (ii) that constitute a Security Interest not prohibited by Condition 4.1 or a Permitted Security Interest; (iii) of current liabilities incurred in the ordinary course of business in connection with cash management, tax and accounting operations; (iv) of Indebtedness of the Company or any Subsidiary provided by the Issuer or a Subsidiary Guarantor; or (v) Indebtedness of the Company or any Subsidiary outstanding on the Issue Date after giving effect to the use of proceeds of the Notes.

(d) Notwithstanding the foregoing, the Company and the Issuer shall not be obliged to cause such Subsidiary to guarantee the Notes pursuant to this Condition 4.7 to the extent that such guarantee by such Subsidiary would reasonably be expected to give rise to or result in (i) a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company, the Issuer or such Subsidiary or any liability for the officers, directors or shareholders of such Subsidiary, (ii) any liability for the officers, directors or shareholders of the Company or such Subsidiary or (iii) any significant cost, expense, liability or obligation (including with respect to Taxes but other than reasonable out of pocket expenses) of the Company and its Subsidiaries to the extent such costs, expenses, liabilities and/or other obligations are disproportionate to the benefit obtained by the holders of the Notes with respect to the receipt of the guarantee as determined in good faith by a responsible accounting or financial officer of the Company).

(e) In the event that the Company and the Issuer shall seek, pursuant to the immediately preceding sentence, to cause or permit a Subsidiary to guarantee Indebtedness of the

Company or the Issuer without such Subsidiary being obliged to guarantee the Notes (and prior to the issuance of such guarantee), the Company or the Issuer will deliver to the Trustee an Officer's Certificate to the effect that either (i) such Subsidiary cannot prevent or avoid a violation of applicable law that would reasonably be expected to arise or result from the giving of a guarantee by measures reasonably available to the Company, the Issuer or such Subsidiary or (ii) the giving of the guarantee by a Subsidiary would reasonably be expected to give rise to liability for the officers, directors or shareholders of such Subsidiary, and the Trustee shall be entitled to accept and rely on such Officer's Certificate as sufficient evidence thereof without further enquiry and without further liability to the Noteholders or any other person in respect thereof.

(f) Any additional guarantee created for the benefit of the Noteholders pursuant to this Condition 4.7 will automatically and unconditionally be released under the same conditions and circumstances that the guarantee of the other Indebtedness of the Company or the Issuer that gave rise to the obligation to guarantee the Notes will be released, so long as no Event of Default would otherwise arise as a result and no other Indebtedness of the Company or the Issuer is at that time guaranteed by the relevant Subsidiary.

(g) At the time of execution of any such additional guarantee, the Company and the Issuer shall deliver an Opinion of Counsel addressed to the Trustee that such guarantee is legal, valid, binding and enforceable in accordance with its terms.

4.8 Suspension of Covenants

(a) If on any date following the Issue Date;

(i) the Notes have achieved Investment Grade Status; and

(ii) no Potential Event of Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "**Suspension Period**"), the covenants specifically contained in Conditions 4.2 (*Limitation on Indebtedness*), 4.4(c) (*Merger, Consolidation and Sale of Substantially All Assets*), 4.5 (*Limitation on Asset Sales*), 4.6 (*Limitation on Restricted Payments*) and 4.7 (*Additional Guarantors*) will no longer be applicable to the Notes and any related default provisions in these Conditions will cease to be effective and will not be applicable to the Company, the Issuer and the Company's other Subsidiaries.

(b) Such covenants and any related default provisions will be reinstituted and apply according to its terms as of and from the first day (the "**Reversion Date**") on which the Notes cease to have Investment Grade Status. Such covenants will not, however, be of any effect with regard to actions of the Company and its Subsidiaries properly taken during the continuance of the Suspension Period and no Event of Default or Potential Event of Default will be deemed to have occurred solely by reason of any incurrence of Indebtedness during that period. In addition, for the purpose of the covenant contained in Condition 4.2, all Indebtedness incurred (or contractually committed to be incurred pursuant to the paragraph below) during the continuance of the Suspension Period shall be deemed incurred pursuant to Condition 4.2(b)(i). Upon the occurrence of a Suspension Period, the amount of Excess Proceeds for the purposes of Condition 4.5 shall be reset at zero.

(c) For the avoidance of doubt, the Company and the Issuer are entitled to honour any contractual commitment in the future after any date on which the Notes cease to have Investment Grade Status without it causing an Event of Default or Potential Event of Default, as long as the contractual commitments were entered into in good faith during the continuance of the Suspension Period and not in anticipation of the Notes no longer having Investment Grade Status.

(d) The Company or the Issuer shall promptly notify the Trustee and the Noteholders in accordance with Condition 12 that the two conditions set forth in Condition 4.8(a) have been satisfied; provided that such notification shall not be a condition for the Suspension Period set forth above to be effective. The Trustee shall not be obliged to notify Noteholders of such event or, if applicable, upon the occurrence of a Reversion Date.

(e) The Company or the Issuer shall promptly notify the Trustee and the Noteholders in accordance with Condition 12 if the Notes cease to have Investment Grade Status.

For the purpose of this Condition, "**Investment Grade Status**" shall occur when the Notes are rated "Baa3" or "BBB-", or better, by at least two of the Rating Agencies.

4.9 Interpretation

For the purpose of these Conditions:

(a) "**Acceptable Bank**" a lender or a bank or financial institution which has a rating for its long-term unsecured and non-credit enhanced debt obligations of A- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 or higher by Moody's Investors Services Limited or a comparable rating from an internationally recognised credit rating agency.

(b) "**Adcock Ingram Subsidiaries**" means, for so long as they remain Subsidiaries of the Company, Adcock Ingram Holdings Limited (or any successor thereto listed on the JSE Limited) and its Subsidiaries.

(c) "**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

(d) "**Asset Sale**" means:

(i) the sale, lease, conveyance or other disposition of any assets or rights by the Company, the Issuer or any of the Company's other Subsidiaries; *provided that*, the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole will be governed by the provisions in Condition 7.4 (in the event that it would constitute a Change of Control Event pursuant to the provisions thereof) and, as applicable, Condition 4.4 and not by the provisions of Condition 4.5; and

(ii) the issuance of Equity Interests by any of the Company's Subsidiaries or the sale by the Company, the Issuer or any of the Company's other Subsidiaries of Equity Interests in any of the Company's Subsidiaries.

For purposes of this definition, the term "**Asset Sale**" shall not include:

(A) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than the greater of U.S.$50.0 million;

(B) a transfer of assets or Equity Interests between or among the Company and its Subsidiaries;

(C) an issuance of Equity Interests by a Subsidiary of the Company to the Company, the Issuer or any of the Company's other Subsidiaries;

(D) the sale, lease or other transfer of products, inventory, trading stock, services, accounts receivable or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of the business of the Company, the Issuer and the Company's other Subsidiaries taken as whole);

(E) licenses and sublicenses by the Company or any of its Subsidiaries of software or intellectual property in the ordinary course of business;

(F) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(G) the granting of Security not prohibited by the covenant described above under Condition 4.1;

(H) the sale or other disposition of cash or Cash Equivalent Investments;

(I) the sale, assignment, conveyance, transfer, lease or other disposal of all or substantially all of the assets of the Company within the meaning of Condition 4.4;

(J) any sale or other disposition of assets or properties of the Adcock Ingram Subsidiaries approved by the board of directors of Adcock Ingram Holdings Limited (or the board of directors (or any equivalent body) of any successor thereto listed on the JSE Limited) or pursuant to Delegated Board Approval, *provided that* such disposition is not a disposition of all or substantially all of the properties or assets of the Adcock Ingram Subsidiaries taken as a whole;

(K) any transfer in connection with the termination, close-out or settlement of any Hedging Obligation permitted under these Conditions; and

(L) any BEE Transaction; *provided* that the Net Proceeds of any BEE Transaction are applied in accordance with Conditions 4.5(b) and (c) hereof.

(e) "**Attributable Indebtedness**" in respect of a Sale and Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate implicit in the transaction) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended).

(f) "**BEE Transaction**" means any transaction, including, without limitation, the issue or transfer of equity shares in the Company, the purpose of which is to advance broad based black economic empowerment as envisaged in the South African Broad Based Black Economic Empowerment Act 53 of 2003.

(g) "**Board of Directors**" means the Board of Directors of the Company or any committee thereof duly authorised to act on behalf of such Board.

(h) "**Cash**" or "**cash**" means at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of any member of the Group with an Acceptable Bank and to which that member of the Group is alone (or together with any other member(s) of the Group) beneficially entitled and for so long as:

(i) that cash is repayable within 30 days after the relevant date of calculation;

(ii) repayment of that cash is not contingent on the prior discharge of any other Indebtedness of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;

(iii) there is no Security Interest over that cash other than as described in sub-clause (x) of the definition of Permitted Security Interest; and

(iv) the cash is freely and (except as mentioned in sub-clause (i) above) immediately available to be applied in repayment or prepayment of Indebtedness of the Company and the Issuer,

but excluding, for the avoidance of doubt any cash held (in hand or at a bank) by the Financial Services Subsidiaries unless and until actually distributed through dividends to the Company or any of its Subsidiaries (other than other Financial Services Subsidiaries) and also excluding, for the avoidance of doubt, any cash at the Company or any of its other such Subsidiaries attributable to intercompany loans from Financial Services Subsidiaries (or other arrangements that result in claims or recourse against the Company or any such other Subsidiaries by the Financial Services Subsidiaries).

(i) "**Cash Equivalent Investments**" means at any time:

(i) certificates of deposit maturing within 90 days after the relevant date of calculation and issued by an Acceptable Bank;

(ii) any investment in marketable debt obligations issued or guaranteed by the government of South Africa, the United States of America, the United Kingdom, any member state of the European Economic Area, or any member state of the European Union that adopts or has adopted, and in each case continues to adopt, the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union, or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;

(iii) commercial paper not convertible or exchangeable to any other security: (A) for which a recognised trading market exists; (B) issued by an issuer incorporated in South Africa, United States of America, the United Kingdom or Republic of Ireland; (C) which matures within one year after the relevant date of calculation; and (D) which has a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody's, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(iv) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent); or

(v) any investment in money market funds which: (A) have a credit rating of either A-1 or higher by S&P or F1 or higher by Fitch or P-1 or higher by Moody's; and (B) invest substantially all their assets in securities of the types described in sub-clauses (i) to (iv) above, to the extent that investment can be turned into cash on not more than 30 days' notice,

in each case, denominated in ZAR, U.S. dollars, pounds sterling or euros and to which any member of the Group is alone (or together with any other member(s) of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security Interest, but excluding, for the avoidance of doubt any Cash Equivalent Investments held by the Financial Services Subsidiaries unless and until actually distributed through dividends to the Company or any of its Subsidiaries (other than other Financial Services Subsidiaries) and also excluding, for the avoidance of doubt, any Cash Equivalent Investments at the Company or any of its other such Subsidiaries attributable to intercompany loans from Financial Services Subsidiaries (or other arrangements that result in claims or recourse against the Company or any such other Subsidiaries by the Financial Services Subsidiaries).

(j) "**Consolidated EBITDA**" means, in relation to any Relevant Period, the total consolidated trading profit of the Group for that Relevant Period:

(i) before taking into account: (A) Consolidated Net Interest Expense; (B) any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same); (C) any share of the profit of any associated company or undertaking, except for dividends received in cash by any member of the Group; and (D) extraordinary and exceptional items (including acquisition costs); and

(ii) excluding amounts attributable to minority interests in Subsidiaries; and

(iii) after adding back all amounts provided for depreciation and amortisation for that Relevant Period,

as determined in accordance with IFRS and based on the most recent consolidated financial statements of the Company delivered pursuant to Condition 4.3.

(k) "**Consolidated Net Interest Expense**" means, in relation to any Relevant Period, the aggregate amount of interest and any other finance charges (whether or not paid, payable or capitalised) accrued by the Group in that Relevant Period in respect of Indebtedness including:

(i) the interest element of leasing and hire purchase payments;

(ii) commitment fees, commissions, arrangement fees and guarantee fees; and

(iii) amounts in the nature of interest payable in respect of any shares other than equity share capital,

adjusted (but without double counting) by (i) adding back the net amount paid or payable (or deducting the net amount received or receivable) by members of the Group in respect of that Relevant Period under any interest or (so far as they relate to interest) currency hedging arrangements and (ii) deducting interest received by any member of the Group (other than from another member of the Group) in respect of that Relevant period, in each case as determined in accordance with IFRS and based on the most recent consolidated financial statements of the Company delivered pursuant to Condition 4.3.

(l) "**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS, *provided* that:

(i) any extraordinary, unusual or nonrecurring gains or losses or income or expense or charge (as determined in good faith by a responsible accounting or financial officer of the Company) (including, without limitation, pension expense, casualty losses, severance expenses, redundancy expenses, integration expenses, relocation expenses, other restructuring expenses and fees, expenses or charges or other costs related to any offering of Equity Interests of such Person, any Investment, acquisition, disposition, recapitalization or listing or incurrence of Indebtedness permitted to be incurred hereunder (in each case, whether or not successful) or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events)) shall be excluded;

(ii) any income or loss from discontinued operations and any net after-tax gain or loss on disposal of discontinued operations shall be excluded;

(iii) any gains or losses attributable to business dispositions or asset dispositions of the

Company or any of its Subsidiaries (including pursuant to any sale leaseback transaction) other than in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of the Company) shall be excluded;

(iv) any income or loss and other costs (including deferred financing costs written off and other expenses directly incurred) attributable to the early extinguishment of Indebtedness and Hedging Obligations shall be excluded;

(v) (A) the Net Income for such period of any Person that is not the Company or a Subsidiary of the Company shall be included only to the extent of the amount of dividends or distributions or other payments in respect of equity that are actually paid in cash (or to the extent converted into cash) by the referent Person to the Company or a Subsidiary thereof in respect of such period, (B) the Net Income for such period shall include any dividend, distribution or other payments in respect of equity paid in cash by such Person to the Company or a Subsidiary thereof in excess of the amount included in clause (A) and (C) the net loss of any Person that is not a Subsidiary will be included only to the extent that such loss has been funded with cash by the specified Person or a Subsidiary of such Person;

(vi) any long-term incentive plan accruals that are not settled in cash and any non-cash compensation charge or expense realized from grants of stock appreciation or similar rights, stock options or other similar rights to officers, directors and employees of such Person or any of its Subsidiaries shall be excluded;

(vii) the cumulative effect of a change in accounting principles shall be excluded;

(viii) any unrealized exchange gains or losses, including any arising on translation of currency debt, and any hedging gains or losses relating to finance costs and any unrealized gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis), shall be excluded;

(ix) goodwill or other intangible asset impairment charge will be excluded; and

(x) any expenses, charges, reserves or other costs (including any increases in amortization or depreciation) in relation to any acquisition of another Person or business will be excluded.

(m) "**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (x) Consolidated Total Net Indebtedness at the end of the most recent Relevant Period to (y) the Consolidated EBITDA for such Relevant Period; *provided that*, for purposes of calculating the Consolidated Net Leverage Ratio:

(i) acquisitions of businesses or assets that have been made by the Group, including through mergers, consolidations, amalgamations or other business combinations and including any related financing transactions during such Relevant Period or subsequent to such Relevant Period and on or prior to the determination date (or that are to be made on the determination date), will be given *pro forma* effect as if they had occurred on the first day of the Relevant Period;

(ii) Indebtedness incurred or discharged by the Group during or subsequent to the Relevant Period and on or prior to the determination date (or that are to be incurred or discharged on the determination date) will be deemed incurred or discharged, as the case may be, on a *pro forma* basis, at the first day of the Relevant Period (and for the avoidance of doubt, included or excluded, respectively, in the determination of Consolidated Total Net Indebtedness at the end of the most recent Relevant Period);

(iii) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the determination date, will be excluded;

(iv) any Person that is a Subsidiary on the determination date will be deemed to have been a Subsidiary at all times during such Relevant Period; and

(v) any Person that is not a Subsidiary on the determination date will be deemed not to have been a Subsidiary at any time during such Relevant Period.

For the purposes of this definition and the definitions of Consolidated EBITDA and Consolidated Net Interest Expense, pro forma calculations will be as determined in good faith by a responsible financial or accounting officer of the Company. Any such pro forma calculation may include adjustments appropriate, in the good faith determination of the Company, to reflect operating expense reductions and other operating improvements or synergies expected to result from the applicable pro forma event. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period.

(n) "**Consolidated Total Assets**" means the consolidated total assets of the Company and its Subsidiaries at the end of the most recently ended fiscal semi-annual period for which consolidated financial statements of the Company prepared in accordance with IFRS have been delivered pursuant to Condition 4.3.

(o) "**Consolidated Total Net Indebtedness**" means, in relation to the end of any Relevant Period, (1) the total Indebtedness of the Group at the end of that Relevant Period *less* (2) the amount of Cash and Cash Equivalent Investments at the end of that Relevant Period as determined in accordance with IFRS and based on the most recent consolidated financial statements of the Company delivered pursuant to Condition 4.3.

(p) "**Credit Facility**" means one or more debt facilities, instruments or other financing arrangements (including, without limitation, commercial paper facilities, overdraft facilities, indentures, note purchase agreements or trust deeds) (in each case, whether drawn or otherwise) providing for revolving credit loans, term loans, receivables financing, bonds, notes, debentures or other forms of corporate debt instruments, performance guarantees or letters of credit together with any related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreement may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time.

(q) "**Delegated Board Approval**" means any action taken under authority delegated by the Board of Directors of Adcock Ingram pursuant to its policies.

(r) "**Equity Interests**" means capital stock and all warrants, options or other rights to acquire capital stock (but excluding any debt security that is convertible into, or exchangeable for, capital stock).

(s) "**Existing Adcock Ingram Debt Facilities**" means any Existing Indebtedness of the Adcock Ingram Subsidiaries, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

(t) "**Existing Indebtedness**" means Indebtedness of the Company and its Subsidiaries in existence on the Issue Date after giving effect to the use of proceeds of the offering of the Notes on the Issue Date.

(u) "**Facility B**" means the revolving facilities made available pursuant to the Multi-Currency Facilities, as such Facility B may be amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

(v) "**Fair Market Value**" means, with respect to any asset or property, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction, determined in good faith by the Company.

(w) "**Financial Services Subsidiaries**" means any Subsidiary of the Company primarily engaged in the banking or insurance businesses conducted by the Group.

(x) "**Fitch**" means Fitch Ratings Inc.

(y) "**Group**" means the Company and its consolidated Subsidiaries (including, for the avoidance of doubt, the Issuer), taken as a whole.

(z) "**IFRS**" means International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency from time to time, or any variation thereof with which the Company or its Subsidiaries are, or may be, required to comply. Notwithstanding the foregoing, the impact of IFRS 16 *Leases* and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to these Conditions and the Trust Deed and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of June 30, 2019 and any guarantee given by the Company or any Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in the effect on June 30, 2019.

(aa) "**Indebtedness**" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables, and without duplication):

(i) in respect of borrowed money;

(ii) evidenced by bonds, notes, debentures or similar instruments;

(iii) representing reimbursement obligations in respect of letters of credit, bank guarantees, banker's acceptances or similar instruments (except to the extent any such reimbursement obligations relate to trade payables), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(iv) representing Lease Obligations and/or (without duplication) Attributable Indebtedness;

(v) representing any hedging obligations;

(vi) any amount raised under any other transaction (including without limitation any forward sale or purchase agreement) having the economic or commercial effect of a borrowing, and the amount of indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above;

(vii) capital stock of any class or classes (however designated) of any Subsidiary of the specified Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Subsidiary, over shares of capital stock of any other class of such Subsidiary; or

(viii) all Indebtedness of others secured by a Security Interest on any asset of the specified Person, whether or not such Indebtedness is assumed by the specified Person (provided, however, that the amount of such Indebtedness will be the lesser of (x) the Fair Market Value of such asset at such date of determination (as determined in good faith by the Company) and (y) the amount of such Indebtedness of such other Persons), and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person;

provided that the foregoing indebtedness shall (other than the items of indebtedness specified in sub-clauses (iii, (vi), (vii) and (viii)) be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS.

The aggregate amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be equal to the total amount of funds borrowed and then outstanding.

The term "**Indebtedness**" shall not include:

(A) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes;

(B) in connection with the purchase by the Company, the Issuer or any of the Company's other Subsidiaries of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; and

(C) customer deposits and advance payments received from clients or customers in the ordinary course of business (including banking deposits placed with Financial Services Subsidiaries in the ordinary course of business).

(bb) "**Issue Date**" means 23 September 2021.

(cc) "**Lease Obligation**" means any lease of (or other agreement conveying the right to use) any property or asset (whether real, personal or other) by a Person to the extent liabilities in respect of such lease or other agreement are shown as borrowings on the relevant Person's consolidated balance sheet or are required to be classified and accounting for as liabilities under IFRS consistently applied.

(dd) "**Moody's**" means Moody's Investors Service, Inc.

(ee) "**Multi-Currency Facilities**" means £400,000,000 multi-currency facilities made available by the lenders under a facilities agreement entered into on or about 8 July 2021 between the Issuer, the Guarantor, BNP Paribas (as co-ordinator, documentation agent, bookrunner, mandated lead arranger and original lender), Barclays Bank Plc (as agent, mandated mead arranger and original lender), Bank of America Europe Designated Activity Company (as bookrunner, mandated lead arranger and original lender), Citibank N.A., London Branch (as bookrunner, mandated lead arranger and original lender), the Standard Bank of South Africa Limited (acting through its Isle of Man branch) (as mandated lead arranger and original lender), Absa Bank Limited (acting through its Corporate and Investment Banking division) (as mandated lead arranger and original lender) and Rand Merchant Bank, a division of FirstRand Bank Limited (as mandated lead arranger and original lender), as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

(ff) "**Net Available Cash**" from an Asset Sale means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities or other assets received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale or received in any other non-cash form) therefrom, in each case net of:

(ii) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses incurred, and all federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under Accounting Standards (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Sale;

(iii) all payments made on any Indebtedness that is secured by any assets subject to such Asset Sale, in accordance with the terms of any Security Interest upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law be repaid out of the proceeds from such Asset Sale;

(iv) all distributions and other payments required to be made to non-controlling interest holders in Subsidiaries or joint ventures as a result of such Asset Sale; and

(v) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the assets disposed of in such Asset Sales and retained by the Company after such Asset Sale.

(gg) "**Net Income**" means, with respect to any Person for any period, the net income (loss) of such Person for such period on a consolidated basis, as determined in accordance with IFRS.

(hh) "**Opinion of Counsel**" means a written opinion from legal counsel of international standing (which may include in-house counsel) who is acceptable to the Trustee.

(ii) "**Permitted Business**" means any business, services or activities engaged in by the Company, the Issuer or any of the Company's other Subsidiaries on the Issue Date, all activities reasonably necessary to, or undertaken in connection with, the foregoing, or any business activity that is a reasonable extension, development or expansion thereof or ancillary thereto, or any business reasonably related thereto.

(jj) "**Permitted Refinancing Indebtedness**" means any Indebtedness of the Company, the Issuer or any of the Company's other Subsidiaries raised or issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange or discharge other Indebtedness of the Company, the Issuer or any of the Company's other Subsidiaries; provided that:

(i) the aggregate principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, renewed, refunded, refinanced, replaced, exchanged or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(ii) such Permitted Refinancing Indebtedness has a final maturity date, or may only be redeemed at the option of the Company, either (x) no earlier than the final maturity date of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged or discharged (unless such Permitted Refinancing Indebtedness is issued to refinance Indebtedness originally issued pursuant to a notes programme containing the option of issuing shorter-term notes) or (y) after the final maturity date of the Notes;

(iii) if the Indebtedness being extended, renewed, refunded, refinanced, replaced or discharged is expressly, contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes; and

(iv) (a) if the Company or the Issuer or a Subsidiary Guarantor was the obligor on the

Indebtedness being extended, renewed, refunded, refinanced, replaced or discharged, such Permitted Refinancing Indebtedness is incurred by the Company or the Issuer or the relevant Subsidiary Guarantor (subject to compliance with clauses (i) through (iii) above); and (b) if an Adcock Ingram Subsidiary or Financial Services Subsidiary was the obligor on the Indebtedness being extended, renewed, refunded, refinanced, replaced or discharged, such Permitted Refinancing Indebtedness is incurred by another Adcock Ingram Subsidiary or Financial Services Subsidiary, respectively (subject to compliance with clauses (i) through (iii) above).

For the avoidance of doubt, Permitted Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be incurred from time to time at or after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

(kk) "**Permitted Security Interest**" means:

(i) any Security Interest created or outstanding with the approval of an Extraordinary Resolution of the Noteholders;

(ii) any Security Interest arising from Lease Obligations incurred in the ordinary course of business over the assets leased pursuant to such Lease Obligation;

(iii) any Security Interest over or affecting any asset of any company which becomes a member of the Group after the Issue Date, provided that such Security Interest was not created in contemplation of, and the principal amount secured has not increased in contemplation of or since, the acquisition of that company;

(iv) any Security Interest over or affecting any asset acquired by a member of the Group after the Issue Date at the time of such acquisition, provided that such Security Interest was not created in contemplation of, and the principal amount secured has not increased in contemplation of or since, such acquisition;

(v) any Security Interest granted by a member of the Group (other than the Company) in favour of another member of the Group;

(vi) any Security Interest granted in connection with a Qualified Securitisation;

(vii) any renewal of or substitution for any Security Interest permitted by any of subparagraphs (i) to (vi) (inclusive) of this definition, provided that with respect to any such Security Interest (x) the principal amount secured has not increased and (y) in the case of any replacement assets only, the aggregate book value of all assets the subject of the relevant Security Interest immediately following the relevant renewal or substitution does not exceed the aggregate book value of all assets the subject of the relevant Security Interest immediately prior to the relevant renewal or substitution;

(viii) any lien arising by operation of law or imposed by any governmental authority and in the ordinary course of trading or to secure the payment of taxes which are being contested in good faith;

(ix) any Security Interest arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group or, if so arising, not subsisting for a period of more than 60 days (unless being disputed in good faith by the relevant member of the Group);

(x) any netting or set-off arrangement (and any Security Interest given in connection therewith) entered into by any member of the Group with a bank or financial institution in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of that member of the Group or of other members of the Group with that bank or financial institution;

(xi) any payment or close out netting or set-off arrangements pursuant to any hedging transaction entered into by a member of the Group for the purpose of (x) hedging any risk to which any member of the Group is exposed in its ordinary course of trading; or
(y) its interest rate or currency management operations which are carried out in the ordinary course of business and intended for non-speculative purposes only, including, in each case, any Security Interest under a credit support arrangement in relation to such a hedging transaction;

(xii) any Security Interest over documents of title and goods as part of a documentary credit transaction entered into by a member of the Group in the ordinary course of trading;

(xiii) any Security Interest given in connection with receivables owing to the Company or any Subsidiary payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company or any such Subsidiary deems reasonable under the circumstances;

(xiv) any Security Interest given in connection with Indebtedness to finance goods in transit or exports of specified goods and secured thereon, and Indebtedness owing to export credit agencies, development banks or other similar lenders which are owned or operated by governmental entities or bodies;

(xv) any Security Interest for Taxes, assessments or governmental charges or legal claims or proceedings that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted or the non-payment of which in the aggregate would not reasonably be expected to have a material adverse effect on the Company and its Subsidiaries, provided that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;

(xvi) any Security Interests over the assets or property of any Adcock Ingram Subsidiary that is not a Subsidiary Guarantor securing Indebtedness of an Adcock Ingram Subsidiary that is not a Subsidiary Guarantor;

(xvii) any Security Interests over the assets or property of any Financial Services Subsidiary that is not a Subsidiary Guarantor securing Indebtedness of a Financial Services Subsidiary that is not a Subsidiary Guarantor;

(xviii) any Security Interests over the assets or property of any Subsidiary of the Company (other than the Issuer, an Adcock Ingram Subsidiary or a Financial Services Subsidiary) that is not a Subsidiary Guarantor securing Indebtedness of a Subsidiary of the Company (other than the Issuer, an Adcock Ingram Subsidiary or a Financial Services Subsidiary) that is not a Subsidiary Guarantor;

(xix) any Security Interest arising under the general business terms and conditions of any bank with whom a member of the Group maintains a banking relationship in the ordinary course of business or in connection with clearing banking facilities, provided such Security Interest may only be over the account held with that banker; or

(xx) any Security Interest securing Indebtedness the principal amount of which (when aggregated with the principal amount of any other Indebtedness which has the benefit of a Security Interest given by any member of the Group other than any permitted under the preceding paragraphs) does not exceed U.S.$125 million (or its equivalent in another currency or currencies).

(ll) “**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality.

(mm) “**Pre-Expansion European Union**” means the European Union as of January 1, 2004 (other than the United Kingdom), including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden, but not including any country which became a member of the European Union after January 1, 2004.

(nn) “**Qualified Securitisation**” means any securitisation of existing or future assets and/or revenues, provided that (i) any Security Interest given by the Company or any Subsidiary in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) the documentation in respect of such securitisation provides that recourse is limited to the assets and/or revenues so securitised as the principal source of repayment for the money advanced; and (iii) there is no other recourse to the Company or any Subsidiary in respect of the money so advanced.

(oo) “**Rating Agency**” means (i) S&P: (ii) Moody's, or (ii) Fitch (or their respective successors).

(pp) “**Relevant Period**” means each period of 12 months ending on 30 June or 31 December.

(qq) “**S&P**” means Standard & Poor’s Investors Ratings Services.

(rr) “**Sale and Lease-back Transaction**” means an arrangement relating to property now owned or hereafter acquired whereby the Company or a Subsidiary it transfers such property to a Person and the Company or a Subsidiary of it leases it from such Person.

(ss) “**Security Interest**” means any mortgage, charge, pledge, lien or other similar security interest over or in respect of any asset or assets including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction but which shall not include any guarantee, indemnity, surety, promissory notes, retention of title, assignment of receivables or other similar arrangement relating to the performance of obligations by another party.

(tt) “**Subsidiary**” means in relation to any Person, a Person:

(i) which is controlled, directly or indirectly, by the first mentioned Person;

(ii) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned Person; or

(iii) which is a Subsidiary of another Subsidiary of the first mentioned Person,

and for this purpose, a Person shall be treated as being controlled by another Person if that other Person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body, whether through ownership, voting capital, contract or otherwise.

(uu) “**Subsidiary Guarantee**” means the guarantee of the Notes provided by a Subsidiary Guarantor pursuant to Condition 4.7.

(vv) “**Subsidiary Guarantor**” means any Subsidiary of the Company (other than the Issuer) that provides a guarantee of the Notes in accordance with the provisions of Conditions 4.7, and their respective successors and assigns, in each case, until the Subsidiary Guarantee of such Person has been released in accordance with Condition 4.7.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including 23 September 2021 at the rate of 3.625% per annum, payable semi-annually in arrears on 23 March and 23 September in each year (each an "**Interest Payment Date**"). The first payment shall be made on 23 March 2022.

The period beginning on, and including, 23 September 2021 and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next successive Interest Payment Date is called an "**Interest Period**". The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the principal amount of such Notes, dividing the product by two and rounding the resulting figure to the nearest half cent (half a cent being rounded upwards).

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue at the rate referred to in Condition 5.1 until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note up to that fifth day has been received by the Principal Paying Agent or the Trustee, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days. The determination of the amount of interest payable under Condition 5.1 and 5.3 by the Issuer shall, in the absence of manifest and proven error, be binding on all parties.

6. PAYMENTS

6.1 Payments in Respect of Notes

Payment of principal and interest will be made by transfer to the Registered Account of the Noteholder. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Notes at the specified office of the Principal Paying Agent. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date being the fifteenth day before the due date for the relevant payment of interest (the "**Record Date**").

For the purposes of this Condition 6, a Noteholder's "**Registered Account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined in Condition 6.4 below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant Record Date.

6.2 Payments Subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.

6.3 No Commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Payment is to be made by transfer to a Registered Account. Payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the Note is surrendered at the specified office of the Principal Paying Agent.

Noteholders will not be entitled to any interest or other payment in respect of any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Note (if required to do so).

In these Conditions, "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and New York City and, in the case of presentation of a Note, in the place in which the Note is presented.

6.5 Partial Payment

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents in accordance with the terms of the Paying Agency Agreement provided that it will at all times maintain:

(a) a Principal Paying Agent in a jurisdiction within the UK or the Pre-Expansion European Union;

(b) a Transfer Agent; and

(c) a Registrar.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Noteholders as soon as practicably thereafter by the Issuer in accordance with Condition 12.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem each Note at its principal amount on 23 September 2026 (the "**Maturity Date**").

7.2 Redemption for Taxation Reasons

The Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders, copied to the Trustee and the Agents, in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest (if any) accrued to (but excluding) the date of redemption if, immediately before giving such notice, the Issuer satisfies the Trustee in accordance with this Condition 7.2 that:

(a) (i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after 23 September 2021, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and (ii) the requirement cannot be avoided by the Issuer taking reasonable measures available to it, or

(b) (i) the Company would on the next Interest Payment Date be unable for reasons outside its control to procure payment by the Issuer; (ii) in making payment itself, the Company would be required as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after 23 September 2021, be required to pay additional amounts as provided or referred to in Condition 8 or the Company Guarantee, as the case may be; and (iii) the requirement cannot be avoided by the Company taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Company would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall deliver or procure that there is delivered to the Trustee:

(a) a certificate signed by two Authorised Signatories of the Issuer stating that the circumstances referred to in paragraphs (a)(i) and (a)(ii) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two Authorised Signatories of the Company stating that the circumstances referred to in paragraphs (b)(i), (b)(ii) and (b)(iii) above prevail and setting out the details of such circumstances; and

(b) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Company would become obliged to pay the relevant additional amounts as a result of the relevant change or amendment.

The Trustee shall be entitled to accept and rely on such certificate and opinion without further enquiry or liability to any person as sufficient evidence of the satisfaction of the circumstances set out in paragraphs (a)(i) and (a)(ii) above or (as the case may be) paragraphs (b)(i), (b)(ii) and (b)(iii) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 7.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.2.

7.3 Redemption at the Option of the Issuer

At any time prior to 23 September 2023, the Issuer may on any one or more occasions, at its option, on giving not less than 10 nor more than 60 days' irrevocable notice (the "**Call Option Notice**") to the Noteholders, copied to the Trustee and the Agents, in accordance with Condition 12 redeem the Notes in whole or in part, at the following redemption price:

(a) the aggregate principal amount of the Notes redeemed; plus

(b) interest and any additional amounts or other amounts that may be due thereon (if any) accrued but unpaid to but excluding the date on which the call option is to be settled (the "**Call Settlement Date**"); plus

(c) the Make Whole Premium.

For the purposes of this Condition 7.3:

"**Treasury Rate**" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity most nearly equal to the period from the Call Settlement Date to the Maturity Date. The Issuer will obtain such yield to maturity from information compiled and published in the most recent Federal Reserve Statistical Release H.15 (or is obtainable from the

Federal Reserve System's Data Download Program as of the date of such H.15) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the Call Settlement Date (or, if such Statistical Release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith); *provided*, *however*, that if the period from the Call Settlement Date to the Maturity Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Call Settlement Date to the Maturity Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used;

"**Make Whole Premium**" means, with respect to any Note redeemed pursuant to the first paragraph of Condition 7.3(c) on any redemption date, the greater of:

(i) 1.0% of the then outstanding principal amount of the Note; and

(ii) the excess of: (A) the present value at such redemption date of the redemption price of such Note at 23 September 2023 (such redemption price being set forth in the table appearing in Condition7.3(c)), plus any required interest payments that would otherwise be due to be paid on such Note from the Call Settlement Date through 23 September 2023 (excluding accrued but unpaid interest to the redemption date), calculated using a discount rate equal to the Treasury Rate at the Call Settlement Date plus 50 basis points, over (B) the then outstanding principal amount of the Note at the Call Settlement Date, as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage.

The Make Whole Premium shall be notified by the Issuer to the Agents no later than two (2) Business Days prior to the Call Settlement Date.

The Call Option Notice shall specify the Call Settlement Date.

On and after 23 September 2023, the Issuer may on any one or more occasions, at its option, redeem the Notes in whole or in part upon not less than 10 nor more than 60 days' notice to the Trustee, the Agents and the Noteholders in accordance with Condition 12, at the following redemption prices, together with accrued interest on the Notes, if any, to (but excluding) the applicable date fixed for redemption, if redeemed during the twelve-month period beginning on the scheduled Interest Payment Date indicated below:

Date	
23 September 2023	101.813% of the principal amount of Notes
23 September 2024	100.906% of the principal amount of Notes
23 September 2025 until Maturity Date	100.000% of the principal amount of Notes

If, at any time, 85% or more in principal amount of the Notes originally issued, and including for this purpose any further Notes, have been redeemed or purchased, the Issuer may, on giving not less than 10 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Redemption Date), copied to the Trustee and the Agents, in accordance with Condition 12, redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at 101% of their principal amount together with any interest accrued to (but excluding) the date fixed for such redemption or purchase.

7.4 Redemption at the Option of Noteholders upon Change of Control Put Event (Put Option)

Upon the occurrence of both (a) a Change of Control (as defined below) and (b) a Change of Control Rating Decline (as defined below) (together, a "**Change of Control Put Event**"), the Issuer shall, at the option of the holder of any Note, upon the holder of such Note giving notice to the Issuer as provided in this Condition 7.4 at any time during the Redemption Period, redeem such Note on the Redemption Date at 101% of its principal amount together with any interest accrued to (but excluding) the Redemption Date.

Immediately upon becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders, copied to the Trustee and the Agents, specifying the nature of the Change of Control Put Event and the procedure for exercising the put option contained in this Condition 7.4. To exercise the put option pursuant to this Condition 7.4, a holder must deposit the certificate representing the Note(s) to be redeemed with the Principal Paying Agent at its specified office, together with a completed option exercise notice (an "**Exercise Notice**") in the form obtainable from the Principal Paying Agent within the Redemption Period. An Exercise Notice, once given, shall be irrevocable.

For the purposes of this Condition 7.4:

a "**Change of Control**" means the occurrence of one or more of the following events:

(a) any Person or group of Persons acting in concert, (i) becomes the owner, directly or indirectly, of more than 50% of the Voting Stock of the Company; or (ii) becomes able to use the voting rights attributable to its Voting Stock to determine in fact the decisions made at the Company's general shareholders' meetings; or

(b) upon the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Company and its Subsidiaries taken as a whole to any Person; or

(c) the Company ceases to hold, directly or indirectly, 100% of the outstanding Voting Stock of the Issuer.

"**Change of Control Rating Decline**" means the occurrence on any date within the 90-day period following the occurrence of a Change of Control (which period shall be extended so long as during such period the rating of the Notes is under publicly announced consideration by a Rating Agency, unless such Rating Agency has indicated that the rating is on review for upgrade) of any of the following events:

(a) at least one Rating Agency shall issue or confirm a rating on the Notes which rating is at least one notch below the rating of the Notes issued by such Rating Agency as of the date immediately prior to the earlier of (i) such Change of Control, (ii) the date of public notice of the occurrence of such Change of Control, or (iii) public notice of the intention by the Issuer to effect such Change of Control; or

(b) at least one Rating Agency shall withdraw its rating of the Notes,

provided that, in the case of the preceding clauses (a) and (b), such rating decline or withdrawal will not be deemed to have occurred in respect of a particular Change of Control (and thus will be disregarded in determining whether a Change of Control Rating Decline has occurred) if the Rating Agency making the reduction or withdrawal does not announce or publicly confirm or inform the Issuer that the reduction was the result, in whole or in part, of any event or circumstance comprising of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control has occurred at the time of the decline or withdrawal). For the avoidance of doubt and notwithstanding the previous sentence, no Change of Control Rating Decline shall apply to a Change of Control following the first date on which each of the relevant Rating Agencies has publicly affirmed or upgraded the ratings of the Notes after the occurrence of such

Change of Control. If no Rating Agency which has an issued rating of the Notes announces an action with regard to its rating of the Notes within 30 days after the occurrence of an event specified in the definition of Change of Control, the Issuer shall request each such Rating Agency to confirm its rating of the Notes before the end of such 90-day period;

"**Redemption Date**" means, in respect of any Note, the date which falls 14 days after the date on which the relevant holder exercises its put option in accordance with this Condition 7.4;

"**Redemption Period**" means the period from and including the date on which a Change of Control Occurs (whether or not the Issuer has given a Change of Control Notice in respect of such Change of Control) to and including the date falling 60 days after the date on which the Change of Control Notice is given; provided that, if no Change of Control Notice is given, the Redemption Date shall not terminate; and

7.5 Purchases

The Company, the Issuer and the Company's other Subsidiaries may at any time purchase Notes in any manner and at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to the Transfer Agent or the Registrar for cancellation.

8. TAXATION

8.1 Payment without Withholding

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Company and all payments by the Company under the Company Guarantee and all payments by any Subsidiary Guarantor under a Subsidiary Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges (including related interest and penalties) of whatever nature ("**Taxes**") imposed, assessed or levied by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or the Company or the relevant Subsidiary Guarantor (as applicable) will pay such additional amounts as will result in the receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of such Note by reason of its having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) in respect of which the certificate representing it is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day (as defined in Condition 6).

8.2 Interpretation

For purposes of this Condition 8:

(a) "**Relevant Date**" means, with respect to any payment, the date on which such payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

(b) "**Relevant Jurisdiction**" means the United Kingdom or South Africa or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it or to which the Company becomes subject in respect of payments made by it or to which the Subsidiary Guarantors are or become subject in respect of payments bade by them.

8.3 Additional Amounts

Any reference in these Conditions to any principal or interest in respect of the Notes shall be deemed also to refer to any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition.

9. PRESCRIPTION

Claims in respect of principal and interest will become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

10. EVENTS OF DEFAULT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the Noteholders of not less than one quarter of the principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/pre-funded to its satisfaction), give notice to the Issuer at its registered office that the Notes are immediately due and repayable at their principal amount, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality, if any of the following events (each, an "**Event of Default**") shall have occurred and is continuing:

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of five Business Days in the case of principal or ten Business Days in the case of interest;

(b) if the Company, the Issuer, or any of the Company's other Subsidiaries fails to perform or observe any of its other obligations under the Trust Deed or the Notes and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 45 days after the Trustee, or holders of at least 25% in aggregate principal amount of Notes, has given written notice thereof to the Company and the Issuer;

(c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Company, the Issuer, or any of the Company's other Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Company, the Issuer, or any of the Company's other Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Company, the Issuer, or any of the Company's other Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce that security; or (iv) default is made by the Company, the Issuer, or any of the Company's other Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person and such default continues beyond any originally applicable grace period, provided that no event described in this Condition 10.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least U.S.$50.0 million (or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates));

(d) if one or more final and unappealable judgments or orders or arbitration awards is rendered against any part of the property, assets or revenues of the Company, the Issuer or any of its Subsidiaries, and is not discharged or stayed within 90 days, and provided further that the aggregate value of all such judgments, orders and awards amounts to at least U.S.$50.0 million (or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates));

(e) if any order is made by any competent court, or resolution is passed for the winding up or dissolution of the Company, the Issuer, or any of the Company's other Subsidiaries that is a Principal Subsidiary (or any group of the Company's other Subsidiaries that, taken together, would constitute a Principal Subsidiary), provided that such event is not being contested in good faith by the Company and is not discharged or stayed within 90 days and save in connection with a Permitted Reorganisation;

(f) if the Company, the Issuer, or any of the Company's other Subsidiaries that is a Principal Subsidiary (or any group of the Company's other Subsidiaries that, taken together, would constitute a Principal Subsidiary) ceases or threatens to cease to carry on the whole or substantially all of its business, save in connection with a Permitted Reorganisation, or the Company, the Issuer, or any of the Company's other Subsidiaries that is a Principal Subsidiary (or any group of the Company's other Subsidiaries that, taken together, would constitute a Principal Subsidiary) is unable to pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent;

(g) except under (i)(a) below where in the case of any solvent Subsidiary (other than the Issuer) it is initiated by the relevant company, if (i)(a) an administrative or other receiver, manager, administrator or other similar insolvency official is appointed, in relation to the Company, the Issuer, or any of the Company's other Subsidiaries that is a Principal Subsidiary (or any group of the Company's other Subsidiaries that, taken together, would constitute a Principal Subsidiary) or, as the case may be, in relation to the whole or any significant part of the undertaking or assets of any of them or (b) an encumbrancer takes possession of the whole or any significant part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other judicial or court process is levied, enforced upon, sued out or put in force against the whole or any significant part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) is not discharged or stayed within 90 days; provided that no event described in Condition 10.1(g)(i)(b) shall constitute an Event of Default unless the aggregate value of the Company's consolidated assets subject to such actions, processes or proceedings amount to at least U.S.$20.0 million (or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates));

(h) if the Company, the Issuer, or any of the Company's other Subsidiaries that is a Principal Subsidiary (or any group of the Company's other Subsidiaries that, taken together, would constitute a Principal Subsidiary) (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), save in connection with a Permitted Reorganisation; or

(i) if any event occurs which under the laws of South Africa or any other applicable jurisdiction has an analogous effect to any of the events referred to in paragraphs (e) to (h) of this Condition 10.1.

10.2 Interpretation

For the purposes of this Condition 10:

(a) "**Indebtedness for Borrowed Money**" means any Indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit, excluding trade supply arrangements entered into in the ordinary course of business; and

(b) "**Permitted Reorganisation**" means:

(i) any disposal by any Subsidiary of the Company of the whole or substantially all of its business, undertaking or assets either (A) to the Company or any other Subsidiary of the Company or (B) on arms' length terms (provided, in the case of the sale of all or substantially all of the assets of the Issuer and its Subsidiaries taken together (in one or a series of transactions), the acquiror(s) assumes the obligations of the Issuer under the Trust Deed and the Paying Agency Agreement pursuant to supplements thereto);

(ii) any amalgamation, consolidation or merger of a Subsidiary with:

(A) the Issuer (provided that the Issuer is the surviving entity of such amalgamation, consolidation or merger); or

(B) any other Subsidiary of the Issuer; or

(iii) any amalgamation, consolidation, restructuring, merger or reorganisation (including with any person which is not a member of the Group on arms' length terms) or voluntary winding-up or dissolution whilst solvent of a Subsidiary provided that, in the case of any amalgamation, consolidation, restructuring, merger or reorganisation involving all or substantially all of the assets of the Issuer and its Subsidiaries taken together (in one or a series of transactions, the acquiror(s) assumes the obligations of the Issuer under the Trust Deed and the Paying Agency Agreement pursuant to supplements thereto), or on terms approved by an Extraordinary Resolution of Noteholders.

(c) "**Principal Subsidiary**" means at any time a Subsidiary of the Company which has earnings before interest, tax, depreciation and amortisation calculated on the same basis as Consolidated EBITDA representing 10% or more of Consolidated EBITDA, or has gross assets, net assets or turnover (excluding intra-group items) representing 10% or more of the gross assets, net assets or turnover of the Group, calculated on a half-yearly basis on a consolidated basis.

11. REPLACEMENT OF DEFINITIVE REGISTERED NOTES

If any Definitive Registered Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar (subject to applicable laws and stock exchange or other relevant authority requirements) upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security and indemnity as the Registrar may reasonably require. Mutilated or defaced Definitive Registered Notes must be surrendered before replacements will be issued.

12. NOTICES

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar. The Company and the Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Note, with the Trustee or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. MEETINGS OF NOTEHOLDERS AND MODIFICATION

13.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed or the Paying Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing in the aggregate a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes any of the matters listed below will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one- third, of the principal amount of the Notes for the time being outstanding: (i) to change any date fixed for payment of principal or interest in respect of the Notes; (ii) to reduce the amount of principal or interest payable on any date in respect of the Notes; (iii) to alter the method of calculating the amount of any payment in respect of the Notes (except where such alteration is results in an increase) or the date for any such payment; (iv) to change the amount of principal and interest payable in respect of the Notes; (v) to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other entity; (vi) to change the currency of payments under the Notes; (vii) to change the quorum requirements relating to Noteholders' meetings or the majority required to pass an Extraordinary Resolution; (viii) to alter the governing law of the Notes, the Trust Deed or the Paying Agency Agreement; (ix) to modify or cancel the Company Guarantee; or (ix) change the definition of “Events of Default” under these Conditions.

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than 75% of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75% in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75% in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution.

A meeting of Noteholders may be held electronically rather than at a physical location in accordance with the procedures set out in Schedule 3 to the Trust Deed.

13.2 Modification

The Trustee may agree without the consent of the Noteholders to any modification of any of these Conditions or any of the provisions of the Trust Deed or the Paying Agency Agreement either (a) in the opinion of the Trustee such modification is of a formal, minor or technical nature or made to correct any manifest error or (b) subject as provided in the Trust Deed, in any other manner which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders. The Trustee may also waive, authorise or agree to the waiving or authorising of any breach or proposed breach of any of the provisions of the Notes or the Trust Deed, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the

Noteholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest and the date from which interest starts to accrue, which may be consolidated and form a single series with the outstanding Notes.

15. GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Trust Deed (including the Guarantee), the Paying Agency Agreement, the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and will be construed in accordance with, English law.

15.2 Jurisdiction of English Courts

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Paying Agency Agreement, the Notes and any non-contractual obligations arising out of or in connection with them, and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Paying Agency Agreement, the Notes shall be brought in such courts. The Issuer has, to the extent permitted by law, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. For the purposes of this Condition 15, "**English courts**" means the High Court of Justice of England and Wales in London (the "**Court**"), and any competent appellate court in respect of any appeal relating to any judgment or order originally obtained from the Court.

To the extent permitted by law, the Trustee and the Noteholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed, the Paying Agency Agreement and the Notes (including any suit, action or proceeding relating to any non-contractual obligations arising out of or in connection with the Notes) (together referred to as "**Proceedings**") against the Company or the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

15.3 Appointment of Process Agent

The Company has, in the Trust Deed, undertaken to irrevocably appoint the Issuer at The Handover Centre Appletree Trading Estate, Chipping Warden, Banbury, England, OX17 1LL as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

16. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. ENTITLEMENT OF THE TRUSTEE

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 17) and the exercise or performance of any right, power, trust, authority, duty or discretion under or in relation to these Conditions (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee shall have regard to the interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise or performance of its trusts, powers or discretions for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof, and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders

18. ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

19. THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith. The Trustee may rely, without liability to Noteholders, on a report, confirmation or certificate or any advice of the Issuer, any accountants, financial advisers or financial institution, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

USE OF PROCEEDS

The gross proceeds from the Offering are expected to be $800.0 million. The net proceeds of the issue of the Notes will be used by the Issuer to repay the Group's revolving credit facility drawings under the New Syndicated Sterling Facility (without cancelling commitments thereunder), to repay an intragroup loan which will be used to repay, in part, the Group's Local Currency Bonds and the Investec Loan Facility, and to provide funding for future acquisitions and for general corporate purposes. The Issuer will incur various fees and expenses in connection with the issue of the Notes, including, among other things, underwriting fees, distributor commissions, legal counsel fees, rating agencies expenses and listing expenses.

The following table illustrates the expected sources and uses of the proceeds with respect to the Offering. Actual amounts may vary from expected amounts depending on several factors, including but not limited to, the ultimate Issue Date and changes in our actual amount of expenses related to the Offering.

Sources of Funds	**Amount (in $ millions)**	**Uses of Funds**	**Amount (in $ millions)**
Notes offered hereby(1)	800.0	Repayment of RCF drawings under the New Syndicated Sterling Facility(2)	262.4
		Repayment of an intragroup loan, which in turn will be used to:	
		a. repay DMTN Program bonds(3)	174.7
		b. repay Investec Loan Facility(4)	52.4
		Bolt-on acquisitions / general corporate purposes(5)	300.5
		Transaction costs(6)	10.0
Total Sources	**800.0**	**Total Uses**	**800.0**

(1) Based on an expected aggregate principal amount of the Notes offered of $800 million.
(2) Amount reflects outstanding RCF drawings under the New Syndicated Sterling Facility as of 1 September 2021 translated from GBP to USD at an exchange rate of 1.381. The existing balance of the RCF drawings under the New Syndicated Sterling Facility will be repaid with the net proceeds from the issuance of the Notes after the completion of the Interest Period (as defined in the New Syndicated Sterling Facility). The repayment is expected to occur by 18 October 2021.
(3) Amount reflects outstanding amounts as of 1 September 2021 translated from ZAR to USD at an exchange rate of 14.31. The existing local currency bonds (including outstanding principal and outstanding and unpaid accrued interest) will be repaid with the net proceeds from the issuance of the Notes. The repayment is expected to occur by 5 November 2021.
(4) Amount reflects outstanding amounts as of 1 September 2021 translated from ZAR to USD at an exchange rate of 14.31. The existing balance of the Investec Loan Facility will be repaid in full with the net proceeds from the issuance of the Notes. The repayment is expected to occur by 31 December 2021.
(5) Represents amounts to be used for general corporate purposes, including but not limited to capital expenditures, working capital and the funding of bolt-on acquisitions.
(6) Represents the estimated fees and expenses in connection with the Offering, including discounts and other commissions, advisory and other professional fees and other transaction costs. Actual fees and expenses may vary.

CAPITALIZATION

The following table sets out the cash and cash equivalents and capitalization:

- as of 30 June 2021, on an actual basis; and
- as adjusted to give effect to (i) the Recent Refinancing Transaction as described in *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments"* and (ii) the offering and sale of the Notes and the use of proceeds therefrom as described in "*Use of Proceeds*". Except as set forth below in the table and in the relevant footnotes, there have been no material changes to the Group's capitalization since 30 June 2021.

The table below is presented, for convenience purposes, in U.S. dollars. ZAR equivalent amounts have been converted to U.S. dollars at an exchange rate of 14.31 to $1.00 and U.K. pounds sterling amounts have been converted to U.S. dollars at an exchange rate of 1.381 to $1.00 as of 30 June 2021, except for total equity which has been converted to U.S. dollars at an exchange rate of 15.41 to $1.00, which reflects the average ZAR to U.S. dollars exchange rate for the year ended 30 June 2021.

This table should be read in conjunction with "*Use of Proceeds,*" *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* and the consolidated financial statements and related notes included elsewhere in this Offering Memorandum.

	As of 30 June 2021			
	Actual	**Recent Refinancing Transaction Adjustments**	**Transaction Adjustments(14)**	**As Adjusted**
	(in millions of U.S. dollars)			
Cash and cash equivalents(1)	173	17	301	490
DMTN Program (2)	588		(175)	414
Euro Facility(3)	384	(384)		-
Syndicated Bridge Facility(4)	83	(83)		-
New Syndicated Facility - RCF(5)	-	262	(262)	-
New Syndicated Facility - TL(6)	-	221		221
Notes offered hereby(7)	-	-	800	800
Investec Loan Facility(8)	52	-	(52)	-
Cumulative Redeemable Preference Shares(9)	145	-		145
Local 360 day committed facilities(10)	81	-		81
Call, OD, ST Loans & Interest Accruals(11)	116	-		116
Total debt(12)	1,449	-		1,776
Total equity(13)	1,657			1,657
Total capitalization	3,106			3,433

(1) Represents cash and cash equivalents, per the Group's consolidated statement of financial position, excluding restricted cash.
(2) Represents DMTN Program bonds in issue, of which part shall be repaid with proceeds from the issuance of the Notes.
(3) Represents the Euro Facility.
(4) Represents the Sterling Bridge Facility.
(5) Represents drawn portion of the revolving credit facility portion of the New Syndicated Sterling facility.
(6) Represents the term loan portion of the New Syndicated Sterling facility.
(7) Represents the anticipated Notes issuance.
(8) Represents the Investec Loan Facility, which shall be repaid with proceeds from the issuance of the Notes.
(9) Represents the preference share funding facilities.
(10) Represents drawn amount of committed facilities with South African relationship banks.
(11) Represents short-term call facilities and other facilities with relationship banks and asset managers.
(12) Represents total debt.
(13) Converted at exchange rate of 15.41 to $1.00, which reflects the average ZAR to U.S. dollars exchange rate for the year ended 30 June 2021.
(14) The figures in this column exclude the estimated $10 million dollars, to be used to cover the costs of the issuance of the Notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND, FINANCIAL CONDITION

The following is a discussion and analysis of the Group's results of operations and financial condition as of and for the years ended 30 June 2019, 2020 and 2021 as derived from the FY 2019 Financial Statements, FY 2020 Financial Statements and FY 2021 Financial Statements, which have been prepared in accordance with the IFRS, the interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and in terms of the requirements of the Companies Act of South Africa.

You should read this discussion in conjunction with the sections entitled "Presentation of Financial and Other Information", "Summary Historical Consolidated Financial Data", "Capitalization", and the Group's consolidated financial statements all of which are included elsewhere in this Offering Memorandum.

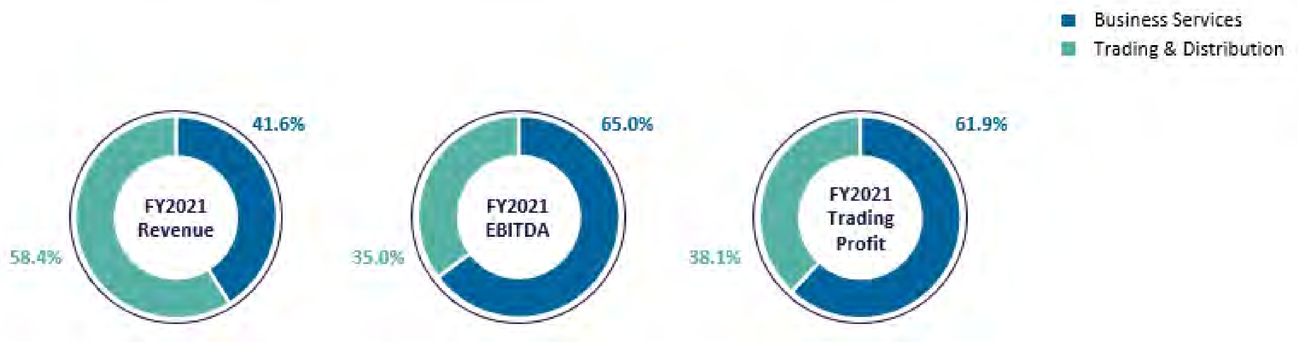
This discussion may include certain forward-looking statements, which although based on assumptions that the Group consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "Important Information – Cautionary Note regarding Forward-Looking Statements" and, for a discussion of the risks and uncertainties which the Group faces, you should also see "Risk Factors".

Overview

The Group is a leading business-to-business services, trading and distribution group operating through two broad categories of operations and six operating divisions, namely the Business Services operations, which comprise the Services, Freight and Financial Services divisions, and the Trading and Distribution operations, which comprise the Branded Products, Commercial Products and Automotive divisions.

The Group has an entrepreneurial and decentralized operating philosophy that allows businesses and the Group to be nimble and agile, with management teams incentivized and empowered to grow their respective operations within a framework of Group-wide governance structures and well-defined expectations around key performance metrics. The Company level function ensures consistency of strategic direction, culture, monitors operational and financial performance, and allocates and manages capital through well-established and rigorous governance procedures and structures in order to drive performance and ensure an optimized approach to resource allocation across the portfolio of companies and activities.

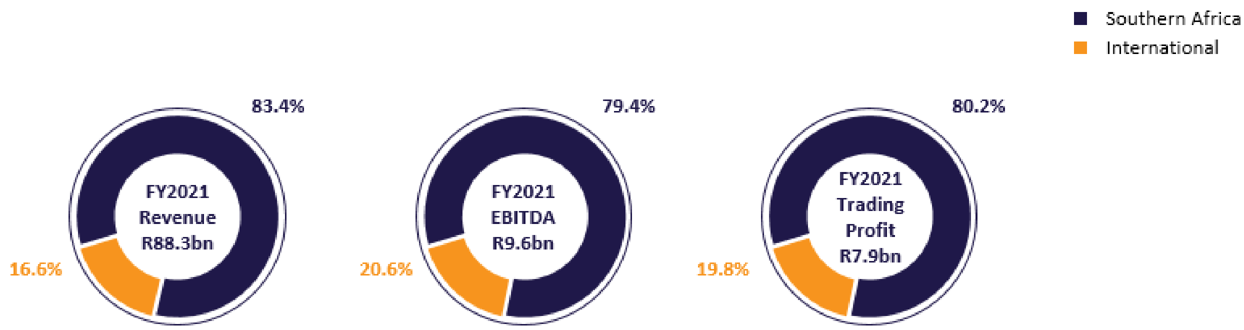
The split of the Group's revenue, EBITDA and trading profit between the Business Services operations and Trading and Distribution operations for the financial year ended 30 June 2021 is as follows(1):



(1) Percentage proportions reflect aggregate segmental FY2021 revenue, EBITDA and trading profit, respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments, which are both support functions for the Group's overall operations. See *"—Overview of the Group's Operations and Divisions—Support functions."* Such intercompany eliminations relate to Bidvest companies providing products (e.g. – stationery, copiers) and services (e.g. – cleaning, security) to other Bidvest subsidiaries. As over 90% of Properties' property portfolio are leased to Bidvest companies, the inter-company eliminations also include the rent paid to Properties by the divisions as a cost in their trading profit and which Properties shows as revenue.

The Group is a blue-chip company operating primarily in South Africa but with an international footprint in Europe and in the United Kingdom. The Group is one of the largest industrial groups in South Africa, and a key contributor to the South African economy, providing essential services and products to a wide range of businesses across various sectors, comprising approximately 250 trading companies and employing more than 121,000 people as of 30 June 2021.

The Group has established an international presence in parts of Europe and in the United Kingdom through a number of strategic acquisitions. In September 2017, the Group acquired Noonan, a leading facilities manager in Ireland and, in May 2020, the Group expanded its footprint in the United Kingdom and Ireland and entered into Spain with the acquisition of PHS Group ("**PHS**"), a leading hygiene service provider offering complete hygiene solutions for businesses in the public and private sectors. The Group's revenue, EBITDA and trading profit in the key jurisdictions in which it operates for the financial year ended 30 June 2021 is as follows[(1)]:



(1) Percentage proportions reflect segmental FY2021 revenue, EBITDA and trading profit respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments.

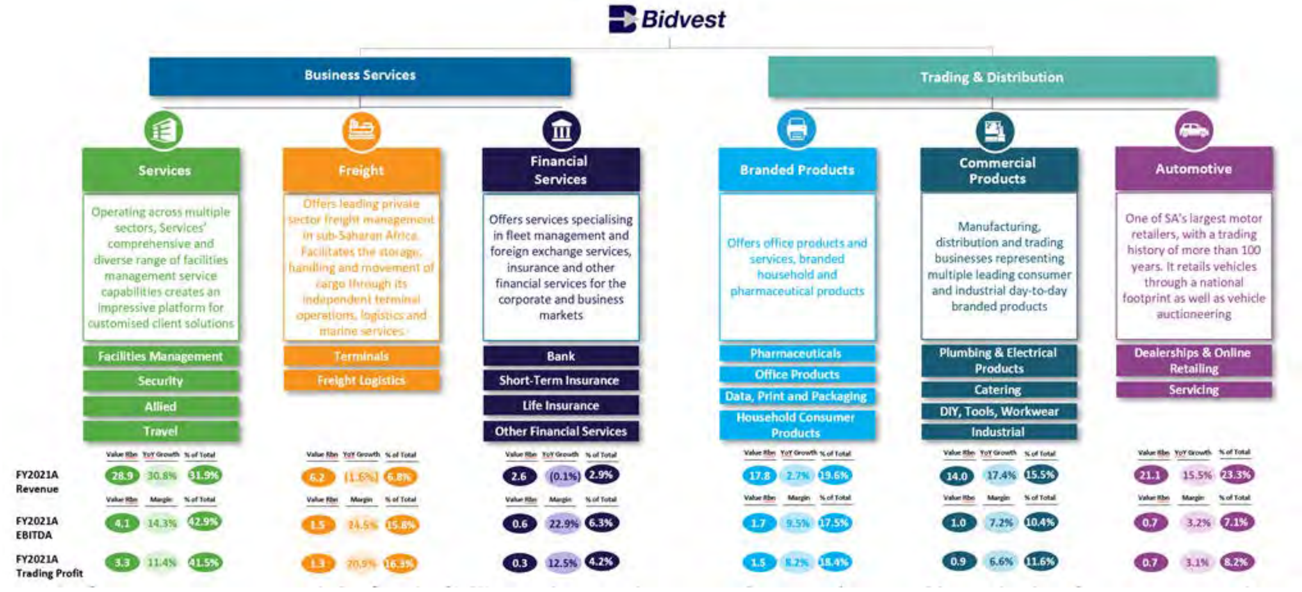
The Group operates a blended portfolio of defensive, cyclical, and growth assets. The Group has a highly diversified portfolio of businesses, which includes essential and non-cyclical business services and products, and asset light businesses that are cash generative. The Group's investment in core sectors and focus on efficiency has resulted in the growth in the Group's revenues and profitability regularly outperforming the growth in South African Nominal gross domestic product ("**GDP**"). Innovation is also key, and management focuses on deploying product and services that represent innovative solutions to customer needs and on leveraging technologies to add value to customers and create mutual success. The Group believe that it generally holds leading market positions in most of the key markets in which it operates.

The Group seeks to allocate its assets across the Group efficiently depending on business needs as well as opportunities and gaps identified within the sectors it operates in and the services it offers. The Group has a demonstrated track record of efficient capital allocation based on specific business needs and financial hurdles. Over 32 years, the Group has created significant economic value for shareholders since its listing in 1990. ROIC has sustainably maintained its spread over the weighted average cost of capital and has achieved three-year averages ROFE and ROIC of 26.0% and 14.5%, respectively.

For the financial year ended 30 June 2021, the Group's revenue, EBITDA, and trading profit was R88.3 billion, R9.6 billion and R7.9 billion, respectively, and the market capitalization of the Group was R65.5 billion as of 30 June 2021.

Segment Information

The Group's reportable segments under IFRS are aligned with the six operating divisions in the Group's divisional structure described above: (1) Services, (2) Freight, (3) Financial Services, (4) Branded Products, (5) Commercial Products, and (6) Automotive. The divisions operate on an arm's length basis vis-a-vis other Group divisions, though in certain cases synergies are realized or cross-selling occurs. The percentage contribution of each division to the total revenue, trading profit and EBITDA of the Group is set forth below:



The Group's consolidated financial statements also include within the segment information presented items labelled "Properties" and "Corporate and Investments", which are both support functions for the Group's overall operations. "Properties" represents the extensive property portfolio owned and managed by the Group consisting of commercial and industrial properties and motor dealerships. "Corporate and Investments" represents the Group's non-core investments and businesses, which are expected to be disposed of or are in the process of being disposed, in addition to the cost of the support functions provided centrally, including secretarial, treasury, and corporate social investment projects, among others. For further information about the Group's divisions see, "*Business—Description of the Group's Operations*."

Recent Developments

Recent Refinancing Transaction

On 8 July 2021, the Company, as guarantor, and Bidvest UK, as borrower, entered into a Facility Agreement, which made available an aggregate of £400 million for the purpose of repaying the Sterling Bridge Facility and Euro Facility and for general corporate purposes, including acquisitions. For further discussion, see "*—Liquidity and Capital Resources — Indebtedness—New Syndicated Sterling Facility*".

Dividend Declaration

In line with the Group's dividend policy, the Group's directors declared a final gross cash dividend of R3.10 (R2.48 cents net of dividend withholding tax, where applicable) per ordinary share for the 12 months ended 30 June 2021 to those shareholders of the Company registered on the record date, Friday, 1 October 2021. The dividend has been declared from income reserves. The payment date of the dividend is expected to be Monday, 4 October 2021.

Factors Affecting the Group's Business and Operating Results

Macroeconomic conditions

The Group's results of operations are significantly influenced by economic developments in South Africa, as well as global macroeconomic conditions, including consumer confidence, business confidence, GDP growth, inflation rates, access to capital and foreign exchange, and the effect these factors may have on demand for goods and services. The Group's results, including, specifically, revenue and trading profit, are positively affected in a healthy South African macroeconomic environment with broad-based growth (as opposed to periods of growth that are mostly consumer-led, which are somewhat less conducive), particularly when the global economy is growing, and negatively affected when such factors are developing negatively. The Group's broad diversification, however, and certain defensive and non-cyclical assets and businesses, to some extent offset the effects of a weaker South African economy and global macroeconomic environment. For example, businesses that offer essential basic services and are subject to long-term contracts with high renewal rates generally generate robust and predictable cash flows even in challenging economic conditions.

The South African economy has had an extended period of low economic growth, including during the periods under review. In the five years prior to 2020, annual growth in South Africa's GDP averaged just 0.9%, significantly lower than annual growth in the size of the population. Prior to 2020, the South African economy had entered into recession with two consecutive quarters of contracting GDP, partly due to electricity supply constraints. The effects of a global recession during 2020 as a result of the COVID-19 pandemic has impacted a significant number of the Group's customers and led to increased unemployment and a decrease in disposable income, consumer and business confidence and constrained consumer and infrastructure spending, which has also negatively impacted the Group's financial results in portions of the periods under review. These effects have been particularly pronounced in the Group's South African operations, since the combination of weaker global economic activity, stringent lockdown restrictions and loss of confidence due to the COVID-19 pandemic has had a large negative impact on the South African economy. According to data from Statistics South Africa, total GDP for 2020 showed a decline of 7.0% when compared with 2019, highlighting the severity of the impact of the COVID-19 pandemic on the economy. (See *"—COVID-19"* below). The Group's range of essential products and services, together with its ability to cut costs and implement mitigation measures in response to these conditions limited the deleterious impact and provided the foundation for positive developments in the performance of its business since the 2020 recession, as reflected in the 15% growth in Group revenue and 48% growth in Group trading income in the financial year ended 30 June 2021 relative to the prior financial year. The South African operations in aggregate reported a 7% and 33% increase in revenue and trading profit, respectively, in the same period.

Gross fixed capital investment in South Africa for locally produced assets and infrastructure together with their associated maintenance contracts has been limited through the periods under review and even more so since the onset of the COVID-19 pandemic, which has affected the infrastructure sector adversely. South Africa's need for real GDP growth to create employment and prosperity for all, is undeniable. The government's ability to credibly address the precarious financial position of several state owned enterprises, initiation of development programs and ongoing maintenance of national infrastructure and key facilities remains critical to kick-start the economy. Although this has significance for all of the Group's divisions, all of which primarily or in many cases, exclusively operate in South Africa, it also has particular significance for the Group's Commercial Products division, since the demand for many of the products offered by the Group's Commercial Products division directly stems from infrastructure and industrial activities.

Through a focus on profitable operations and investment in segments where the Group has or can build market leading positions, the Group aims to maintain a portfolio of defensive, cyclical and growth assets, which are strongly cash generative and the diversity of its businesses, including many basic-need services and everyday essential product ranges such as hygiene services, plumbing products, brooms and brushes, pens and stationery, agricultural terminal operations to name a few, aims to meet the challenges of ongoing muted economic growth in South Africa and globally, and the generally challenging economic outlook the Group expects will continue in the short-to-medium term.

COVID-19

The COVID-19 pandemic has had and continues to have a significant impact on the Group's financial results. Through March 2020, the Group was trading well, however, the impact of COVID-19 and associated lockdown protocols led initially to an almost complete cessation of trading in April 2020. Throughout the remainder of 2020 and into 2021, the impact of COVID-19 continued to be reflected, albeit to a diminishing extent, in the financial results of its business, including, in particular, in the Automotive, Financial Services, Freight, Commercial Products and Branded Products divisions as automotive, travel and certain commercial sectors in particular, came and to some extent remain under pressure from ongoing and variable COVID-19 restrictions and related decreases in demand. Certain industry sectors in which the Group's Services and Commercial Products divisions operate were less affected by the pandemic and in some cases, such as hygiene and cleaning services, the Group saw a marked increase in demand. The financial year ended 30 June 2020, included R1.2 billion of direct COVID-19-related expenses incurred by the Group. These comprised restructuring and retrenchment costs of R460 million, R400 million towards the COVID-19 Fund established to support employees and society, as well as additional provisions, mainly on debtors Expected Credit Loss ("**ECL**") provisions, inventory and onerous contracts. The financial year ended 30 June 2020 also saw a reduction in trade receivables on the back of reduced trading.

The benefit of the decentralized structure and agility of the Group was clearly evident in the speed at which the businesses reacted, specifically and independently, to their own challenges and were able to share near real-time best practices and experiences across sectors while, at the same time, provide guidance from the center on common issues. In response to these circumstances, the Company rapidly implemented numerous cost containment, liquidity preservation and strategic initiatives and sought to support innovation and source sufficient stock in relevant businesses as they responded to changing business practices and customer preferences as a result of the COVID-19 pandemic. This resulted in a stronger balance sheet and enhanced liquidity and the Group expects that a meaningful portion of the restructuring measures will continue to support the Group's financial performance in future periods. Plans were put in place and implemented to protect the Group's staff and businesses and, where necessary, appropriate restructuring was carried out in anticipation of reductions and broader shifts in future demand. For example, the Group's Automotive division, which was hit particularly hard by the COVID-19 lockdown and travel restrictions, responded briskly by scaling down operations in, and subsequently divesting, its car rental business, Bidvest Car Rental, and also reduced headcount in its dealerships. The Group's Services division similarly moved quickly and divested from Bidair Services, which focuses on the provision of ground handling services, including passenger and ramp handling, load control and operations, cleaning and toilet and water services to airlines. Further, the Branded Products division also moved quickly to rationalize operations and reduce headcount to align its cost base to reduced demand levels and factory output. More positively, the pandemic accelerated the development and the maturity of out-of-home hygiene services, adding to the structural growth drivers already supporting this industry, which is a focus of the Group's offshore expansion strategy. The Group, through its Adcock Ingram subsidiary, expects to grow further in the area of consumer brand products to protect family, health and wellness.

Overall, the Group's trading profit was 19.9% lower in the financial year ended 30 June 2020 when compared with the previous financial year, primarily as a result of such COVID-19-related reductions in demand and COVID-19 related costs, as well as certain other COVID-19 related impacts, such as a R0.4 billion impairment on the MIAL investment, which was a consequence of the impact of COVID-19 on air travel. For the financial year ended 30 June 2021, the Group's trading profit was 47.8% higher when compared to the previous financial year, primarily driven by the consolidation of PHS for a full financial year, reasonable revenue growth and the benefits of the restructuring implemented across the Group, as discussed above.

The Group's effective tax rate also increased substantially to 66% in the financial year ended 30 June 2020, compared to 27% in the financial year ended 30 June 2019 because of the significant non-deductible expenses, impairments and losses relating to COVID-19, and the Group has not raised deferred tax on the closed operations and therefore, there is no credit to this charge. This, however, has normalized in the financial year ended 30 June 2021, to an effective rate of 28.3%.

Disposals, discontinued operations and impairments

As markets and sectors evolve and are impacted by macroeconomic conditions, the Group from time to time may divest certain operations or write down certain investments in underperforming businesses.

As described above, the Group took the decision to divest from its asset heavy travel-related businesses, Bidvest Car Rental and Bidair Services, as a result of the impact of COVID-19 on the sectors in which those businesses operated. The disposal of both these businesses were concluded successfully in the financial year ended 30 June 2021. Bidvest Car Rental was shown as a discontinued operation for the purposes of the results for the financial year ending 30 June 2020. Also in 2020, the Group disposed of DH Mansfield Group Limited (DH Mansfield), a rescue and recovery business operating services centers across the northern, central and southern geographical areas of the United Kingdom, as well as Glenryck South Africa Proprietary Limited, a leading South African canned fish brand, which follows and is in line with the Group's divestiture of its fishing and associated interests in Namibia in 2018. During the financial year ended 30 June 2019, the Group disposed of TMS Group Industrial Services Proprietary Limited, an industrial facilities cleaning and maintenance contractor, and sold the remaining 1.3 million shares held by the Group in Bidcorp. The impact of these disposals was not material to the trading profit and EBITDA of the Group, or the respective divisions, in the years they were executed, with the exception of the Group's sale of MIAL detailed below. Please refer to Notes 9, 14 and 13 to the FY 2021

Financial Statements, FY 2020 Financial Statements and FY 2019 Financial Statements, respectively, for additional information on the Group's completed dispositions during the periods under review.

In addition, the Group may from time to time be required to write down investments in associates. For example, the Group's investment in Comair, an airline based in South Africa, was written down to nil in February 2020 after it was placed in business rescue, which negatively impacted the Group's income from associates for the financial year ended 30 June 2020. Prior to this, the Group was required to recognize its share of significant trading losses at Comair. The Group also took an impairment on the MIAL investment of R0.4 billion in the financial year ended 30 June 2020 after the financial position of MIAL deteriorated as a consequence of COVID-19 on air travel. The Group's stake in MIAL was subsequently sold in the financial year ended 30 June 2021.

Business acquisitions

The Group has in the past selectively engaged in numerous acquisitions, and inorganic growth through acquisitions remains a key part of the Group's strategy to increase market share and geographic coverage. With a measured approach to leverage, the Group is continuously evaluating inorganic growth opportunities to complement its organic growth strategy, with a focus on established and profitable businesses with strong management teams in key sectors. In particular, the Group continues to focus on international acquisition opportunities that would provide leadership positions in hygiene and facilities management services as well as new growth opportunities that complement existing business areas.

In the financial year ended 30 June 2019, the Group acquired Aquazania in South Africa, and in December 2019, it announced the acquisition of PHS, a leading hygiene service provider in the United Kingdom, Ireland and Spain in line with the Group's strategic intent to expand its presence beyond South Africa. The completion of this acquisition, which is Bidvest's largest ever M&A transaction, tripled the Group's trading profit from offshore operations. PHS contributed R767 million to revenue and R121 million to trading profit in the financial year ended 30 June 2020, having consolidated results for two months in that financial year (and would have contributed R5,143 million to revenue and R741 million to trading profit in the same financial year had the acquisition been effective on 1 July 2019). In addition, in the financial year ended 30 June 2020, the Group acquired Future Cleaning, an office and commercial cleaning services company operating throughout the United Kingdom, increasing the Group's cleaning service footprint and market share in the United Kingdom. In the financial year ended 30 June 2021, the Group, through its Bidvest Noonan subsidiary, acquired both the Axis and Cordant groups of companies in the United Kingdom as well as Interact in Ireland. Axis is predominantly a security business in the United Kingdom, while Cordant offers both security and cleaning services in the same territory. Interact provides technical facilities management services in Ireland. Following these acquisitions Noonan now has a comprehensive national footprint in the United Kingdom that broadens its addressable market. Please refer to Notes 9.2, 13 and 12 to the FY 2021 Financial Statements, FY 2020 Financial Statements and FY 2019 Financial Statements, respectively, for additional information on the actual contribution of the above-noted businesses to the Group's results in the financial years during which they were acquired and, if different, on what they would have contributed had their acquisitions been effective at the start of the relevant financial year.

The Group targets acquisitions in which the Group will own and control the acquired business and does not generally invest in minority positions. In line with this approach, the Group made additional investments to move from a minority to a majority position in Adcock Ingram. Effective 1 August 2019, the Group recognized and consolidated Adcock Ingram as a 51.40% held subsidiary and derecognized its associate investment in Adcock Ingram, following the dissolution of a historic Adcock Ingram B-BEEE scheme. No additional consideration was paid for the ordinary shares received related to the dissolution. Following 1 August 2019, the Group purchased an additional 1,597,100 of Adcock Ingram's ordinary shares for R90 million, raising the Group's economic interest in Adcock Ingram to 52.3%. In March 2020, Adcock Ingram purchased 4,014,038 and in April 2021 a further 5,300,000 of its own shares from shareholders other than the Group, which raised the Group's effective holding to 53.6% and 57.9%, respectively. As a result of its consolidation as of 1 August 2019, Adcock Ingram contributed R6,855 million to revenue and R822 million to trading profit in the financial year ended 30 June 2020 (and would have contributed R7,347 million to revenue and R862 million to trading profit had the acquisition taken place on 1 July 2019). Please refer to Note 28 to the FY 2020 Financial Statements for additional information.

The Group's acquisition activity is also reflected in increased acquisition and finance costs. Excluding the impact of IFRS 16, finance costs for the financial year ended 30 June 2020 were up 7.4%, largely reflecting the additional funding for acquisitions, primarily PHS. The Group often obtains debt financing to fund its acquisitions. For example, the PHS acquisition was financed with a one-year Sterling Bridge Facility, with an option to extend for a further one-year period. The Group's initial euro facility was taken out to fund the acquisition of Noonan and other smaller acquisitions. Generally though, the Group funds its less significant acquisitions, including most bolt-on acquisitions, through its existing cash reserves and drawing down on its existing credit lines, with relevant underlying businesses expected to finance any resulting acquisition indebtedness through their ongoing cash flows without ongoing Group support.

Changing consumer preferences and business practices

As a result of the COVID-19 pandemic, many customers who purchased the Group's products and services have had to adapt their business practices, including reduced employee travel, recommending that all non-essential personnel work from home, cancellation or reduction of physical participation in sales activities, meetings, events and conferences, and implementation of additional safety protocols for essential workers. The Group is carefully monitoring the short-term and medium-term work-from-home trends to better understand how the future of remote working will impact business practices in the longer term in the regions where it operates, in order to adapt its service offerings appropriately and ensure continued financial performance. Business development teams across the Group, but particularly in the Group's Services and Branded Products divisions, have adapted traditional approaches and put forward value-added solutions to customers. In general, while office occupancy is not likely to reach pre-pandemic levels, demand for cleaning and hygiene services is expected to remain high as more people return to office work, for at least part of the week, and a greater awareness and requirement for sanitization.

In addition to changing business practices resulting from COVID-19, consumer preferences continually evolve, and may include increased demand in certain sectors (e.g. home improvement tools and materials and products aimed to improve home working environments), decreased demand in other sectors (e.g. stationery and other consumables in offices and travel services) and new technology requirements and solutions to virtually interact with customers, which the Group expects will continue to require investment. In considering the evolution of consumer preferences, the Group characterizes goods and products as discretionary and non-discretionary items. For example, sales of vehicles would qualify as discretionary consumer spending, while non-discretionary consumer spending would include sales of items such as over-the-counter medications and pharmaceutical products, everyday essential appliances and stationery. The sale and distribution of non-discretionary products does not fluctuate as significantly as the sales of discretionary products.

Cost management

Tight cost control is an everyday principal in the Group and management is encouraged to continuously assess the cost base of each business as if it is their own. The Trading and Distribution operations are focused on maintaining gross profit margin within a range through active price point and daily margin management across product baskets. Within the Services division, the cost of labor represents the largest input cost, but customer contracts typically include annual escalation clauses for labor as this is regulated. Ongoing efforts to drive efficiencies and simplify businesses, have historically resulted in operating expense growth, on a like-for-like basis, in line or below inflation.

Factors Affecting Comparability of Results of Operations

Consolidation of Adcock Ingram and PHS

The Group consolidated two major subsidiaries, Adcock Ingram and PHS, for the first time in 2020. The Group's results therefore reflect the consolidation of Adcock Ingram for 11 months of the financial year ended 30 June 2020 and all of 2021, and consolidation of PHS for two months of the financial year ended 30 June 2020 and all of 2021. Please refer to Note 28 to the FY 2020 Financial Statements for additional information.

In addition, 2020 was the first annual reporting period for the newly created Branded Products division, which was formed when Adcock Ingram was combined with the former Office and Print division, together with certain other consumer businesses. As noted above, associate income reduced significantly in the financial year ended 30 June 2020, and is related to the consolidation of Adcock Ingram, which was treated as an associate in 2019.

The Group's results for the financial year ended 30 June 2021 included the consolidation of full annual contributions from PHS and Adcock Ingram. The acquisitions of Axis and Cordant were effective at different dates during the financial year. Please refer to Note 9.2 to the FY 2021 Financial Statements for additional information.

IFRS 16

The Group adopted IFRS 16 in the financial year ended 30 June 2020, which has had a material impact on the Group's statement of financial position and the comparability of the results to prior periods. In the financial year ended 30 June 2020, right-of-use assets of R5.1 billion and operating lease liabilities of R5.6 billion were recognized. Finance charges were up significantly, largely due to IFRS 16. Cash generated by operations, at R9.2 billion, compared favorably with the R6.6 billion in 2019 and received a benefit from the implementation of IFRS 16 of R1.5 billion. For additional detail on the impact of IFRS 16 adoption, including the Group's consolidated income statement and consolidated statement of cash flows in the financial year ended 30 June 2020, see Note 2 to the FY 2020 Financial Statements.

Divestments, discontinued operations and impairments

During the periods under review, the Group disposed of certain businesses and assets (*see* "*—Factors Affecting the Group's Business and Operating Results — Disposals, discontinued operations and impairments*"), and such disposals to some extent affect the comparability of our results of operations from period to period.

Restatement of 2019 Comparatives

During the financial year ended 30 June 2020, an acquisition of UAV and Drone Solutions Proprietary Limited (UDS), completed in a prior year, was subject to a purchase price allocation review, which resulted in the recognition of an indefinite life intangible asset in the amount of R457 million, deferred tax liabilities of R128 million and the de-recognition of goodwill in the amount of R330 million. As a result, the comparative consolidated statement of financial position as at 30 June 2019, as reflected in the consolidated financial statements for the financial year ended 30 June 2020, was restated.

As a result of the internal reporting restructure referred to above that followed the acquisition of Adcock Ingram, effective 1 July 2019, the Electrical and Commercial Products divisions were merged and reported under the Commercial Products division and the comparative results for the financial year ended 30 June 2019, as reflected in the consolidated financial statements for the financial year ended 30 June 2020, was re-presented to reflect the changes to this segmental reporting. Following the rationalization and restructuring of the Group's Namibian investments in financial year ended 30 June 2020, Bidvest Namibia ceased to be reported as a single entity in "Corporate and Investments" and was dissolved, with the remaining Namibian operations since reported under the Group's six operating divisions and the prior period comparatives have been restated. Certain other operations were reclassified between segments and the 2019 comparative period's segmental information as reflected in the consolidated financial statements for the financial year ended 30 June 2020 has been amended to reflect these insignificant changes.

Net impairment losses on financial assets, in accordance with International Accounting Standards ("**IAS**") 1, have been disclosed as a separate line item in the consolidated income statement, and the comparative period of the financial year ended 30 June 2019 in the consolidated financial statements for the financial year ended 30 June 2020 was restated accordingly.

No comparative information has been changed as a result of the adoption of IFRS 16.

In order to improve comparability, unless otherwise stated, the financial information as at and for the financial year ended 30 June 2019 (including the presentation of the Group's reporting segments and the financial information in relation thereto) has been extracted or derived from the FY 2019 Restated Financial Information.

Restatement of 2020 Comparatives

The Group acquired PHS in financial year 2020 and the acquisition was subject to a purchase price allocation review, which resulted in the recognition of an indefinite life Brand intangible asset in the amount of R2,336 million, a 15-year definite life Customer Relationships intangible asset of R2,482 million and deferred tax liabilities of R915 million, a resultant net R3,903 million goodwill has been de-recognized. The 30 June 2020 comparative as reflected in the consolidated financial statements for the financial year ended 30 June 2021 was restated accordingly.

In order to improve comparability, unless otherwise stated, the financial information as at and for the financial year ended 30 June 2020 (including the presentation of the Group's reporting segments and the financial information in relation thereto) has been extracted or derived from the FY 2020 Restated Financial Information.

Results of Operations

The following table sets forth the consolidated operating results of the Group:

	For the year ended 30 June		
	2021	2020	2019
		(Restated)	(Restated)
R000s			
Continuing operations			
Revenue	**88,314,806**	**76,542,581**	**76,058,362**
Cost of revenue	(61,140,027)	(53,101,006)	(53,511,794)
Gross profit	**27,174,779**	**23,441,575**	**22,546,568**
Operating expenses	(19,278,934)	(18,079,797)	(16,501,399)
Net impairment losses on financial assets	(252,164)	(245,401)	(54,440)
Other income	273,347	266,807	308,395
Income from investments	(26,103)	(43,482)	368,258
Trading profit	**7,890,925**	**5,339,702**	**6,667,382**
Share-based payment expense	(246,096)	(202,494)	(188,840)
Acquisition costs and customer contracts amortization	(305,025)	(345,229)	(65,858)
Net capital items	(179,663)	(1,973,149)	(787,102)
Profit before finance charges and associate income	**7,160,141**	2,818,830	5,625,582
Net finance charges	(1,470,534)	(1,429,627)	(924,585)
Finance income	57,367	80,253	238,152
Finance charges	(1,527,901)	(1,509,880)	(1,162,737)
Share of (loss) profit of associates	100,095	(92,250)	583,198
Current year earnings	100,208	(87,129)	592,104
Net capital items	(113)	(5,121)	(8,906)
Profit before taxation	**5,789,702**	**1,296,953**	**5,284,195**
Taxation	(1,670,774)	(851,589)	(1,431,779)
Profit for the year from continuing operations	**4,118,928**	**445,364**	**3,852,416**
Discontinued operations			
Profit (loss) after tax from discontinued operations	3,789	(632,267)	(48,486)
Profit (loss) for the year	**4,122,717**	**(186,903)**	**3,803,930**

Comparison of the Group's results for the financial year ended 30 June 2020 compared to the financial year ended 30 June 2021

Revenues

Revenue across the Group increased by 15.4% from R76.5 billion in the financial year ended 30 June 2020 to R88.3 billion in the financial year ended 30 June 2021, primarily as a result of increases in revenues in the Services, Branded Products, Commercial Products, and Automotive divisions of 30.8%, 2.7%, 17.4% and 15.5%, respectively (the reasons for which are further discussed below under "*—Business Segment Results*"), which were slightly moderated by a 1.6% decrease in revenue in the Freight division and a 0.1% decrease in revenues in the Financial Services division (the reasons for which are further discussed below under "*—Business Segment Results*"). As further discussed in "*—Business Segment Results*", the impact of the consolidation of PHS for 12 months, an additional ten months when compared to the prior year, and Adcock Ingram for an additional month, in the financial year to 30 June 2021 contributed to boosting growth in the Services and Branded Products divisions, respectively. Organically, revenue grew in the Services, Commercial Products and Automotive divisions despite the continued interruptions caused by the pandemic.

Cost of Revenue

Cost of revenue includes raw material costs, purchased product and parts, direct labor, manufacturing overheads, energy and depreciation. The primary input costs are sourced product and labor.

Costs of revenue across the Group increased by 15.1% from R53.1 billion in the financial year ended 30 June 2020 to R61.1 billion in the financial year ended 30 June 2021, primarily as a result of increases in cost of revenue in the Services, Branded Products, Commercial Products, Automotive and Financial Services divisions of 24.2%, 3.9%, 15.0%, 15.6% and 19.7%, respectively (the reasons for which are further discussed below under "*—Business Segment Results*"), which more than offset a 5.2% decline in cost of revenue in the Freight division (the reasons for which are further discussed below under "*—Business Segment Results*").

Gross Profit

Gross profit across the Group increased by 15.9% from R23.4 billion in the financial year ended 30 June 2020 to R27.2 billion in the financial year ended 30 June 2021. The overall gross profit margin increased from 30.6% to 30.8%.

Operating Expenses

Operating expenses across the Group increased by 6.6% from R18.1 billion in the financial year ended 30 June 2020 to R19.3 billion in the financial year ended 30 June 2021, primarily as a result of a 47.9% increase in the operating expenses of the Services division and a 7.8% increase in the Commercial Products division (the reasons for which are further discussed below under "*—Business Segment Results*"). Operating expenses decreased in the Branded Products, Freight, Financial Services and Automotive divisions by 1.4%, 3.4%, 14.0% and 1.1%, respectively (the reasons for which are further discussed below under "*—Business Segment Results*"). The overall increase was largely due to the maiden annual contribution of the acquired PHS, which impacted the Services division. As noted above, however, all the divisions, except for the Services and Commercial Products divisions, reported a decrease in operating expenses, which was largely the result of their cost containment and restructuring efforts.

Net impairment losses on financial assets

Net impairment losses on financial assets across the Group increased by 2.8% from R245.4 million in the financial year ended 30 June 2020 to R252.2 million in the financial year ended 30 June 2021. This increase was primarily due to the increase in credit risk and an increase in forward looking default rates.

Other Income

Other income across the Group increased by 2.5% from R266.8 million in the financial year ended 30 June 2020 to R273.3 million in the financial year ended 30 June 2021. This income was primarily earned in the Automotive division on the sale of value added products concurrent with the sale of vehicle and in interest and cell captive income earned by Bidvest Insurance.

Income from Investments

Income from investments across the Group improved from a loss of R43.5 million in the financial year ended 30 June 2020 to a loss of R26.1 million in the financial year ended 30 June 2021. This reduced loss was primarily due to higher dividend and investment returns in the Financial Services division, offsetting the final MIAL mark-to-market foreign exchange adjustment.

Trading Profit

Trading profit across the Group increased by 47.8% from R5.3 billion in the financial year ended 30 June 2020 to R7.9 billion in the financial year ended 30 June 2021, primarily as a result of increases in trading profit across all the divisions. Increases in trading profit of 54.8%, 4.2%, 11.6%, 134.5%, 8.9% and 267.3%, respectively, were reported by the Services, Branded Products, Freight, Commercial Products, Financial Services and Automotive divisions (the reasons for which are further discussed below under "*—Business Segment Results*"). The overall increase was largely due to the consolidation of PHS, which benefited the Services division, market share gains in the Commercial Products division, a focus on margin rather than volumes in the Automotive division, as well as solid trading profit growth in the other divisions, with continued disruptions caused by the COVID-19 pandemic more than offset by revenue growth, margin focus and tight cost management.

Share-based Payment Expense

Share-based payment expense across the Group increased by 21.5% from R202.5 million in the financial year ended 30 June 2020 to R246.1 million in the financial year ended 30 June 2021. This increase was primarily due to the awarding of long-term incentive instruments to senior management in acquired businesses and the appreciation in the share price.

Acquisition Costs and Customer Contracts Amortization

Acquisition costs comprise advisory costs relating to the evaluation and conclusion of potential, in-process and concluded acquisitions. Customer contracts amortization comprises the amortization of the intangible asset value assigned to customer contracts at the time of acquisition over the average life of the demonstrated customer contract period

Acquisition costs and customer contracts amortization across the Group decreased by 11.6% from R345.2 million in the financial year ended 30 June 2020 to R305.0 million in the financial year ended 30 June 2021. This decrease was primarily due to an 81.2% decrease in acquisition costs, which were significant in the prior financial year due to the acquisition of PHS, and the non-repeat of the Adcock Ingram inventory fair value uplift, which more than offset a R201.4 million increase in amortization of acquired customer contracts mainly as a result of the PHS acquisition.

Net Capital Items

Net capital items comprise charges relating to COVID-19 as well as the impairment of goodwill and intangible assets.

Net capital items across the Group decreased by 90.9% from R2.0 billion in the financial year ended 30 June 2020 to R179.7 million in the financial year ended June 30, 2021. This decrease was primarily due to significantly lower COVID-19 charges and related impairments. Net losses were, however, recognized on businesses that were closed and disposed of, while insurance compensation was received for damaged assets within the Freight division.

Profit before Finance Charges and Associated Income

Profit before finance charges and associated income across the Group increased by 154.0% from R2.8 billion in the financial year ended 30 June 2020 to R7.2 billion in the financial year ended 30 June 2021. This increase was primarily due to the growth in trading profit discussed above and significantly lower net capital items, in addition to the other changes in the aforementioned income statement lines.

Net Finance Charges

Net finance charges across the Group increased by 2.9% from R1.4 billion in the financial year ended 30 June 2020 to R1.5 billion in the financial year ended 30 June 2021. This increase was primarily due to a higher average amount of gross debt and higher interest cost on certain facilities despite a lower interest rate environment.

Share of Profit (Loss) of Associates

Share of profit (loss) of associates across the Group increased from a loss of R92.3 million in the financial year ended 30 June 2020 to R100.1 million profit in the financial year ended 30 June 2021. This increase was primarily due to the Comair operational losses in the prior financial year before its placement in business rescue having more than offset contributions for associates in that year. The share of profits of associates in the financial year ended 30 June 2021 was primarily from Adcock Ingram associates, Adcock Ingram Limited (India) and National Renal Care Proprietary Limited.

Profit before Taxation

Profit before taxation across the Group increased by 346.4% from R1.3 billion in the financial year ended 30 June 2020 to R5.8 billion in the financial year ended 30 June 2021. This increase was primarily due to the factors that resulted in the changes in the aforementioned income statement lines, including strong operational results augmented by the PHS acquisition, the non-repeat of significant COVID-19 charges and impairments and much reduced net capital items.

Taxation

Taxation across the Group increased by 96.2% from R851.6 million in the financial year ended 30 June 2020 to R1.7 billion in the financial year ended 30 June 2021. This increase was primarily due to the Group's growth in trading profit.

The Group's effective tax rate reduced to 29% in the financial year ended 30 June 2021, compared to 66% in the financial year ended 30 June 2020, which represented a return to a more typical effective tax rate from the elevated level in the prior financial year, which was significant impacted by non-recurring non-deductible expenses, impairments and losses relating to COVID-19.

Profit for the Year from Continuing Operations

Profit for the year from continuing operations for the Group increased by 824.8% from R445.4 million in the financial year ended 30 June 2020 to R4.1 billion in the financial year ended 30 June 2021 was primarily due to the growth in profit before taxation and a decrease in the effective tax rate and the resultant taxation charge of the Group.

Profit after Tax from Discontinued Operations

Profit after tax from discontinued operations relates to the Group's now disposed of Bidvest Car Rental business The R632.3 million loss after tax from discontinued operations for the Group in the financial year ended 30 June 2020 improved to a profit of R3.8 million in the financial year ended 30 June 2021 as the business traded off a smaller restructured base.

Profit for the year

Profit for the year of the Group increased by 2305.8% from a loss of R186.9 million in the financial year ended 30 June 2020 to R4.1 billion in the financial year ended 30 June 2021. This increase was primarily due to the factors that resulted in the changes in the aforementioned income statement lines, including strong trading and the non-repeat of significant COVID-19 charges, capital impairments and losses from the discontinued operations incurred in the prior year.

Geographical Comparison

	For the year ended 30 June	
	2021	**2020**
R million*		
Revenue - Total	**92,276**	**80,722**
Southern Africa	76,994	71,858
International	15,282	8,864
Trading Profit - Total	**7,891**	**5,340**
Southern Africa	6,329	4,767
International	1,562	573
EBITDA - Total	**9,591**	**6,823**
Southern Africa	7,617	6,113
International	1,974	710

*Reflects amounts before intercompany eliminations

Revenue in Southern Africa, which primarily includes South Africa and also revenue from small operations in Namibia, Botswana and Lesotho, increased by 7.1% from R71.9 billion in the financial year ended 30 June 2020 to R77.0 billion in the financial year ended 30 June 2021. The Group's International revenue mainly consists of revenue generated from Bidvest Noonan and PHS and increased by 72.4% from R8.9 billion in the financial year ended 30 June 2020 to R15.3 billion in the financial year ended 30 June 2021.

Trading profit in Southern Africa, which primarily includes South Africa and also small operations in Namibia, Botswana and Lesotho, increased by 32.8% from R4.8 billion in the financial year ended 30 June 2020 to R6.3 billion in the financial year ended 30 June 2021. The Group's International trading profit was mainly generated from Bidvest Noonan and PHS and increased by 172.6% from R573.0 million in the financial year ended 30 June 2020 to R1.6 billion in the financial year ended 30 June 2021.

EBITDA in Southern Africa, which primarily includes South Africa and also small operations in Namibia, Botswana and Lesotho, increased by 24.6% from R6.1 billion in the financial year ended 30 June 2020 to R7.6 billion in the financial year ended 30 June 2021. The Group's International EBITDA was mainly generated from Bidvest Noonan and PHS and increased by 177.8% from R710.4 million in the financial year ended 30 June 2020 to R2.0 billion in the financial year ended 30 June 2021.

Business Segment Results

Services Division

	For the year ended 30 June	
	2021	2020
R million*, except percentages		
Revenue	28,893	22,091
Trading profit	3,303	2,134
Trading margin	11.4%	9.7%
EBITDA	4,141	2,740
Average Funds Employed	1,612	2,550
ROFE	205.9%	85.0%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Services division increased by 30.8% from R22.1 billion in the financial year ended 30 June 2020 to R28.9 billion in the financial year ended 30 June 2021. This increase was primarily due to the additional 10-month contribution from PHS, resilient organic growth in Bidvest Noonan in addition to partial contributions to it from its bolt-on acquisitions, as well as strong growth in the facilities management services delivered in South Africa. PHS reported positive new sales as the demand for hygiene services continued to grow. Despite the reduced demand in travel services and in the airport lounges as well as low office occupancy in the professional services, South Africa revenue growth was strong primarily due to strong demand for hygiene services and products, cleaning services and overnight cargo services.

Trading Profit

Trading profit in the Services division increased by 54.8% from R2.1 billion in the financial year ended 30 June 2020 to R3.3 billion in the financial year ended 30 June 2021, reflecting the 30.8% increase in revenue discussed above alongside a 24.2% increase in divisional cost of revenue and a 47.9% increase in divisional operating, respectively. As with divisional revenue discussed above, the full year consolidation of PHS and the partial inclusion of the bolt-on acquisitions significantly impacted the year-on-year cost of revenue and operating expense increases in the division. The facilities management service businesses, both in South Africa and abroad, benefitted from COVID-19 related work, but this was broadly neutralized by suspension of services to a part of the facilities management service businesses' customer base due to restrictions and the resultant drop in consumables due to lower office occupancies. Nevertheless, the facilities management services, which have shown significant growth over the last five years, delivered another good performance as they successfully leveraged their scale and controlled cost of revenue well. Organically, both PHS and Bidvest Noonan grew trading profits in their underlying currency. Ireland delivered a strong result while trading conditions were more challenging in the United Kingdom as a result of the negative impact of the continued cinema closures on the specialist cleaning business. The security services performed strongly, particularly Bidvest Protea Coin as its focus shifted to higher margin, specialist work in addition to very good expense management, while the travel services, understandably, remained under pressure due to pandemic restrictions. The loss widened year-on-year in the travel services activities.

EBITDA

EBITDA in the Services division increased by 51.1% from R2.7 billion in the financial year ended 30 June 2020 to R4.1 billion in the financial year ended 30 June 2021, generally due to the same factors that led to the increase in divisional trading profit as discussed above. Depreciation, which represents the main difference between

EBITDA and trading profit increased by 59.2% between the financial years ended 30 June 2021 and 2020, primarily due to the consolidation of PHS.

Branded Products Division

	For the year ended 30 June	
	2021	2020
R million*, except percentages		
Revenue	17,793	17,327
Trading profit	1,463	1,404
Trading margin	8.2%	8.1%
EBITDA	1,687	1,653
Average Funds Employed	6,392	6,476
ROFE	24.4%	23.2%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Branded Products division increased by 2.7% from R17.3 billion in the financial year ended 30 June 2020 to R17.8 billion in the financial year ended 30 June 2021. This increase was primarily due to the additional month of Adcock Ingram revenue, a favorable change in Adcock Ingram volume mix and price increases and the conclusion of bolt-on acquisitions, which more than offset the demand pressure experienced in the balance of the division, particularly in office products due to remote working and schooling. Packaging demand also grew, which also helped support revenue.

Trading Profit

Trading profit in the Branded Products division increased by 4.2% from R1.4 billion in the financial year ended 30 June 2020 to R1.5 billion in the financial year ended 30 June 2021, reflecting the 2.7% increase in revenue discussed above as well as a 3.9% increase in divisional cost of revenue and 1.5% decrease in divisional operating expenses. Adcock Ingram reported a lower gross profit margin as a result of a weaker exchange rate that negatively impacted the cost of imported active ingredients, lower factory recoveries and a volume mix change that was margin dilutive given the lack of a flu season and lower elective and trauma hospitalizations. Well controlled operating expenses, despite further retrenchment costs and the expenditure in the acquired bolt-on businesses, limited the decline in the trading profit margin by 100bps to 11.8%. The early rightsizing and re-engineering of the balance of the businesses, together with impressive expense control, culminated in strong trading profit growth. Despite material input price increases, driven by higher commodity prices and a weaker exchange rate, gross profit margins were well managed and held steady.

EBITDA

EBITDA in the Branded Products division increased by 2.0% from R1.7 billion in the financial year ended 30 June 2020 to R1.7 billion in the financial year ended 30 June 2021, generally due to the same factors that led to the increase in divisional trading profit as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit decreased by 3.6% between the financial years ended 30 June 2021 and 2020. This decrease was primarily due to the rightsizing of operations and facilities.

Freight Division

	For the year ended 30 June	
	2021	2020
R million*, except percentages		
Revenue	6,205	6,308
Trading profit	1,295	1,161
Trading margin	20.9%	18.4%
EBITDA	1,522	1,361
Average Funds Employed	4,223	4,000
ROFE	30.8%	29.0%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Freight division decreased by 1.6% from R6.3 billion in the financial year ended 30 June 2020 to R6.2 billion in the financial year ended 30 June 2021. Revenue earned by the division's terminal operations grew strongly as bulk mineral, agricultural and gas volumes handled benefitted from the global commodity boom, a second bumper maize crop and the commissioning of the LPG terminal, respectively. This was more than offset, however, by revenue declines in the remaining businesses due to the impacts of a subdued local economy, consumer spend under pressure, imbalances in global trade and significant increases in freight rates.

Trading Profit

Trading profit in the Freight division increased by 11.6% from R1.2 billion in the financial year ended 30 June 2020 to R1.3 billion in the financial year ended 30 June 2021, as the 1.6% decrease in revenue discussed above was more than offset by 5.2% and 3.4% decreases in divisional cost of revenue and divisional operating expenses, respectively. The division's cost of revenue and gross margin benefitted from the shift in revenue towards the higher margin terminal operations. Liquid and gas volumes grew by 4.0%, while agricultural and mineral volumes grew by 12% and 17%, respectively. The commissioned LPG facility in Richards Bay also handled volumes ahead of expectations. Bidvest Port Operations also capitalized on the strong mineral demand during the months when fertilizer volumes are seasonally low, despite a sharp decline in break bulk volumes, which is a reflection of limited infrastructure and building demand. Operating expenses decreased overall despite an increase in operating expenses reported in the terminal operations, as rightsizing benefits from initiatives taken in the prior financial year, which started to materialize in Bidvest International Logistics and Bidvest SACD, and restructuring costs from the prior financial year did not repeat. The operations outside of South Africa made limited contributions to divisional trading profit.

EBITDA

EBITDA in the Freight division increased by 11.8% from R1.4 billion in the financial year ended 30 June 2020 to R1.5 billion in the financial year ended 30 June 2021, generally due to the same factors that led to the increase in divisional trading profit as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit increased by 11.2% between the financial years ended 30 June 2021 and 2020. This increase was primarily due to the newly commissioned LPG terminal.

Commercial Products Division

	For the year ended 30 June	
	2021	**2020**
R million*, except percentages		
Revenue	14,025	11,943
Trading profit	922	393
Trading margin	6.6%	3.3%
EBITDA	1,006	508
Average Funds Employed	3,611	4,151
ROFE	25.5%	9.5%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Commercial Products division increased by 17.4% from R11.9 billion in the financial year ended 30 June 2020 to R14.0 billion in the financial year ended 30 June 2021. This increase was primarily due to market share gains in a difficult and competitive environment, characterized by major supply chain disruptions and significant commodity, and therefore product, price increases. Demand growth was reported in the mining, agricultural and automotive sectors, in the DIY market due to working from home and certain lifestyle products.

Trading Profit

Trading profit in the Commercial Products division increased by 134.5% from R393.0 million in the financial year ended 30 June 2020 to R921.6 million in the financial year ended 30 June 2021, reflecting the 17.4% increase in divisional revenue discussed above as well as a 15.0% increase in divisional cost of revenue and a 7.8% increase in divisional operation expenses. This increase was primarily due to an exceptional trading profit performance by the division's plumbing and electrical product trade businesses, Plumblink and Voltex, respectively, which gained market share as they had stock available and continued with active price and margin management. Voltex's restructuring, which is currently ongoing, also yielded benefits, and Plumblink opened seven new stores during the year. The improved factory recoveries in businesses, including G Fox, Academy Brushware, Bidvest Afcom and Bidvest Buffalo Tapes, contributed to the divisional performance, as did margin management. Operating expenses were well controlled. The operations in Namibia delivered an improved performance compared to the prior financial year and Yamaha benefitted from demand for musical instruments, boats and other recreational products where stock shortages are particularly prevalent in this business. The industrial activities as they relate to the leasing and rental of warehouse equipment delivered a lower trading profit as a key customer contract came to an end.

EBITDA

EBITDA in the Commercial Products division increased by 98.0% from R508.3 million in the financial year ended 30 June 2020 to R1.0 billion in the financial year ended 30 June 2021, generally due to the same factors that led to the increase in divisional trading profit as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit decreased by 11.6% between the financial years ended 30 June 2021 and 2020. This decrease was primarily due to the disposal of certain rental assets for which utilization was low.

Financial Services Division*

	For the year ended 30 June	
	2021	**2020**
R million*, except percentages		
Revenue	2,647	2,650
Trading profit	332	304
Trading margin	12.5%	11.5%
EBITDA	606	547
Average Funds Employed	3,713	3,704
ROFE	9.1%	8.2%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Financial Services division decreased by 0.1% from R2.7 billion in the financial year ended 30 June 2020 to R2.6 billion in the financial year ended 30 June 2021. This slight decrease was primarily due to the continued impact of travel restrictions on foreign exchange demand, which negatively impacted Bidvest Bank's non-interest revenue, lower interest rates and the net roll-off of the fleet under full maintenance leasing. The division benefitted from resilient gross written premiums in the insurance businesses.

Trading Profit

Trading profit in the Financial Services division increased by 8.9% from R304.4 million in the financial year ended 30 June 2020 to R331.6 million in the financial year ended 30 June 2021 reflecting the flat divisional revenue discussed above as well as a 19.7% increase in divisional cost of revenue and a 13.7% decrease in divisional operation expenses. Bidvest Bank reported a decline in trading profit as the higher margin full maintenance leasing book rolled over while the new Transnet heavy commercial vehicle fleet contract was in its infancy, foreign exchange trading income remained virtually nil given travel restrictions, a lower net interest margin was earned and lending growth was limited. Given the fragile state of the economy, management took a cautious approach in accounting for expected credit losses. Operating expenses declined following the branch rationalization in the first half of the financial year. Despite slightly lower gross written premiums in the short-term insurance business, Bidvest Insurance's improved business efficiencies and cost containment initiatives yielded an improved trading profit. FMI, the life insurance business, wrote more new business, improved retention rates and controlled costs tightly, which all culminated in a substantially reduced loss. The division's investment portfolio yielded stronger returns year-on-year.

EBITDA

EBITDA in the Financial Services division increased by 10.8% from R546.7 million in the financial year ended 30 June 2020 to R605.6 million in the financial year ended 30 June 2021, generally due to the same factors that led to the increase in divisional trading profit as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit increased by 22.1% between the financial years ended 30 June 2021 and 2020. This increase was primarily due to the roll out of the division's new Transnet heavy vehicle full maintenance leasing fleet.

Automotive Division

	For the year ended 30 June	
	2021	2020
R million*, except percentages		
Revenue	21,095	18,263
Trading profit	652	178
Trading margin	3.1%	1.0%
EBITDA	685	228
Average Funds Employed	1,734	2,506
ROFE	37.6%	7.0%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Automotive division increased by 15.5% from R18.3 billion in the financial year ended 30 June 2020 to R21.1 billion in the financial year ended 30 June 2021. This increase was primarily due to recovering vehicle and aftermarket demand as trade restrictions eased as well as price increases. Bidvest McCarthy sold 1.1% more new and 7.2% more used vehicles in the financial year under review, compared to industry new vehicle sales growth of 8.6%. Fleet sales remained relatively depressed. Global supply chain disruptions and key component shortages hampered stock availability in most vehicle brands for most of the financial year.

Trading Profit

Trading profit in the Automotive division increased by 267.3% from R177.5 million in the financial year ended 30 June 2020 to R652.0 million in the financial year ended 30 June 2021 reflecting the 15.5% increase in divisional revenue discussed above as well as a 15.6% increase in divisional cost of revenue and a 1.0% decrease in divisional operation expenses. Management focused on margin rather than market share when selling vehicles, which was evident in an improved gross profit margin earned on new vehicle sales. Efficiency gains through process re-engineering and robot processing automation as well as rationalization efforts over the past few years, all contributed to the significant growth in trading profit.

EBITDA

EBITDA in the Automotive division increased by 200.6% from R227.9 million in the financial year ended 30 June 2020 to R685.0 million in the financial year ended 30 June 2021. This increase is primarily due to the same factors that led to the increase in divisional trading profit as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit, increased by 8.3% between the financial years ended 30 June 2021 and 2020.

Comparison of the Group's results for the financial year ended 30 June 2019 compared to the financial year ended 30 June 2020

Revenues

Revenues across the Group increased by 0.6% from R76.1 billion in the financial year ended 30 June 2019 to R76.5 billion in the financial year ended 30 June 2020, primarily as a result of decreases in revenues in the Automotive, Commercial Products, Freight and the Financial Services divisions of 20.1%, 7.1%, 5.8% and 1.9%, respectively (the reasons for which are further discussed below under "—*Business Segment Results*"), which were offset by a 46.1% increase in revenues in the Branded Products division and a 7.0% increase in revenues in the Services division (the reasons for which are further discussed below under "—*Business Segment Results*"). While overall revenues across the Group's divisions were sharply down in 2020 (with the exception of the Services and Branded Products divisions due to the acquisitions of PHS and Adcock Ingram revenues, respectively) primarily as a result of the impact of COVID-19 and corresponding reductions in trading volumes, the impact of the consolidation of Adcock Ingram for 11 months of the financial year ended 30 June 2020 and of PHS for two months buoyed 2020 revenue figures such that they were able to remain largely flat against revenues in the financial year ended 30 June 2019 (which did not include Adcock Ingram and PHS revenues) even in the context of COVID-19.

Cost of Revenue

Cost of revenue includes raw material costs, purchased product and parts, direct labor, manufacturing overhead, energy and depreciation. The primary input costs are sourced product and labor.

Costs of revenue across the Group decreased by 0.8% from R53.5 billion in the financial year ended 30 June 2019 to R53.1 billion in the financial year ended 30 June 2020, primarily as a result of decreases in cost of revenue in the Automotive, Freight and Commercial Product divisions of 20.6%, 10.4% and 5.5%, respectively (the reasons for which are further discussed below under "*—Business Segment Results*"), which more than offset increases in the cost of revenues in the Branded Product, Financial Services and Services divisions of 41.2%, 15.2% and 7.7%, respectively (the reasons for which are further discussed below under "*—Business Segment Results*").

Gross Profit

Gross profit across the Group increased by 4.0% from R22.5 billion in the financial year ended 30 June 2019 to R23.4 billion in the financial year ended 30 June 2020. The overall gross profit margin improved from 29.6% to 30.6%.

Operating Expenses

Operating expenses across the Group increased by 9.6% from R16.5 billion in the financial year ended 30 June 2019 to R18.1 billion in the financial year ended 30 June 2020, primarily as a result of a 59.4% increase in operating expenses in the Branded Products division and 10.2%, 0.9% and 4.7% increases in operating expenses in the Services, Freight and Financial Services divisions, respectively (the reasons for which are further discussed below under "*—Business Segment Results*"). Operating expenses for the Automotive and Commercial Products divisions decreased in 2020 versus 2019 by 8.8% and 1.7%, respectively (the reasons for which are further discussed below under "*—Business Segment Results*"). The overall increase was largely due to the implementation of IFRS 16, which increased finance charges, the acquisitions of Adcock Ingram and PHS completed by the Group and the charges required as a result of the COVID-19 pandemic.

Net impairment losses on financial assets

Net impairment losses on financial assets across the Group increased by 350.8% from R54.4 million in the financial year ended 30 June 2019 to R245.4 million in the financial year ended 30 June 2020. Of this R245.4 million, R120.0 million related to the Services division and, R9.0 million related to the Financial Services division. This increase was primarily due to the increase in credit risk and decline in the future economic outlook, in large part due to shutdowns in the travel and aviation industries, industry wide macroeconomic declines and the increase in forward looking default rates.

Other Income

Other income across the Group decreased by 13.5% from R308.4 million in the financial year ended 30 June 2019 to R266.8 million in the financial year ended 30 June 2020. This decrease was primarily due to less insurance claim payouts and storage fees received.

Income from Investments

Income from investments across the Group decreased by 111.8% from R368.3 million in the financial year ended 30 June 2019 to a loss of R43.5 million in the financial year ended 30 June 2020. This decrease was primarily due to foreign exchange movements as well as the impairment of the MIAL investment. However, the Group's insurance investment portfolio yielded improved returns year-on-year.

Trading Profit

Trading profit across the Group decreased by 19.9% from R6.7 billion in the financial year ended 30 June 2019 to R5.3 billion in the financial year ended 30 June 2020, primarily as a result of decreases in trading profit across most divisions within the Group, including Automotive, Financial Services, Commercial Products, Freight and Services divisions of 66.6%, 47.9%, 46.6%, 16.3% and 3.1%, respectively, which were offset by a 49.2% increase in trading profit in the Branded Products division (the reasons for which are further discussed below under "*—Business Segment Results*"). The implementation of IFRS16 resulted in a benefit for the trading profit of all divisions with the greatest relative benefit in Freight given the long-dated port leases. The overall decrease was primarily due to COVID-19 charges of R1.6 billion (pre-tax) and the lower demand and trade restrictions affecting the Branded Products, Commercial Products and Automotive divisions. *See* "*Risk Factors—Risks Relating to the Businesses of the Group—The COVID-19 pandemic has affected, and may continue to affect the Group's business and results of operations*". Excluding the COVID-19 charges referred to herein, trading profit increased by 3.4%

Share-based Payment Expense

Share-based payment expense across the Group increased by 7.2% from R188.8 million in the financial year ended 30 June 2019 to R202.5 million in the financial year ended 30 June 2020. This increase was primarily due to consolidation of Adcock Ingram's long term incentive scheme as well as a greater number of incentive scheme units.

Acquisition Costs and Customer Contracts Amortization

Acquisition costs comprise advisory costs relating to the evaluation and conclusion of potential, in-process and concluded acquisitions. Customer contracts amortization comprises the amortization of the intangible asset value assigned to customer contracts at the time of acquisition over the average life of the demonstrated customer contract period.

Acquisition costs and customer contracts amortization across the Group increased by 424.2% from R65.9 million in the financial year ended 30 June 2019 to R345.2 million in the financial year ended 30 June 2020. This increase was primarily due to acquisition costs totaling R160.0 million incurred the biggest portion of which relates to the acquisition of PHS effective at 7 May 2020, which is the Group's largest ever M&A transaction, and R70.1 million amortization of acquired customer contracts. As at the date on which Adcock Ingram was consolidated, its inventory had to be revalued to market value and the value uplift amortized over its general inventory sale cycle.

Net Capital Items

Net capital items comprise charges relating to COVID-19 as well as the impairment of goodwill and intangible assets.

Net capital items across the Group increased by 150.7% from R787.1 million in the financial year ended 30 June 2019 to R2.0 billion in the financial year ended 30 June 2020. This increase was primarily due to the Group's closures and disposals of various assets, the de-recognition of the associate investment in Adcock Ingram, the impairment of the Group's investment in Comair, which has been put into business rescue, and insurance compensation for damaged assets within the Freight division. *See "—Factors Affecting the Group's Business and Operating Results—Disposals, discontinued operations and impairments"*.

Profit before Finance Charges and Associated Income

Profit before finance charges and associated income across the Group decreased by 49.9% from R5.6 billion in the financial year ended 30 June 2019 to R2.8 billion in the financial year ended 30 June 2020. This decrease was primarily due to net capital items, the higher acquisition costs and amortization of customer contracts as a result of the PHS acquisition and other corporate activity, in addition to the factors that impacted trading profit discussed above.

Net Finance Charges

Net finance charges across the Group increased by 54.6% from R924.6 million in the financial year ended 30 June 2019 to R1.4 billion in the financial year ended 30 June 2020. This increase was primarily due to the

Group's additional funding required for material acquisitions. Excluding the impact of IFRS 16, the Group's net finance charges for the financial year ended 30 June 2020 as compared to 30 June 2019 reflects an additional 7.4% increase.

Share of (Loss) Profit of Associates

Share of loss from associates across the Group decreased by 115.8% from R583.2 million in the financial year ended 30 June 2019 to a loss of R92.3 million in the financial year ended 30 June 2020. This decrease was primarily due to the losses of Comair prior to its placement in business rescue in prior years, which limited the remaining loss to be recognized in the financial year ended 30 June 2020. The Group's Comair investment has now been written-down to nil.

Profit before Taxation

Profit before taxation across the Group decreased by 75.5% from R5.3 billion in the financial year ended 30 June 2019 to R1.3 billion in the financial year ended 30 June 2020. This decrease was primarily due to the factors that resulted in the changes in the aforementioned income statement lines, including depressed trading experienced in the fourth quarter, COVID-19 charges and impairments, substantial capital items reflecting the more challenged economic backdrop and divestment decisions as well as the write-down of the Group's Comair investment to nil, all as discussed above.

Taxation

Taxation across the Group decreased by 40.5% from R1.4 billion in the financial year ended 30 June 2019 to R851.6 million in the financial year ended 30 June 2020. This decrease was primarily due to lower taxable income, a lower statutory rate in the Group's offshore operations and the impact of non-tax deductible expenses, impairments, losses on disposal of businesses and the lack of deferred tax raised on closed operations.

The Group's effective tax rate increased substantially to 66% in the financial year ended 30 June 2020, compared to 27% in the financial year ended 30 June 2019 because of the significant non-recurring non-deductible expenses, impairments and losses relating to COVID-19. The Group has not raised deferred tax on the closed operations and therefore, there is no credit to this charge.

Profit for the Year from Continuing Operations

Profit for the year from continuing operations for the Group decreased by 88.4% from R3.9 billion in the financial year ended 30 June 2019 to R445.4 million in the financial year ended 30 June 2020. This decrease was primarily due to contraction in profit before taxation and an increase in the effective tax rate and the resultant taxation charge of the Group, as discussed above.

Loss after Tax from Discontinued Operations

Loss after tax from discontinued operations relates to the Group's decision to divest Bidvest Car Rental, an identifiable component of the Group's business, the operations and cash flow of which can be clearly distinguished from the rest of the Group, which resulted in it being classified as a disposal group held for sale. Loss after tax from discontinued operations for the Group increased by 1204.0% from R48.5 million in the financial year ended 30 June 2019 to R632.3 million in the financial year ended 30 June 2020. This increase was primarily due to COVID-19 travel restrictions adding additional pressure on the profitability of the business and a conservative valuation of the fleet given the oversupply of rental units de-fleeted in the market.

(Loss) Profit for the year

(Loss) profit for the year of the Group decreased from a profit of R3.8 billion in the financial year ended 30 June 2019 to a loss of R186.9 million in the financial year ended 30 June 2020. This decrease was primarily due to the factors that resulted in the changes in the aforementioned income statement line, including resilient trading prior to the onset of the COVID-19 pandemic being more than offset by COVID-19 charges, impairments, business closures and disposals, a contraction in the share prices of associates and increased losses in the discontinued operation, as discussed above.

Geographical Comparison

	For the year ended 30 June	
	2020	**2019**
R million*		
Revenue - Total	**80,722**	**80,051**
Southern Africa	71,858	72,379
International	8,864	7,672
Trading Profit - Total	**5,340**	**6,667**
Southern Africa	4,767	6,360
International	573	307
EBITDA – Total	**6,823**	**8,138**
Southern Africa	6,113	7,728
International	710	410

*Reflects amounts before intercompany eliminations

Revenue in Southern Africa, which primarily includes South Africa and also revenue from small operations in Namibia, Botswana and Lesotho, decreased by 0.7% from R72.4 billion in the financial year ended 30 June 2020 to R71.9 billion in the financial year ended 30 June 2021. The Group's International revenue which mainly consists of revenue generated from Noonan and PHS and increased by 15.5% from R7.7 billion in the financial year ended 30 June 2019 to R8.9 billion in the financial year ended 30 June 2020.

Trading profit in Southern Africa, which primarily includes South Africa and also small operations in Namibia, Botswana and Lesotho, decreased by 25.1% from R6.4 billion in the financial year ended 30 June 2019 to R4.8 billion in the financial year ended 30 June 2020. The Group's International trading profit was mainly generated from Noonan, PHS and Ontime and increased by 86.4% from R307 million in the financial year ended 30 June 2019 to R573 million in the financial year ended 30 June 2020.

EBITDA in Southern Africa, which primarily includes South Africa and also small operations in Namibia, Botswana and Lesotho, decreased by 20.9% from R7.7 billion in the financial year ended 30 June 2019 to R6.1 billion in the financial year ended 30 June 2020. The Group's International EBITDA was mainly generated from Noonan and increased by 72.7% from R410 million in the financial year ended 30 June 2019 to R710 million in the financial year ended 30 June 2020.

Business Segment Results

Services Division

	For the year ended 30 June	
	2020	**2019**
R million*, except percentages		
Revenue	22,091	20,648
Trading profit	2,134	2,201
Trading margin	9.7%	10.7%
EBITDA	2,740	2,710
Average Funds Employed	2,550	2,515
ROFE	85.0%	87.2%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Services division increased by 7.0% from R20.6 billion in the financial year ended 30 June 2019 to R22.1 billion in the financial year ended 30 June 2020. This increase was primarily due to the two-month contribution from PHS, good revenue growth out of the security businesses and strong demand for cleaning and hygiene services and products. This increase more than offset the impact of reduced demand for and revenues from other facilities management services as a result of empty offices amidst lockdowns, and services provided by the travel businesses, Bidair Services and the airport lounge businesses, all of which were significantly impacted by travel restrictions.

Trading Profit

Trading profit in the Services division decreased by 3.1% from R2.2 billion in the financial year ended 30 June 2019 to R2.1 billion in the financial year ended 30 June 2020, reflecting the 7.0% increase in divisional revenues discussed above alongside a 7.7% increase in divisional cost of revenue and an 10.2% increase in divisional operating expenses. The overall decrease in divisional trading profit was primarily due to losses in the travel businesses, Bidair Services and the airport lounge businesses, which, in addition to experiencing the sharp decreases in revenues discussed above, had to bear material closure and retrenchment costs as a result of the strategic decision to dispose of Bidair Services and other restructuring efforts, which contributed in meaningful part to the 11.4% increase in divisional operating expenses. Internationally, Bidvest Noonan, a facilities manager in Ireland and the United Kingdom, delivered very strong performance and the result of the recently acquired PHS, a hygiene service provider, was accretive. PHS is a higher margin business than the division overall. However, its maiden consolidation added disproportionately to operating expenses of the division during the financial year 30 June 2020 due to its operating expense ratio to revenue being greater than the overall division. In South Africa, new contracts, and the sale of COVID-19 related products and services largely offset the lack of hospitality business. The security businesses in South Africa also delivered very strong results on the back of market share gains in Bidvest Protea Coin, which focuses on the provision of integrated, intelligence driven risk management services, and Bidair Cargo, a cargo airline service in South Africa that benefitted from less competition. The allied services business also performed reasonably well. Overall, cost of revenue, which consists mainly of labor and consumables, was well managed, with the 7.7% increase only modestly above the percentage increase in revenue; however, increased debtor provisions to reflect the more challenging economic outlook reduced trading profit further.

EBITDA

EBITDA in the Services division decreased by 1.1% from R2.7 billion in the financial year ended 30 June 2019 to R2.7 billion in the financial year ended 30 June 2020, generally due to the same factors that led to decreased divisional trading profits as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit, increased by 19.6% between the financial years ended 30 June 2020 and 2019, limiting the decline in EBITDA.

Branded Products Division

	For the year ended 30 June	
	2020	**2019**
R million*, except percentages		
Revenue	17,327	11,858
Trading profit	1,404	941
Trading margin	8.1%	7.9%
EBITDA	1,653	1,091
Average Funds Employed	6,476	2,846
ROFE	23.2%	33.1%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Branded Products division increased by 46.1% from R11.9 billion in the financial year ended 30 June 2019 to R17.3 billion in the financial year ended 30 June 2020. This increase was primarily due to the consolidation of Adcock Ingram, adding significant additional revenue. The balance of the division's revenue was severely impacted by the lockdown in the fourth quarter of 2020, which resulted in lower demand and resulting factory recoveries for printing and office products due to remote working and schooling, constrained consumer demand and trade restrictions. Demand for packaging remained good in the financial year ended 30 June 2020, including as a result of increased package deliveries due to COVID-19 lockdown restrictions.

Trading Profit

Trading profit in the Branded Products division increased by 49.2% from R941.0 million in the financial year ended 30 June 2019 to R1.4 billion in the financial year ended 30 June 2020, reflecting the 46.1% increase in divisional revenues discussed above alongside a 41.2% increase in divisional cost of revenue and a 59.4% increase in divisional operating expenses. As with the increase in divisional revenue, the increase in trading profit was primarily due to the consolidation of Adcock Ingram, which more than offset a significant decline in the balance of the division's trading profit as a consequence of the lockdown in the last quarter of the financial year. Cost of revenue across the division was well controlled and increased at a somewhat lower pace than the increase in revenue despite lower recoveries in the print and packaging factories and a weaker, on average, exchange rate pushing up the cost of imported goods in the consumer product businesses. Operating expenses increased more significantly, in part reflecting provisions for retrenchments impacting 18% of the division's employees, increased inventory provisions and other steps aimed at rightsizing of businesses to match the reduced demand level.

EBITDA

EBITDA in the Branded Products division increased by 51.5% from R1.1 billion in the financial year ended 30 June 2019 to R1.7 billion in the financial year ended 30 June 2020, generally due to the same factors that led to increased divisional trading profits as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit, increased by 87.4% between the financial years ended 30 June 2020 and 2019, mainly due to the maiden consolidation of Adcock Ingram.

Freight Division

	For the year ended 30 June	
	2020	**2019**
R million*, except percentages		
Revenue	6,308	6,698
Trading profit	1,161	1,386
Trading margin	18.4%	20.7%
EBITDA	1,361	1,668
Average Funds Employed	4,000	3,437
ROFE	29.0%	40.2%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Freight division decreased by 5.8% from R6.7 billion in the financial year ended 30 June 2019 to R6.3 billion in the financial year ended 30 June 2020. This decrease was primarily due to the impacts of a subdued local economy and lower global trade, culminating in lower volumes handled. Further, this decrease was also impacted by the limited trading activity during the most stringent COVID-19 lockdown period. Revenue earned by the division's terminal operations grew slightly as volumes overall held steady and rates increased. The end of Bidvest International Logistics' long-standing freight forwarding partnership with Panalpina, following their acquisition by DSV, added further downward pressure to the division's international logistics volumes.

Trading Profit

Trading profit in the Freight division decreased by 16.3% from R1.4 billion in the financial year ended 30 June 2019 to R1.2 billion in the financial year ended 30 June 2020, reflecting the 5.8% decrease in divisional revenues discussed above alongside a 10.4% decrease in divisional cost of revenue and a 5.8% increase in divisional operating expenses. The division's cost of revenue and gross margin benefitted from the shift in revenue towards the higher margin terminal operations. Volumes handled by Bidvest Tank Terminals, a liquid and gasses terminal operation, contracted by 2.9% but efficiency gains were realized. Bulk Connections, a minerals terminal operator, handled 1.0% greater volumes and SABT, an agricultural terminals operation, handled less maize exports but more wheat imports following a poor local crop. Operating expenses, other than in relation to retrenchment and restructuring costs, grew in terminal operations while costs in the rest of the operations were modestly lower. The division incurred retrenchment and restructuring costs in rightsizing its operations to realign to the lower trade volumes, which also contributed meaningfully to the overall increase in operating expenses.

EBITDA

EBITDA in the Freight division decreased by 18.4% from R1.7 billion in the financial year ended 30 June 2019 to R1.4 billion in the financial year ended 30 June 2020, generally due to the same factors that led to decreased divisional trading profits as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit decreased by 1.5% between the financial years ended 30 June 2020 and 2019.

Commercial Products Division

	For the year ended 30 June	
	2020	**2019**
R million*, except percentages		
Revenue	11,943	12,851
Trading profit	393	736
Trading margin	3.3%	5.7%
EBITDA	508	884
Average Funds Employed	4,151	4,157
ROFE	9.5%	17.7%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Commercial Products division decreased by 7.1% from R12.9 billion in the financial year ended 30 June 2019 to R11.9 billion in the financial year ended 30 June 2020. This decrease was primarily due to depressed trading conditions as a result of little industrial and construction demand even before the COVID-19 pandemic driven lockdowns, which were then followed by severe restrictions placed on all businesses in this division during the lockdown.

Trading Profit

Trading profit in the Commercial Products division decreased by 46.6% from R735.5 million in the financial year ended 30 June 2019 to R393.0 million in the financial year ended 30 June 2020, reflecting the 7.1% decrease in divisional revenues discussed above alongside a 5.5% decrease in divisional cost of revenue and a 1.7% decrease in divisional operating expenses. This decrease was primarily due to lower factory recoveries, depressed trading conditions for most of the financial year and very limited trading in the last quarter of 2020. Operating expenses were largely flat despite the continued roll-out of Plumblink stores as restructuring and simplification efforts, which started in the previous year, at Voltex, yielded benefit together with good general expense management. The operations in Namibia performed poorly, recording trading losses. The industrial activities as they related to the leasing and rental of warehouse equipment in Bidvest Materials Handling delivered a resilient performance while G Fox, a wholesaler of personal protective equipment and other industrial consumables, also grew its trading profit. Reduced trade also meant that less rebates were earned and the cost of rationalization and restructuring manifested in retrenchment costs and the deteriorated economic situation in South Africa and an increase in bad debt and inventory provisions, all of which was accounted for in operating expenses.

EBITDA

EBITDA in the Commercial Products division decreased by 42.5% from R883.8 million in the financial year ended 30 June 2019 to R508.3 million in the financial year ended 30 June 2020, generally due to the same factors that led to decreased divisional trading profits as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit decreased by 7.6% between the financial years ended 30 June 2020 and 2019.

Financial Services Division

	For the year ended 30 June	
	2020	**2019**
R million*, except percentages		
Revenue	2,650	2,701
Trading profit	304	585
Trading margin	11.5%	21.6%
EBITDA	547	836
Average Funds Employed	3,704	3,558
ROFE	8.2%	16.4%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Financial Services division decreased by 1.9% from R2.7 billion in the financial year ended 30 June 2019 to R2.6 billion in the financial year ended 30 June 2020. This decrease was primarily due to the severe impact caused by the COVID-19 related international travel restrictions on Bidvest Bank's non-interest revenue. This negatively impacted foreign exchange and currency card revenue streams. Revenue was also negatively impacted by the disruption of new business flow, including insurance policy sales, and the slower than anticipated rollout of the new fleet management contract.

Trading Profit

Trading profit in the Financial Services division decreased by 47.9% from R584.5 million in the financial year ended 30 June 2019 to R304.4 million in the financial year ended 30 June 2020, reflecting the 1.9% decrease in divisional revenues discussed above alongside a 15.2% increase in divisional cost of revenue and a 4.7% decrease in divisional operating expenses. This decrease was to some extent due to the decrease in revenues from foreign exchange and related businesses as well as lower interest rates. Profitability was also negatively impacted due to capital paydowns on the older fleet in the full maintenance leasing book during the financial year ended 30 June 2020. The IFRS 9 ECL provision in the financial year ended 30 June 2020 also increased driven by the impact of the COVID-19 pandemic on the global and South African economy. Branch rationalization efforts were also stepped up as customer preferences with regards to engagement changed and digital forex and money transfer capabilities were rolled out. Consequently, provisions were made for retrenchments and onerous leases. Policy sales, new products launched and claims experiences in the insurance businesses were tracking satisfactorily until the COVID-19 pandemic interrupted their momentum. The division's investment portfolio has yielded stronger returns year-on-year.

EBITDA

EBITDA in the Financial Services division decreased by 34.6% from R836.0 million in the financial year ended 30 June 2019 to R546.7 million in the financial year ended 30 June 2019, generally due to the same factors that led to decreased divisional trading profits as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit decreased by 0.8% between the financial years ended 30 June 2020 and 2019.

Automotive Division

	For the year ended 30 June	
	2020	2019
R million*, except percentages		
Revenue	18,263	22,848
Trading profit	178	532
Trading margin	1.0%	2.3%
EBITDA	228	609
Average Funds Employed	2,579	4,106
ROFE	7.0%	13.0%

*Reflects amounts before intercompany eliminations

Revenue

Revenue in the Automotive division decreased by 20.1% from R22.8 billion in the financial year ended 30 June 2019 to R18.3 billion in the financial year ended 30 June 2020. This decrease was primarily due to low business and consumer confidence, which was negatively affecting the sector even before the COVID-19 pandemic began. Bidvest McCarthy sold 24.3% less new vehicles and 22.2% less used vehicles in 2020, while luxury sales declined disproportionately. The demand for servicing of vehicles and the replacement of parts still under service and maintenance plans declined as cars under service were parked and fewer kilometers were traveled.

Trading Profit

Trading profit in the Automotive division decreased by 66.6% from R532 million in the financial year ended 30 June 2019 to R178 million in the financial year ended 30 June 2020, reflecting the 20.1% decrease in divisional revenues discussed above alongside a 20.6% decrease in divisional cost of revenue and an 8.8% decrease in divisional operating expenses. This decrease was primarily due to the severe trade restrictions placed on the business in the last quarter of 2020, which led to sharply decreased revenues discussed above. The decline in cost of revenue was broadly in line with the decline in revenue, as cost of revenue primarily represents the cost of the vehicles sold, and management remained focused on improving the gross profit margin across all areas of activity. Fixed costs, which relate mainly to facilities, were tweaked, where possible, but provisions made for planned rationalization, retrenchments impacting 17.3% of the division's employee base, onerous leases and expected bad debts in the division, all added to the expense base and limited the scope for overall operating expense reductions.

EBITDA

EBITDA in the Automotive division decreased by 62.6% from R609.0 million in the financial year ended 30 June 2019 to R227.9 million in the financial year ended 30 June 2020, generally due to the same factors that led to decreased divisional trading profits as discussed above. Depreciation, which represents the main difference between EBITDA and trading profit increased by 1.5% between the financial years ended 30 June 2020 and 2019.

Liquidity and Capital Resources

Historical Cash Flow Information

The following summarizes the Group's cash flows in the periods presented:

	For the year ended 30 June		
	2021	**2020**	**2019**
R000s			
Cash flows from operating activities	9,743,707	4,258,631	2,580,285
Cash flows from investment activities	(1,786,944)	(3,319,199)	(3,281,913)
Cash flows from financing activities	(7,083,290)	2,041,278	(766,609)
Net (decrease)/increase in cash and cash equivalents	873,474	2,980,710	(1,468,237)
Cash and cash equivalents at the beginning of the period	5,343,865	2.034,523	3,514,398
Cash and cash equivalents at the end of the period	**5,818,129**	**5,343,865**	**2,034,523**

Cash Flows from Operating Activities

For the financial year ended 30 June 2019, cash flows from operating activities were R2.6 billion driven primarily by strong cash generated by operations, before working capital changes of R7.9 billion, net cash outflow from net finance charges of R0.9 billion, taxation paid of R1.4 billion and distributions to shareholders of R2.0 billion. There was greater than normal absorption of working capital of R1.3 billion as lower trading activity manifested in a R1.1 billion decrease in trade and other payables and provisions. Trade and other receivables increased by R273.5 million and inventories decreased slightly. For the financial year ended 30 June 2020, cash flow from operating activities were R4.3 billion, the net result of weaker profits but boosted by the adoption of IFRS 16 and the release of R0.9 billion of working capital due to lower activity levels as reflected in a significant decrease in trade receivables. R1.4 billion was paid in net finance charges and R1.5 billion in taxes while the distributions to shareholders were similar to the prior year at R2.3 billion. For the financial year ended 30 June 2021, cash flows from operating activities were R9.7 billion driven by strong trading profit growth, which resulted in cash generated by operations, before working capital changes, of R11.2 billion, and an exceptionally strong release of R2.4 billion from working capital. The latter was due to lower trade activity and supply chain constraints impacting inventories, which decreased by R0.9 billion, as well as a move towards more normal levels of trade payables and receivables, which increased by R1.4 billion and R0.4 billion, respectively. Distributions to shareholders were lower at R1.1 billion due to no final dividend declared in September 2020, while net finance charges of R1.4 billion were stable and taxation paid was R1.8 billion.

Cash Flows from Investment Activities

For the financial year ended 30 June 2019, cash flows from investment activities were R3.3 billion, driven by R2.3 billion of net capital expenditure, including R489 million on the Richard Bay LPG terminal project. The acquisitions of UAV and Drone Solutions Pty Limited, Aquazania and others amounted to R2.3 billion and cash of R1.6 billion was generated from the sale of non-core assets which included TMS Group Industrial Services

Pty Limited and 1.3 million Bidcorp shares. For the financial year ended 30 June 2020, cash flows from investment activities were R3.3 billion, driven by R1.8 billion of net capital expenditure, the net cash arising on the initial consolidation of Adcock Ingram and the net cash outflow relating to the acquisition of PHS, Future Cleaning and New Frontiers. For the financial year ended 30 June 2021, cash flows from investment activities were R1.8 billion driven by R2.2 billion of net capital expenditure, the net cash outflow relating to the acquisition of Axis, Cordant and other bolt-on acquisitions, which more than offset an inflow of cash relating to the disposals of MIAL, which amounted to R1.0 billion, Ontime and Bidair Services.

Cash Flows from Financing Activities

For the financial year ended 30 June 2019, cash flow from financing activities was R0.8 billion driven by the acquisition of additional shares in Adcock Ingram while borrowings raised broadly equaled repayments. For the financial year ended 30 June 2020, cash flows from financing activities were R2.0 billion driven by a combination of the repayment of lease liabilities following the adoption of IFRS 16, the acquisition of additional shares in Adcock Ingram and increased net borrowings as the Group financed the PHS acquisition with bridge funding. For the financial year ended 30 June 2021, cash flow from financing activities were R7.1 billion driven by a R4.9 billion net repayment of borrowings. In November 2020, R4.0 billion was raised through the issuance of unlisted bonds in South Africa to part repay the bridge funding raised on the PHS acquisition in the prior year. Proceeds from asset disposals were also applied against borrowings. The strengthening of the Rand against the Euro and Sterling resulted in a R1.3 billion reduction in reported Rand debt.

Capital Expenditures

The Group's net capital expenditure decreased by R0.5 billion from R2.3 billion in the financial year ended 30 June 2019 to R1.8 billion in the financial year ended 30 June 2020, as non-essential capital expenditure was paused during the height of the pandemic lockdown. In the financial year ended 30 June 2021, the Group's net capital expenditure increased by 23.1% over the financial year ended 20 June 2020 to R2.2 billion, comprised primarily of spend on strategic properties by Bidvest Properties, fleet and other capital expenditure in the Services division and the commissioned LPG terminal. The Group currently anticipates net capital expenditures for a financial year to be approximately R2.0 to R2.5 billion, which it anticipates will be financed out of existing cash resources.

The Group has long held the view that bolt-on acquisitions are, to some extent, similar to growth capital expenditure as bolt-on acquisitions allow immediate access to new products or a rental base or other assets used in the provision of services. The Group's Freight division is the most capital expenditure intensive given the statutory requirements of tank maintenance in Bidvest Tank Terminals as well as the nature of the operations in this division. The capital expenditure incurred in the Properties support function fluctuates with the Group's requirements for strategic properties from which to operate. The Group expects that its expenditure on bolt-on acquisitions could range from around R1.0 billion to R2.0 billion per year going forward.

Bidvest Freight's completion of the LPG tank farm in the port of Richards Bay in South Africa was delayed as a result of travel restrictions arising from the COVID-19 lockdown. The facility was successfully commissioned in October 2020. At 30 June 2020, R923 million had been spent with an additional R73 million committed to complete and commission the facility. Bidvest Freight intends to invest in a LPG tank terminal in Isando, Gauteng, but timing and costs are still to be contracted. Bidvest Properties has committed R195 million to build two Gauteng distribution centres for operations within the Bidvest Commercial Products division. The estimated completion date for the distribution centres project is 30 November 2021.

Cash and cash equivalents

The Group's cash and cash equivalents as at 30 June 2019, 2020 and 2021 were R6.6 billion, R10.4 billion and R7.4 billion, respectively. These figures include cash in the Financial Services division, which mainly represents Bidvest Bank net depositor cash, of R4.3 billion, R4.8 billion and R4.7 billion, as at 30 June 2019, 2020 and 2021, respectively. The net depositor cash is treated as not available and is therefore not included in any Group liquidity and debt ratios. Across the Group there was limited restricted cash (R0.7 billion, R1.1 billion and R0.5 billion as at 30 June 2019, 2020 and 2021, respectively) in terms of FSCA regulation and contractual arrangements.

Indebtedness

The Group has raised significant amounts through short-term and long-term interest-bearing loans and borrowings to supplement the net cash generated by its operating activities in order to fund strategic acquisitions and capital expenditures required to develop and expand the Group's operations. As at 30 June 2019, 2020 and 2021, the Group's total liabilities were R36.1 billion, R63.7 billion and R57.6 billion, respectively. As at 30 June 2021, the Group had interest bearing loans and borrowings of R20.7 billion, of which R5.4 billion was primarily due to mature within 12 months and R15.3 billion was primarily due to mature after 12 months.

Bank Loans and Credit Facilities

As of the date of this Offering Memorandum, the Group had the following outstanding bank loans and credit facilities:

New Syndicated Sterling Facility

The Company, as guarantor, and the Issuer, as borrower, entered into a Facility Agreement (the "**New Syndicated Sterling Facility**") dated 8 July 2021, with BNP Paribas as co-ordinator and documentation agent and BNP Paribas, Bank of America Europe Designated Activity Company and Citibank N.A., London Branch as bookrunners and mandated lead arrangers, the Standard Bank of South Africa (acting through its Isle of Man Branch), ABSA Bank Limited (acting through its Corporate and Investment Banking Division), Barclays Bank PLC and Rand Merchant Bank, a division of FirstRand Bank Limited as mandated lead arrangers and Barclays Bank PLC acting as Agent.

The New Syndicated Sterling Facility made available an aggregate amount of £400 million for the purpose of re-financing the Sterling Bridge Facility and the Euro Facility (which have been repaid and terminated as of 14 July 2021) and for general corporate purposes, including acquisitions. The New Syndicated Sterling Facility includes a term loan portion of £160 million and a revolving credit facility portion of £240 million, with the potential to increase the total facility to an aggregate of £460 million upon request by the Company and the meeting of certain conditions. The £160 million term loan portion of the New Syndicated Sterling Facility was fully drawn on 14 July 2021 and £185 million of the £240 million revolving credit facility portion was drawn on the same date in connection with the repayment in full of the Sterling Bridge Facility and the Euro Facility. An aggregate amount of £190 million is currently drawn under the revolving credit facility portion of the New Syndicated Sterling Facility as of 1 September 2021 (the most recent practicable date before the date of this offering memorandum) which was used in part for the purposes of refinancing the amount of £185 million drawn down on 14 July 2021 under the revolving credit facility which matured on 16 August 2021. The balance of £5 million was credited to the account of the Issuer. The proceeds of the Notes are expected in part to be used to repay in full the RCF drawings under the New Syndicated Sterling Facility as indicated in the table in "*Use of Proceeds*". The New Syndicated Sterling Facility requires repayment of the loans on the termination date being, 8 July 2024, subject to the Company's exercise of its option to extend the termination date.

The rate of interest on each term rate loan for a particular interest period is the percentage rate per annum which is the aggregate of the applicable margin and the term reference rate. The rate of interest on each revolving credit facility loan for any day during a particular interest period is the percentage rate per annum which is the aggregate of the applicable margin and compounded reference rate for that day. The margin means the rate per annum determined by reference to the credit rating assigned by Moody's to the Issuer's long-term senior unsecured debt not credit enhanced last published and not withdrawn. Based on Moody's current credit rating, term rate loans made under the New Syndicated Sterling Facility in Euro bear interest for a particular interest period at an aggregate rate equal to Euribor plus 215bps, while those made in Sterling bear interest for a particular interest period at an aggregate rate equal to SONIA plus the applicable credit adjustment spread plus 230bps. Based on Moody's current credit rating, revolving credit facility loans made under the New Syndicated Sterling Facility in Euro bear interest for a particular interest period at an aggregate rate equal to Euribor plus 190bps while those made in Sterling bear interest for a particular interest period at an aggregate rate equal to SONIA plus the applicable credit adjustment spread plus 205bps.

Under the New Syndicated Sterling Facility, the Group must maintain a net interest coverage ratio of not less than 3.5 times and a net debt leverage ratio below 3.0 times for the rolling 12 month periods ending on June 30 and December 31 of each year. The New Syndicated Sterling Facility also contains customary representations and warranties, as well as customary affirmative and restrictive operating and financial undertakings, subject to certain agreed exceptions, including, among others, covenants that restrict members of the Group in their ability to *inter alia* encumber assets, dispose of assets, change the general nature of the business of the Issuer, the Company or any other company in the Group, or enter into non-internal mergers or amalgamations. The undertakings are subject to customary materiality, knowledge and other qualifications, exceptions and baskets.

The New Syndicated Sterling Facility also contains customary events of default where a lender may require immediate repayment of the loans under the New Syndicated Sterling Facility upon the occurrence of certain events of default, including, among others, non-payment, breach of financial covenants, insolvency, cross-default, the Issuer ceases to be a subsidiary of the Company and material adverse change circumstances.

A lender may require mandatory prepayment of the loans under the New Syndicated Sterling Facility upon the occurrence of certain prepayment events, including illegality or where there is a change of control of the Company.

The Issuer may also voluntarily prepay any loans outstanding under the New Syndicated Sterling Facilities, subject to satisfaction of certain notice periods and prepayment of minimum amounts. Also, the Issuer is entitled to voluntarily cancel any unutilized revolving credit commitments in whole or in part subject to a *de minimis* amount.

Investec Loan Facility

The Company, as guarantor, and Bidvest Treasury Services Pty Ltd, a subsidiary borrower, entered into a Facility Agreement (the "**Investec Loan Facility**") dated 28 October 2020 with Investec Bank Limited (acting through its Investment Banking Division: Corporate Solutions) as lender. The Investec Loan Facility made available an aggregate amount of R750 million, which has been fully drawn and used for general corporate purposes. The loan is priced off JIBAR (Johannesburg Interbank Average Rate) plus 200bps. Under the Investec Loan Facility, the Group must maintain a net leverage ratio below 3.0 times for the rolling 12 month periods ending on June 30 and December 31 of each year. The Investec Loan Facility also contains customary representations and warranties, as well as customary affirmative and restrictive operating and financial covenants, subject to certain agreed exceptions, including, among others, covenants that restrict members of the Group in their ability to inter alia encumber assets, dispose of assets or enter into non-internal mergers or amalgamations. The covenants are subject to customary materiality, knowledge and other qualifications, exceptions and baskets. The Investec Loan Facility also contains customary events of default.

The lender may require mandatory prepayment of the loans under the Investec Loan Facility upon the occurrence of certain prepayment events, including non-payment, financial covenant non-compliance, insolvency, cross default, borrower ceasing to be a subsidiary of the Group and material adverse change circumstances. The subsidiary borrower may also voluntarily prepay loans outstanding under the Investec Loan Facility, subject to satisfaction of notice periods and minimum amounts. The Investec Loan Facility requires repayment of the loan on 28 October 2025.

The proceeds of the Notes are expected in part to be used to repay the outstanding amounts under the Investec Loan Facility as indicated in the table in "*Use of Proceeds*".

*Local Currency Bonds – Domestic Medium Term Note Program ("**DMTN Program**")*

The Group has a local South African DMTN Program, which was implemented in 2007, under which Bonds are issued into the local capital market either in listed or unlisted form. The issuer of the notes is Bidvestco whose sole purpose is to issue notes and on-lend the proceeds in Rand to another subsidiary, Bidvest Treasury Services, which in turn on-lends proceeds to entities within the Group. The Company is the guarantor for notes issued under the DMTN Program. The DTMN Program size is R12 billion.

There are 12 local currency bonds outstanding, ranging in size from R200 million to R1,500 million falling due between November 2021 and November 2024. A total of R8,421 million local bonds are outstanding under the DMTN Program as at 30 June 2021 with no repayments or new issuances having occurred since that date. The local bonds are priced off JIBAR plus a spread ranging between 117bps and 210bps. One bond is at a fixed rate with the coupons of three other variable rate bonds having been fixed using floating to fixed interest rate swaps. The interest rates of the remaining bonds are variable.

The DMTN Program contains customary operating and financial covenants, subject to certain agreed exceptions, including, among others, covenants that restrict members of the Group in their ability to encumber assets. The covenants are subject to customary materiality, exceptions and baskets. The DMTN Program also contains customary events of default.

Investors may require mandatory prepayment of the bonds under the DMTN Program upon the occurrence of a ratings downgrade following a change of control of the guarantor. Mandatory redemption will occur if the guarantor delists from the JSE. Other prepayment events include non-payment, issuer ceasing to be a subsidiary of the guarantor, insolvency and cross default (subject to a materiality threshold).

The proceeds of the Notes are expected in part to be used to repay a portion of the outstanding Local Currency Bonds as indicated in the table in "*Use of Proceeds*".

Preference Share Funding

Preference share funding agreements have been entered into with a number of local South African banks for purposes of funding material acquisitions by the Group in South Africa. The preference shares have been issued by Bidvest Industrial Holdings, which is the holding company of Adcock Ingram. The preference shares are cumulative redeemable shares with a tenure of three years with voluntary redemption features and a final redemption date. These facilities can be refinanced for further three-year periods with dividends (coupons) paid on a semi-annual basis with the dividend rate linked to the South African Prime lending rate.

Under the preference share agreements, the Group must maintain a net leverage ratio below 3.0 for the rolling 12 month periods ending on June 30 and December 31 of each year. The agreements contain customary affirmative and restrictive operating and financial covenants, subject to certain agreed exceptions, including, among others, covenants that restrict members of the Group in their ability to inter alia encumber assets, dispose of assets or enter into non-internal mergers or amalgamations. The covenants are subject to customary materiality, knowledge and other qualifications, exceptions and baskets. The preference share agreements also contains customary events of default.

Mandatory redemptions will result upon the occurrence of certain events, including non-payment, financial covenant non-compliance, insolvency, cross default and material adverse change.

The value outstanding under the preference share funding agreements as at 30 June 2021 amount to R2,080 million. No redemptions or new issuances have occurred since. The Company is the guarantor for the obligations under the agreements.

Other Debt

The Company uses a number of other Rand funding facilities to augment its sources of liquidity. These funding facilities mainly comprise:

- general banking facilities with local South African and international relationship banks. Many of these facilities are customary overdraft facilities, which are predominantly used for the Group's working capital and capital expenditure requirements;
- call and notice money market facilities on a bi-lateral basis with local banks/asset managers; and
- floorplan facilities used by the Automotive division with facilities provided by finance divisions of the OEM's and vehicle finance divisions of the Company's relationship banks. These facilities are settled via proceeds of sale of the underlying vehicles on the showroom floor.

The local general banking facilities, including overdrafts and call loan facilities are per agreements concluded with five South African banks and one asset manager. These facilities were utilised in the amount of R1,749 million at 30 June 2021 with an available unused amount of R8.1 billion. These facilities are priced at interest rates linked to the South African Prime lending rate.

The Company is the guarantor for the obligations under most of the above facilities, with the exception of the non-bank financed floorplan facilities. The floorplan debt providers are secured by way of vehicle inventory the aggregate indebtedness of which amounted to R594 million as at 30 June 2021.

Certain on-demand overdraft facilities, including at Adcock Ingram, were utilized in aggregate for an amount of R370 million as at 30 June 2021 with other small financing arrangements at Bidvest Bank and other subsidiaries totalling aggregate indebtedness of R97 million as at 30 June 2021.

Off-Balance Sheet Arrangements

As of 30 June 2021, the Group had no off-balance sheet arrangements.

Significant Accounting Policies

New and Revised Accounting Standards

During the financial year ended 30 June 2021, the Group implemented the amendments to IAS 1: 'Presentation of financial statements', IAS 8: 'Accounting policies, changes in accounting estimates and errors' (amendment in the definition of material) and IFRS 3 'Business combinations' (amendment in the definition of a business). In addition the amendments to IFRS 9, IAS 39 and IFRS 7 relating to the measurement and disclosure of financial instruments were also applied. The application of the aforementioned amendments has had no material impact on the financial statements. During the financial year ended 30 June 2020, the Group adopted one new accounting standard, IFRS16: Leases, and one accounting standard interpretation issued by the IASB, IFRIC 23: Uncertainty over Income Tax Treatments – Interpretation, which were effective for the Group from 1 July 2019. The impact of the adoption of this standard and interpretation are set out in Note 2 to the FY 2020 Financial Statements.

For additional detail on new standards, interpretations and amendments that apply to the Group and were in issue as at 30 June 2021 but not yet effective, see Note 2 to the FY2021 Financial Statements.

Significant Accounting Judgments Estimates, and Assumptions

The preparation of the Financial Statements in conformity with IFRS requires the Group's board of directors (the "**Board**") to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Additional information on the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies is set out in Note 4.3 to the FY 2021 Financial Statements.

Quantitative and Qualitative Disclosures of Market Risk

For detailed information on the financial risks to which the Group is subject and the Group's strategies in relation to managing such risks, see Note 11 to the FY 2021 Financial Statements.

BUSINESS

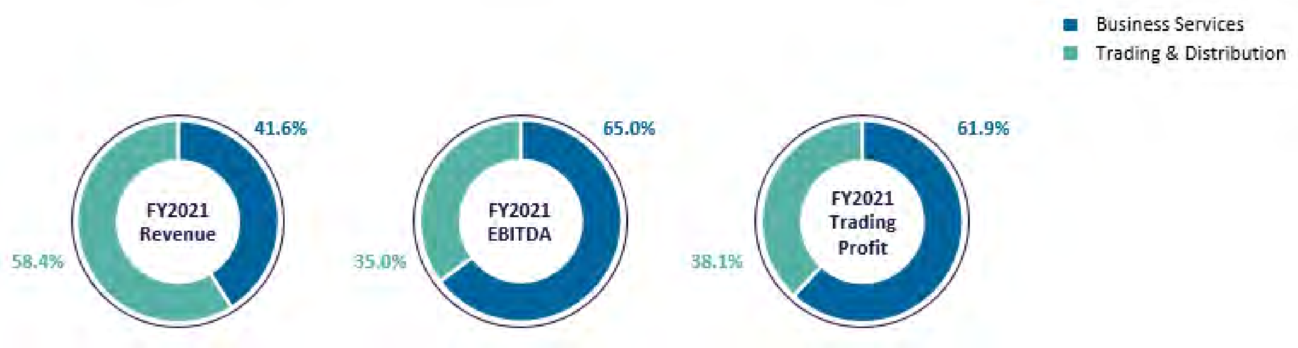
Overview

Overview of the Group

The Group is a leading business-to-business services, trading and distribution group operating through two broad categories of operations and six operating divisions, namely the Business Services operations, which comprise the Services, Freight and Financial Services divisions, and the Trading and Distribution operations, which comprise the Branded Products, Commercial Products and Automotive divisions.

The Group has an entrepreneurial and decentralized operating philosophy that allows businesses and the Group to be nimble and agile, with management teams incentivized and empowered to grow their respective operations within a framework of Group-wide governance structures and well-defined expectations around key performance metrics. The Company level function ensures consistency of strategic direction, culture, monitors operational and financial performance, and allocates and manages capital through well-established and rigorous governance procedures and structures in order to drive performance and ensure an optimized approach to resource allocation across the portfolio of companies and activities.

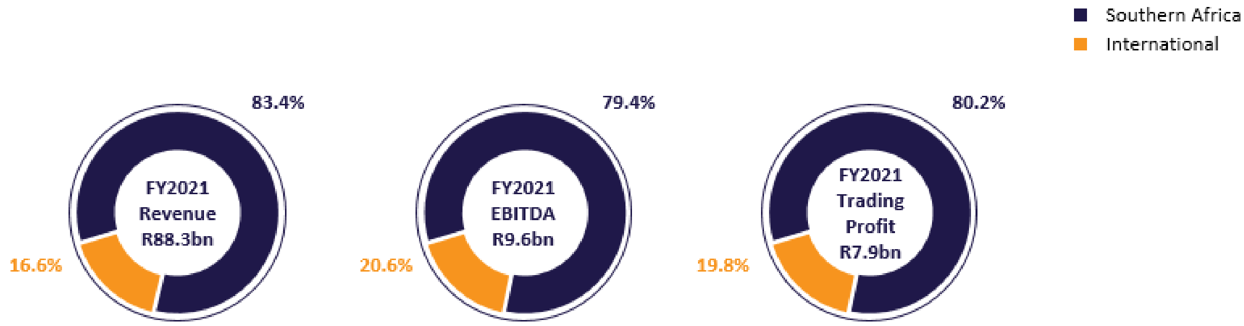
The split of the Group's revenue, EBITDA and trading profit between the Business Services operations and Trading and Distribution operations for the financial year ended 30 June 2021 is as follows[(1)]:



(1) Percentage proportions reflect aggregate segmental FY2021 revenue, EBITDA and trading profit, respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments, which are both support functions for the Group's overall operations. See "*—Overview of the Group's Operations and Divisions—Support functions.*" Such intercompany eliminations relate to Bidvest companies providing products (e.g. – stationery, copiers) and services (e.g. – cleaning, security) to other Bidvest subsidiaries. As over 90% of Properties' property portfolio are leased to Bidvest companies, the inter-company eliminations also include the rent paid to Properties by the divisions as a cost in their trading profit and which Properties shows as revenue.

The Group is a blue-chip company operating primarily in South Africa but with an international footprint in Europe and in the United Kingdom. The Group is one of the largest industrial groups in South Africa, and a key contributor to the South African economy, providing essential services and products to a wide range of businesses across various sectors, comprising approximately 250 trading companies and employing more than 121,000 people as of 30 June 2021.

The Group has established an international presence in parts of Europe and in the United Kingdom through a number of strategic acquisitions. In September 2017, the Group acquired Noonan, a leading facilities manager in Ireland and, in May 2020, the Group expanded its footprint in the United Kingdom and Ireland and entered into Spain with the acquisition of PHS Group ("**PHS**"), a leading hygiene service provider offering complete hygiene solutions for businesses in the public and private sectors. The Group's revenue, EBITDA and trading profit in the key jurisdictions in which it operates for the financial year ended 30 June 2021 is as follows[(1)]:



(1) Percentage proportions reflect segmental FY2021 revenue, EBITDA and trading profit respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments.

The Group operates a blended portfolio of defensive, cyclical, and growth assets. The Group has a highly diversified portfolio of businesses, which includes essential and non-cyclical business services and products, and asset light businesses that are cash generative. The Group's investment in core sectors and focus on efficiency has resulted in the growth in the Group's revenues and profitability regularly outperforming the growth in South African Nominal gross domestic product ("**GDP**"). Innovation is also key, and management focuses on deploying product and services that represent innovative solutions to customer needs and on leveraging technologies to add value to customers and create mutual success. The Group believe that it generally holds leading market positions in most of the key markets in which it operates.

The Group seeks to allocate its assets across the Group efficiently depending on business needs as well as opportunities and gaps identified within the sectors it operates in and the services it offers. The Group has a demonstrated track record of efficient capital allocation based on specific business needs and financial hurdles. Over 32 years, the Group has created significant economic value for shareholders since its listing in 1990. ROIC has sustainably maintained its spread over the weighted average cost of capital and has achieved three-year averages ROFE and ROIC of 26.0% and 14.5%, respectively.

For the financial year ended 30 June 2021, the Group's revenue, EBITDA, and trading profit was R88.3 billion, R9.6 billion and R7.9 billion, respectively, and the market capitalization of the Group was R65.5 billion as of 30 June 2021.

Governance Structure and Management of the Group

The operational management of the Group's Business Services and Trading and Distribution operations and the divisions within them are organized in a decentralized manner but operate within a framework of Group-wide governance structures, which entails significant reliance on the ethical behavior of all employees, and well-defined expectations around key performance metrics. These governance structures generally govern oversight, capital allocation and management, strategic integrity, reporting, and consistency of cultural values across the Group as a whole (including with the Bidvest Code of Ethics). The incurrence of debt throughout the Group (including at individual businesses) is also managed and regulated centrally in order to maintain appropriate Group-wide leverage with the limited exception of Adcock Ingram Limited ("**Adcock Ingram**"), which is separately listed on the Johannesburg Stock Exchange ("**JSE**"), and has greater autonomy in respect to debt incurrence decisions, although it generally operates with little, if any, debt other than modest overdraft facilities. High-quality management teams within the individual businesses, who often have a specialized focus and concentration in specific sectors and services, are, however, otherwise provided with significant autonomy to run their businesses and achieve the results expected of them.

An authority matrix forms the back-bone of day-to-day governance, and formal reporting structures complement independent business-level processes to result in dynamic and iterative risk assessment and mitigation action. Group management and reporting is organized via an Executive Committee and Board at the Company level, which oversees the operations and governance of the Group as a whole, sets the framework of key performance metrics and related goals and receives and evaluates divisional reports and results. This oversight is supported by active, quarterly divisional Boards and subcommittees that provide guidance, oversight and track results of business within the divisions. Monthly meetings between the Group's Chief Executive Officer and divisional chief executive officers, which focuses on uniform and simple key performance indicators, as well as monthly timeous and granular financial reporting from the underlying businesses (with flash financial results from the underlying businesses typically available on the 5th business day of every month), allow for active management of the diverse offerings of the Group. The key performance indicators are trading profit growth, cash conversion, ROFE, sustainability and transformation and are linked to short-term and long-term incentives. The Group also places significant emphasis on the quality of existing management teams within businesses when considering potential acquisitions and typically retains management teams to continue to operate newly acquired businesses.

The decentralized structure of the Group allowed for agile decision making and execution at the onset of the COVID-19 pandemic. The intra-Group sharing of best practice and learnings occurred almost real time with top-down guidance on people-related matters, which allowed for rapid dissemination and implementation of such best practices. Across the Group, management assessed whether demand was temporarily or permanently diminished and businesses individually formulated and executed rationalization programs to ensure businesses were future-fit and able to deliver into changed and growing demand. For further discussion on the Group's organizational and operational management structure, see "*Business—Corporate Organization and Structure—Governance Structure and Management of the Group*." Also *see* "*Management's Discussion and Analysis of Financial Condition and Results of Operations —Factors Affecting the Group's Business and Operating Results—COVID-19*" for further discussion on the resilience of the Group's operating and financial performance since the onset of the COVID-19 pandemic.

The Group has a strong ability to upstream cash flows through dividends, with few restrictions other than at Bidvest Bank as a regulated entity, and the underlying businesses generally pay dividends on a bi-annual basis.

History of the Group

The Group was established in 1988 and Bid Corporation Limited, the then named holding company of Bidvest, which was subsequently renamed The Bidvest Group Limited, was listed on the JSE in 1990. The Group has grown and expanded into new sectors over its 32 years of trading through a combination of transformational and bolt-on acquisitions and investments in organic growth. The Group has completed about 60 acquisitions since 1988 while maintaining a strong balance sheet and steadily growing its market capitalization. From 1988 to 2016, the Group focused on building a diversified portfolio of businesses in South Africa alongside an international foodservice business of significant scale in 39 countries around the world. In May 2016, Bidcorp, which constituted the foodservice operations of Bidvest, was unbundled to shareholders and separately listed on the JSE, generating significant shareholder value in the process.

The unbundling of Bidcorp, allowed the Group to reshape and refocus on its core South African operations and divisions. At that point, the strategic focus shifted to: (i) international expansion through acquisitions in niche areas in which the Group has significant scale and experience in the South African market, including of successfully competing with international players, (ii) allocation of growth capital to the Group's international expansion and South African operations on a roughly equal basis; and (iii) disposal of non-core assets, including numerous minority interests that the Group had accumulated by 2016.

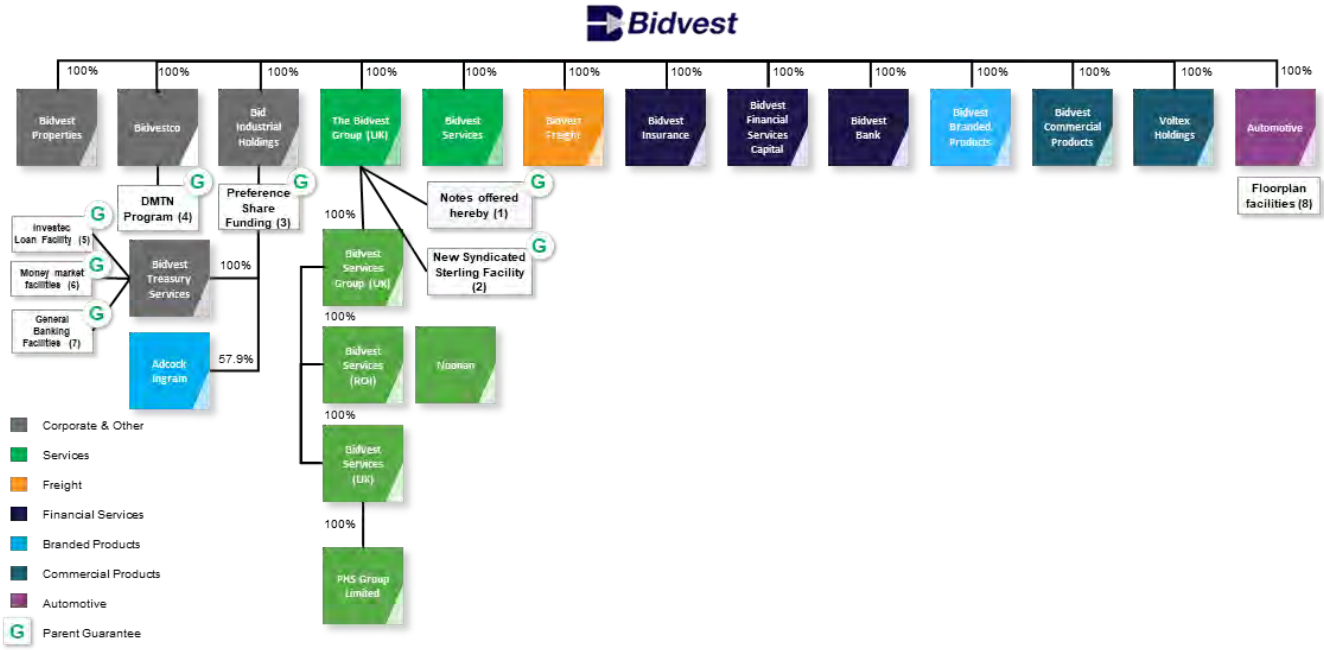
International growth was earmarked in three niche areas comprised of hygiene services, facilities management and artisan-to-artisan plumbing wholesaling. The Group's acquisitions of Noonan and PHS in 2017 and 2020, respectively, are in line with the Group's strategy to increase its presence internationally in the identified niches. Both these acquisitions were sizable businesses with market leading positions. The subsequent acquisitions concluded by Bidvest Noonan were done to build a regional facilities management offering of scale in the United Kingdom.

Bidvest's flagship liquid petroleum gas ("**LPG**") storage facility was successfully commissioned on 22 October 2020, backed by a take-or-pay 10-year contract with a global LPG trader. The Group believes it is more important than ever for South Africa to secure a reliable and cost-effective energy mix to drive real GDP growth. The Group anticipates that the stability of supply made possible by this R1.0 billion LPG facility will enable South Africans to source a clean energy alternative, while also stimulating the expansion of the LPG value chain, creating opportunities for small and medium enterprises.

Non-core assets were disposed of over the past three years, including the exit of COVID-impacted non-core businesses such as Bidvest Car Rental and Bidair Services. The last phase of the portfolio clean up concluded with the disposal of the 6.75% stake in MIAL, the offshore freight businesses as well as small peripheral businesses. These disposals demonstrate active portfolio management.

Corporate Organization and Structure

The following diagram shows a simplified summary of the Group's corporate and principal financing structure after giving effect to the offering and sale of the Notes and the use of proceeds therefrom as described in "*Use of Proceeds*". The diagram does not include all entities in the corporate group, nor all of the debt obligations thereof. For a summary of the debt obligations identified in this diagram and our other debt obligations, please refer to the sections entitled "*Capitalization*," and "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Liquidity and Capital Resources—Indebtedness.*"



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(1) The Notes will be senior obligations of the Issuer and will be guaranteed by the Company on a senior basis. See "*Summary—The Offering*."

(2) On 8 July 2021, the Company, as guarantor, and the Issuer, as borrower, entered into the New Syndicated Sterling Facility, which includes a term loan portion of £160 million and a revolving credit facility of £240 million, with the potential to increase the total facility to an aggregate of £460 million upon request by the Company and the meeting of certain conditions. The term loan portion of the New Syndicated Sterling Facility has been fully drawn and an aggregate amount of £190 million is currently drawn under the revolving credit facility portion. The proceeds of the Notes are expected in part to be used to repay in full the RCF drawings under the New Syndicated Sterling Facility as indicated in the table in "*Use of Proceeds.*"

(3) Preference share funding agreements have been entered into with a number of local South African banks for purposes of funding material acquisitions by the Group in South Africa. The preference shares have been issued by Bidvest Industrial Holdings Pty Ltd ("**Bidvest Industrial Holdings**"), which is the holding company of Adcock Ingram. The preference shares are cumulative redeemable shares with a tenure of three years with voluntary redemption features and a final redemption date. These facilities can be refinanced for further three-year periods with dividends (coupons) paid on a semi-annual basis with the dividend rate linked to the South African Prime lending rate. The value outstanding under the preference share funding agreements as at 30 June 2021 amount to R2,080 million.

(4) In 2007, the Group established a local South African DMTN Program, pursuant to which Rand denominated bonds are issued into the local capital market either in listed or unlisted form by Bidvestco Limited ("**Bidvestco**"), whose sole purpose is to issue notes and on-lend the proceeds in Rand to another subsidiary, Bidvest Treasury Services Pty Ltd ("**Bidvest Treasury Services**"), which in turn on-lends proceeds to entities within the Group. The Company is the guarantor for notes issued under the DMTN Program. A total of R8,421 million local currency bonds are outstanding under the DMTN Program as at 30 June 2021 with no repayments or new issuances having occurred since that date. The proceeds of the Notes are expected in part to be used to repay a portion of the outstanding Local Currency Bonds as indicated in the table in "*Use of Proceeds.*"

(5) On 28 October 2020, the Company, as guarantor, and Bidvest Treasury Services, a subsidiary borrower, entered into the Investec Loan Facility in an amount of R750 million, which has been fully drawn and used for general corporate purposes. The proceeds of the

Notes are expected in part to be used to repay the outstanding amount under the Investec Loan Facility as indicated in the table in "*Use of Proceeds.*"

(6) The Group has a number of call, notice money market and OD facilities entered into on a bi-lateral basis with relationship banks/asset managers. The amount drawn as at 30 June 2021 amounts to R1,060 million. The Company is the guarantor for the obligations.

(7) The Group has committed local general banking facilities with five South African banks. These facilities were utilized in the amount of R1,156 million at 30 June 2021 with an available unused amount of R7,804 million. The Company is the guarantor for the obligations.

(8) The Automotive division utilizes floorplan facilities provided by finance divisions of the original equipment manufacturers ("**OEM**") and vehicle finance divisions of the Company's relationship banks. The floorplan debt providers are secured by way of vehicle inventory the aggregate indebtedness of which amounted to R594 million as at 30 June 2021.

Overview of the Group's Operations and Divisions

The Group operates through six divisions, which can be categorized into two broad categories of operations, namely the Business Services operations, which comprise the Services, Freight and Financial Services divisions, and the Trading and Distribution operations, which comprise the Branded Products, Commercial Products and Automotive divisions. The Group also owns a significant and strategic property portfolio largely occupied by Bidvest businesses.

The Group offers a range of services and products across a range of end markets in South Africa and internationally. The breadth and depth of its services and product range provides the Group with a key competitive advantage.

The following is an overview of the Group's operations and divisions:

Business Services Operations

Services Division

The Services division is a leading facilities management services provider that offers one-stop solutions that help drive efficiencies and deliver cost reductions to its extensive corporate customer base by leveraging its wide range of soft, hard, technical and allied services.

The provision of facilities management services generates the significant majority of revenue and trading profit in the Services division. Facilities management services include washroom hygiene, cleaning, pest control, technical, airport lounge and catering services. When multiple such services are bundled together for a customer across multiple locations, it is referred to as integrated facilities management. The COVID-19 pandemic has elevated awareness of out-of-home hygiene, adding to the structural growth attractiveness of this sector.

The Group offers facilities management services in South Africa, Ireland, the United Kingdom and Spain. The key businesses in South Africa include Bidvest Steiner (the largest hygiene service provider in South Africa), Bidvest Prestige (which focuses on cleaning), and Bidvest Facilities Management (which focuses on the provision of general facilities management services, mechanical and electrical maintenance and engineering, environmental health and safety, energy and project management). PHS is a leading hygiene service provider in the United Kingdom, Ireland and Spain, and Bidvest Noonan is the largest facilities manager in Ireland with extensive capabilities in the United Kingdom. Bidvest Noonan's United Kingdom footprint has been built to scale over the past three years through various bolt-on acquisitions.

The division's second largest offering, which accounts for a meaningful minority of divisional revenue and trading profit, is an extensive array of security services, including the provision of guards, investigation services, vehicle tracking and recovery and drone surveillance, aviation security and cargo protection. The bulk of these services are provided in South Africa but also by Bidvest Noonan in the United Kingdom. The key business in South Africa is Bidvest Protea Coin, which is the second largest security company in the country.

The division's revenue is mostly recurring and delivered under contracts typically spanning one to five years. The division's key customers span financial services, telecommunications, mining, industry, real estate and other consumer companies, with more than 200,000 customers in total. Given the breadth and depth of the service basket, it is generally able to tailor a service offering to the exact needs of its customers, whether customers require single or several different services in single or multiple locations. Geographically, 48% and 52% of the Services division's revenue and trading profit, respectively, is earned in South Africa. The Services division's trading profit margin is typically broadly similar across the division's different offerings with the exception of travel services, which have been lossmaking for the last two financial years, and the labor-intensive businesses within the facilities management offering, which are lower margin. The trading profit margin for the division as a whole was 11.4%, 9.7% and 10.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the year ended 30 June 2021, the Services division accounted for R28.9 billion or 31.3% of the Group's revenue, R4.1 billion or 43.2% of the Group's EBITDA, and R3.3 billion or 41.9% of the Group's trading profit.

Freight

The Group is a leading private-sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience. The Freight division facilitates the storage, handling and movement of cargo through its independent terminal operations, international clearing and forwarding, logistics and supply chain as well as port and container services.

The handling and storage of bulk liquid and gas as well as dry mineral and agricultural bulk through quayside terminals in South African ports represents the significant majority of the Freight division's revenue and trading profit. These quayside terminals are land leased under long-term leases from, and under, licenses awarded by Transnet, the large state-owned South African rail, port and pipeline company, and its related subsidiaries. The key terminal businesses are Bidvest Tank Terminals (which focuses on serving as a bulk liquid storage operator for chemicals, liquefied gases, edible oils, fuel, base oils and lube oil additives and has built a LPG storage facility in Richards Bay that is one of the largest globally), South African Bulk Terminals (which focuses on the handling and storage of bulk maize, wheat and rice) and Bidvest Bulk Connections (which focuses on the provision of specialist bulk mineral handling services). The division's terminal operations have long-standing relationships with major importers and exporters of grains, liquids and gases as well as chrome and manganese.

The remainder of the activities provided by the Freight division include port warehousing, transport, stevedoring, ships agency, other marine services and container pack and unpack in all South African ports as well as certain ones in Mozambique and Namibia.

Trading profit earned from the long-term take-or-pay agreements involving Bidvest Tank Terminals represents approximately half of the division's trading profit. In the financial year ended 30 June 2021, the top 10 customers of the division represented approximately 22% of the Freight division's revenue, including most of the revenue stemming from long-term take-or-pay agreements involving Bidvest Tank Terminals. The profit contribution from the operations outside of South Africa is negligible. The Freight division's trading profit margin is typically broadly similar in the terminal type operations which, given the capital intensive nature of these businesses, is significantly higher than that earned in the remainder of the offerings. The trading profit margin for the division as a whole was 20.9%, 18.4% and 20.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Freight division accounted for R6.2 billion or 6.6% of the Group's revenue, R1.5 billion or 15.9% of the Group's EBITDA, and R1.3 billion or 16.4% of the Group's trading profit.

Financial Services

The Financial Services division specializes in fleet management and full maintenance leasing, foreign exchange services and insurance services and is looking to further expand these offerings. The Group's key businesses within the Financial Services division include Bidvest Bank, Bidvest Insurance, FMI and Compendium. The focus of the division is to increase cross-selling among the Group's existing customers, with the division in effect seen as an extension of the Group's trading businesses. For example, Bidvest Bank offers full maintenance leasing services, and Bidvest Insurance provides value-added automobile insurance in respect of vehicles sourced by the Group's Automotive division, while the fleet managed by the Financial Services division is tracked through BidTrack, a business in the Services division.

Bidvest Bank is a wholly owned subsidiary of the Group which is licensed to provide commercial banking services in South Africa and is also licensed as a "locally-controlled bank" by the Reserve Bank of South Africa. Bidvest Bank is a second tier bank and accounts for 22% of total assets of, and is highest-rated among, tier II capital banks (typically understood to be smaller banks not within the top five banks) in South Africa. The CET1 ratio of Bidvest Bank is 23%. Bidvest Bank is primarily engaged in asset leasing and other asset financings, and foreign exchange and related services in which it has identified attractive niches, rather than aspiring to a more traditional full-service retail and commercial banking model. The bank is well capitalized with total assets of R10.5 billion with the original R2.0 billion equity injection from the Group and is funded predominantly by retail and corporate fixed and notice deposits, with terms that are typically 12 months or less, and minor wholesale funding. As at 30 June 2021, Bidvest Bank's liquidity coverage ratio and net stable funding ratio were 471% and 156%, respectively, which was well above minimum regulatory requirements.

The Bidvest Insurance Group comprises a short-term insurer, Bidvest Insurance, life insurer, FMI, which pioneered income protection for the self-employed, and a significant insurance broker, Compendium. These operations are authorized financial services providers and licensed by the South African Financial Services Conduct Authority. Bidvest Insurance focuses on value added insurance products, mainly automotive related, while FMI is one of the fastest growing life insurers in South Africa.

The Group's key customers, which include Telkom, Transnet and various municipalities, within this division are concentrated in Bidvest Bank's full maintenance leasing book, fleet loans and advances, which represents R2.2 billion or 53% of its total advances and leased assets. 60% of Bidvest Bank's deposits and 66% its outstanding loans stem from corporate customers. Historically, Bidvest Bank contributed the vast majority of the divisions' revenue and trading profit but this has moderated in the financial year to 30 June 2021 to become an almost equal contribution between Bidvest Bank and the insurance operations. The investment income recognized in the insurance operations causes fluctuation in the insurance and overall trading margin. The trading margin in the banking operations was 11.2%, 13.9% and 26.1% in the financial years ended 30 June 2021, 2020 and 2019. The trading profit margin for the division as a whole was 12.5%, 11.5% and 21.6% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Financial Services division accounted for R2.6 billion or 2.9% of the Group's revenue, R605.6 million or 6.3% of the Group's EBITDA, and R331.6 million or 4.2% of the Group's trading profit.

Trading and Distribution Operations

Branded Products

The Branded Products division distributes every-day household and pharmaceutical products including office products such as stationery and paper, office furniture, print related products, niche packaging products, labeling products, products to meet customer communication requirements and office automation products such as print machines and systems as well as branded household appliances. The Group represents local and global brands such as Russell Hobbs, Pineware, Salton, Croxley, Primeline, Konica Minolta, Cellini, Maxwell & Williams, Noritake, Panado, Bioplus and Plush, among others. Many of these relationships include multi-year license agreements that have been in place for many years.

The Group generates somewhat less than half of its revenue and proportionately slightly more of its trading profits in this division through Adcock Ingram, a leading pharmaceutical company that manufactures, markets and distributes a broad range of healthcare products and is separately listed on the JSE. Adcock Ingram operates through four separate divisions; namely the Consumer Products, Over-the-counter Products, Prescription Products and Hospital and Critical Care Products divisions. The Consumer Products division distributes its products via retailers, while the Over-the-counter Products division distributes its products to pharmacists. The Prescription Products division requires prescriptions from a physician to distribute its products and the Hospital and Critical Care division distributes its products to hospitals and other medical facilities. A significant majority of the products distributed by the Over-the-counter Products division and approximately one-third of the products distributed by the Hospital and Critical Care division are cost-controlled. The Group owns an effective 57.9% equity stake in Adcock Ingram and the Group's results reflect the consolidation of Adcock Ingram for 11 months of the financial year ended 30 June 2020 and all of the financial year ended 30 June 2021. Adcock Ingram, by volume, distributed 21% of pharmaceutical products in South Africa and held a 34% market share in Schedule 1 and 2 over-the-counter pharmaceutical products as of 30 June 2021.

The remaining contribution to the division's revenue and trading profits is broadly evenly split between (i) office products, (ii) consumer products and (iii) data, print and packaging related products and services. The Group's key businesses are Konica Minolta which provides managed print services and production print technologies and solutions, Bidvest Waltons which focuses on distribution of stationery, office products and office furniture and Home of Living Brands that imports and distributes branded household appliances.

The Group's key customers within this division include hospital groups as well as retailers. In the financial year ended 30 June 2021, about half of the Branded Products division revenue was generated from the retail sector. In the financial year ended 30 June 2021, the top 10 customers of the division, excluding Adcock Ingram, represented 32% of the Branded Products division's revenue. The Branded Products division's trading profit margin is typically broadly similar in a range between 6% and 8%, across the division's different offerings, excluding Adcock Ingram, which tends to have a higher trading margin and reported a trading margin of 11.5% and 12.8% in the financial years ended 30 June 2021 and 2020, respectively, being the two financial years that it has been consolidated. The trading margin for the division as a whole was 8.2%, 8.1% and 7.9% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Branded Products division accounted for R17.8 billion or 19.3% of the Group's revenue, R1.7 billion or 17.6% of the Group's EBITDA, and R1.5 billion or 18.5% of the Group's trading profit.

Commercial Products

Within the Commercial Products division, the Group distributes products on behalf of global brands, including Yamaha, Hikoki, Unicarriers, Rationale and Juki, and distributes, and in some cases, manufactures and distributes under its own brands, including Sellotape, Vulcan, Berzacks and Plumline, across a number of sectors including mechanical and electrical tools, plumbing suppliers, lifting and rigging equipment, embroidery and sewing machines, protective clothing, packaging and fastening products, commercial and industrial catering equipment, and leisure products. This comprehensive offering of basic industrial products is required in the day-to-day activities of most economic sectors.

This division generates the majority of its revenue and trading profit from its electrical and plumbing trade activities. The Group, through Voltex, was the largest wholesaler of electricity products in South Africa as of 30 June 2021. Plumblink, the Group's national plumbing supplies wholesaler, owned 116 stores across Southern Africa as of 30 June 2021. Through Voltex's and Plumblink's respective branch networks that span South Africa, artisans have access to the division's extensive product range, auxiliary services and technical advice and its product range includes both licensed as well as house brand products, which are mostly imported.

The Commercial Products division also distributes tools through Matus, manufactures and wholesales brushware and locks through Academy Brushware and distributes protective workwear and industrial consumables, among other products, through G Fox. This cluster of activities represents about a quarter of divisional trading profit, and slightly less of revenue, and has seen a disproportionate increase given the trend towards increased do-it-yourself and home improvement spending that stems from work-from-home and the increased demand for personal protective equipment.

The balance of the division's businesses manufacture and distribute general industrial equipment, fastening products, catering equipment, marine and musical equipment as well as the sale, renting or leasing of warehousing equipment.

The Group's key customers within this division span the mining, agriculture, infrastructure, construction and industrial manufacturing sectors. Customer concentration risk is negligible with less than 10% of revenue earned from the division's top 10 customers in the financial year ended 30 June 2021. The Commercial Products division's trading profit margin is typically broadly similar across the division's different offerings with the exception of the electrical and plumbing trade activities which are lower due to a product mix that includes a portion of commodity-type product. The trading margin for the division as a whole was 6.9%, 3.3% and 5.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Commercial Products accounted for R14.0 billion or 15.2% of the Group's revenue, R1.0 billion or 10.5% of the Group's EBITDA, and R921.6 million or 11.7% of the Group's trading profit.

Automotive

Within the Automotive division, the Group has a trading history spanning more than 100 years that includes selling and servicing new and used vehicles and auctioning vehicles on behalf of customers. Bidvest McCarthy is a leading vehicle retailer and pioneered the shift to online vehicle retail, with 7% of all new vehicles sold in South Africa being sold by Bidvest McCarthy. Bidvest McCarthy represents most of the major vehicle brands, namely VW, Audi, Toyota, Lexus, Hino, Nissan, Ford, Isuzu, Land Rover, Mercedes Benz, Jaguar, Fiat, UD Trucks and Renault, under exclusive territory agreements with the OEMs and operates through 82 dealerships in South Africa and three dealerships in Namibia.

Bidvest McCarthy sells vehicles to the general public as well as corporate fleet customers. 84% of the Automotive division's revenue is earned from selling new and used cars, with 72% of the Automotive division's trading profit generated from the Toyota, Volkswagen and Audi brand stables. The remaining 16% of the division's revenue is earned from the servicing of vehicles and selling of spare parts. In the financial year ended 30 June 2021, 16% of the vehicle sales originated from fleet customers, a slightly lower proportion compared to recent years. The Automotive division earns a much higher gross profit margin in the servicing and parts activities when compared to the selling of vehicles. The trading margin for the division as a whole was 3.1%, 1.0% and 2.3% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

In the financial year ended 30 June 2021, the Automotive division accounted for R21.1 billion or 22.9% of the Group's revenue, R685.0 million or 7.1% of the Group's EBITDA, and R652.0 million or 8.3% of the Group's trading profit.

Support functions

Properties

Within the Group's Properties operations, the Group owns and manages 136 properties in South Africa and Namibia with a market value of R8.1 billion. The Group's extensive property portfolio, consists of what the Group perceives as being strategically important commercial and industrial properties and as well as motor dealerships and office properties. Almost all of the properties are leased by Group companies with a small portion leased by third parties. Bidvest Properties also provides assistance to Group companies in lease negotiations and property feasibility studies. In the financial year ended 30 June 2021, Bidvest Properties accounted for R587.7 million or less than one percent of the Group's revenue, R567.5 million or 5.9% of the Group's EBITDA, and R560.7 million or 7.1% of the Group's trading profit.

Corporate and Investments

Within Corporate and Investments, the Group holds its non-core investments and businesses, which are expected to be disposed of or are in the process of being disposed, in addition to the central support functions, including secretarial, treasury, corporate social investment projects among others. In the financial year ended 30 June 2021, Corporate and Investments accounted for R1.0 billion or 1.1% of the Group's revenue, negative R623.4 million or (6.5%) of the Group's EBITDA and a trading loss of R635.9 million or (8.1%) of the Group's trading profit.

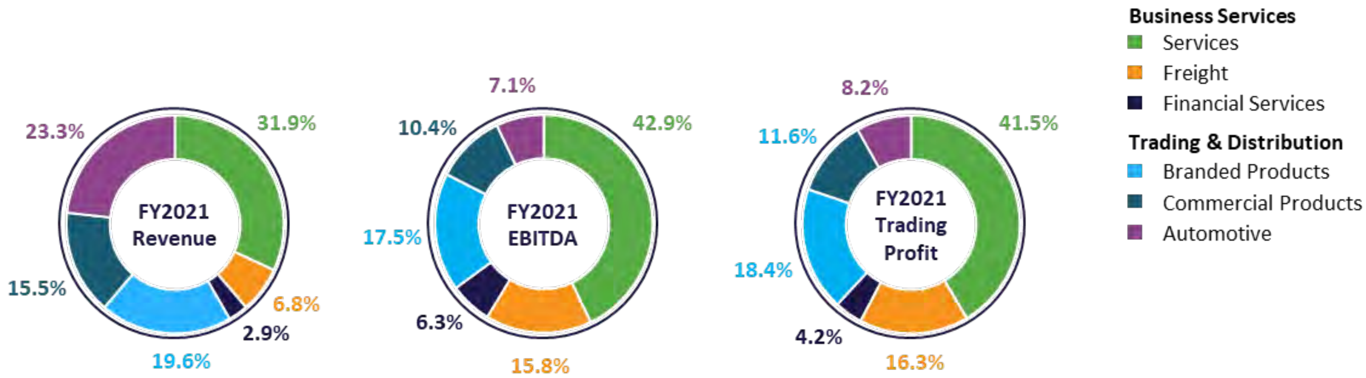
The table below shows the Group's revenue, EBITDA, trading profit, trading margin and net operating assets in year ended 30 June 2021 by division:

	Revenue	EBITDA	Trading profit	Trading margin	Net Operating Assets
R million, except percentages					
Services	28,893	4,141	3,303	11.4%	1,177
Branded Products	17,793	1,687	1,463	8.2%	5,428
Freight	6,205	1,522	1,295	20.9%	3,680
Commercial Products	14,025	1,006	922	6.6%	3,148
Financial Services	2,647	606	331	12.5%	(1,557)
Automotive	21,095	685	652	3.1%	1,503
Total	**90,658**	**9,647**	**7,966**		**13,379**
Properties	588	567	561		3,817
Corporate and Investments	1,030	(623)	(636)		57
Intercompany eliminations	(3,961)	n/a	n/a		n/a
Group	**88,315**	**9,591**	**7,891**	**8.9%**	**17,253**

Strengths

Favorable portfolio diversification and asset mix of defensive, cyclical and growth assets

The Group offers a wide range of products and services across different sectors and also increasingly across different geographies. As of 30 June 2021, the Group offered at least 50 different categories of services and thousands of different products with varying degrees of demand cyclicality across its six divisions either in South Africa, internationally or both. Management believes that the Group, through its Services division, offers the widest basket of services when compared to its global industry peers and that this diverse mix of products and services positions it to maintain resilient and sustainable performance across the Group. The split of the Group's revenue, EBITDA, and trading profit for financial year ended 30 June 2021 between its six divisions is as follows(1):



(1) Percentage proportions reflect segmental FY2021 revenue, EBITDA and trading profit respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments.

The Group also possesses a diverse asset mix of defensive, cyclical and growth assets. Through a typical business cycle, the Group's Recurring Income has tended to contribute a healthy majority of trading profit. The Group also has a strategic focus on growing Recurring Income, which it perceives as defensive, as opposed to trading income, which is more cyclical, and has seen management's estimate of the proportion of its Recurring Income as a percentage of trading profit increase steadily over a number of years, with the proportion at 68%, 80% and 72% in each of the financial years ended 30 June 2019, 2020 and 2021, respectively. The Group considers defensive assets to be the businesses that offer essential basic services, by and large under long-term contracts with customers and typically, with high renewal rates, and generally generate robust and predictable cash flows. Growth assets in turn refers to the Group's businesses with strong structural growth drivers with the potential to outperform GDP growth in South Africa. Cyclical assets refer to the Group's businesses that are more meaningfully correlated with economic activity in South Africa, and thus more likely to experience reduced revenues and profitability in periods of reduced growth or economic contraction and improved revenues and profitability in periods of greater economic expansion. Hygiene services, facilities management services and LPG terminal activities are considered to be growth assets with strong underlying structural growth drivers such as urbanization, greater health and wellness awareness and alternative energy sources, while agricultural terminal activities, security and allied services, pharmaceutical product manufacturing and distribution and fleet management are considered to be defensive assets. The Group's automotive retailing, commercial product wholesaling and bulk terminal operations are considered to be more cyclical in nature.

The Group also aims to ensure that there is a strong sectoral diversification in terms of end markets within its portfolio of companies to achieve resilience against cyclical effects and sector-specific sensitivities. As of 30 June 2021, the Group offered its products and services to all ten economic sectors of the South African economy as classified by the Statistics South Africa.

In addition to this, the Group has diversified its operations into different geographies and has focused on international expansion in developed and developing markets. In recent times, the Group has done this through the acquisition of Noonan in September 2017 and PHS in 2020 (the latter of which was the largest M&A transaction the Group had undertaken to date) and these acquisition established a sizeable presence for the Group in Ireland and the United Kingdom. From having no remaining international operations following the unbundling of Bidcorp in May 2016, the share of the Group's total revenue, EBITDA and trading profit attributable to its international operations has increased to 16.6%, 20.6% and 19.8%, respectively, for the financial year ended 30 June 2021.

As a result of the combination of the Group's diverse offerings of products and services, mix of defensive, cyclical and growth assets, income and geographical diversification, the Group has consistently outperformed the South African economy and believes that it is well positioned to continue to perform strongly.

Resilient business model sustained by Recurring Income

Recurring Income comprised 44% of the Group's revenue and 72% of the Group's trading profits for the financial year ended 30 June 2021. Recurring Income is generally earned on products and services that are essential and generally delivered under contracts spanning one to ten years. Examples of products and services, which earn the Group Recurring Income include hygiene services, liquid and gas terminal operations, office automation machine rental services and full maintenance leasing.

The bulk of the Recurring Income of the Group is earned in the Services division, the operations of which spans South Africa, United Kingdom, Ireland and Spain. In the financial year ended 30 June 2021, the Services division accounted for R28.9 billion or 31.3% of the Group's revenue, R4.1 billion or 43.2% of the Group's EBITDA, and R3.3 billion or 41.9% of the Group's trading profit. The revenue is generally delivered under contracts spanning one to five years. The offerings of the Services division present an attractive mix of tailored, essential and cost-effective offerings to the Group's customers and include, among others, facilities management, hygiene services, cleaning and security, which has enabled the Services division to deliver highly predictable Recurring Income. The Services division has over 200,000 customers in total. This positions the Services division as a resilient division through various economic cycles. In addition, a significant share of the Services division's revenues comes from international operations outside of South Africa, which provides further resilience despite the challenging South African macroeconomic environment.

The operations of Bidvest Tank Terminals, the liquid and gasses terminal operator, also contribute a material portion of the Recurring Income of the Group. In particular, the recently commissioned LPG terminal is backed by a take-or-pay 10-year contract, with further 5-year extension options.

Leading market positions with highly regarded brands

The Group believes that it generally holds, leading market positions in most of the key markets in which it operates. Strategically, scale is viewed as a key differentiator and enabler of the Group and its operations. Scale and product and/or service breadth give the business the ability to offer a complete, one-stop-shop solution to customers. This requires significant working capital investment in the Trading and Distribution businesses and capital investment in long-dated assets in Freight, for example. In the Services division, Bidvest Steiner is South Africa's largest washroom hygiene business by size, with more than one million dispensers and more than 35,000 customers as of 30 June 2021. Also, within this division, Bidvest Facilities Management, which manages 34,377 buildings and 23 million square meters, is South Africa's leading facilities management company, while Bidvest Noonan, which the Group acquired in 2017, is the largest facilities management company in Ireland by number of properties managed as of 30 June 2021and PHS is a leading hygiene service provider in the United Kingdom, Ireland and Spain and holds a 31% market share in washroom hygiene services in the United

Kingdom. In the Freight division, Bidvest Tank Terminals is the foremost independent liquid bulk storage operator in South Africa and has built a LPG storage facility in Richards Bay that is one of the largest globally. Also within this division, South African Bulk Terminals is South Africa's number one handler of bulk rice, wheat, maize, soya and sunflower seeds with a storage capacity of 220,000 tons, and Bidvest International Logistics, which the Company believes is at the forefront of supply chain solutions with 25 locations across South Africa and 180,000 square meters of warehousing. In the Trading and Distribution operations, the Group similarly owns multiple brands and businesses with leading market positions, for example Konica Minolta has a 15% share of the South African office automation sector, Voltex is the largest electrical wholesaler in South Africa, Plumblink is the only national specialist plumbing supplies retailer in South Africa, with 116 stores, and McCarthy, with its 82 dealerships in South Africa, is the second largest motor retail group in South Africa with a market share of 7%, based on new vehicle sales data from NAAMSA.

Strong free cash flow profile underpinned by capital-light operating model

The Group boasts a consistently resilient history of cash generation, with cash flows from operating activities of R9.7 billion, R4.3 billion and R2.6 billion, operating cash conversion of 145%, 138% and 65%, and free cash flows of R10.0 billion, R6.2 billion and R4.3 billion in the financial years ended 30 June 2021, 2020 and 2019, respectively. Typically, net capital expenditure represents only a small portion of the Group's revenue, at 3%, 2% and 3% in the financial years ended 30 June 2021, 2020 and 2019, respectively, and is predominantly spent in the Freight division, for the maintenance and building of terminal infrastructure, and Financial Services division, mainly in Bidvest Bank in relation to full maintenance lease contracts. The Trading and Distribution type businesses predominantly use working capital. The Group current ratio, which represents the extent to which investment in inventory and trade receivables are covered by trade payables, was 1.3x, 1.6x and 1.7x as of 31 June 2021, 31 June 2020 and 31 June 2019, respectively. The Group's efficient, capital-light operating model allows the generation of this strong free cash flow, which in turn permits the Group to pay dividends and invest in its continued growth ambitions while servicing its debts and maintaining consistently modest Net Leverage levels.

Efficient capital allocation and proven ability to execute acquisitions

Since its listing 32 years ago, the Group has delivered strong returns to its shareholders. The Group has been able to do this through consistent efficiency in the allocation of capital across the Group. Over the last three years, the Group has delivered an average ROFE and ROIC of 26.0% and 14.5%, respectively, and the spread of the Group's ROIC over the Group's weighted average cost of capital has consistently been healthy at an average of approximately 450bps over the same period. This demonstrates the Group's efficient deployment of capital to business and industry sectors that present the best opportunity for profits to the Group and returns to its shareholders.

The Group has also demonstrated its strong ability to efficiently execute value accretive acquisitions. For example, the acquisitions of Noonan, PHS, Axis, and Cordant have significant and positive financial impact on the revenue, EBITDA and trading profit of the Group, and in each case without sustained increases in Net Leverage. Acquisitions have been a significant part of the Group's growth and diversification strategy as it seeks to consolidate the market-leading positions of its different business, expand its product and service basket and continue to expand globally. The Group has developed a well-considered acquisition strategy which defines its strategic targets and the terms in which these targets are acquired, including a key focus on businesses with demonstrated profitability, cash generation and quality management teams. As a result, the Group has been able to successfully build new acquisitions into the Group and manage its growth. Since the inception of the Group in 1988, the Group has completed at least 60 acquisitions and since its listing, the market capitalization of the Group has grown to R65.5 billion as of 30 June 2021.

Robust balance sheet supported by a prudent financial policy

The Group has, through its robust cash flow generation and prudent financial policy, a long history of maintaining a strong financial position and generally has an internal tolerance level for Net Leverage of no greater than 2.5x, subject to occasional exceptions in the context of a capital investment opportunity that meets all the Group's criteria and has strong cash generation characteristics that the Group expects will allow its Net Leverage to return within the tolerance level reasonably quickly. For example, the Group's Net Leverage increased modestly above its typical internal tolerance level following the acquisition of PHS during the financial year ended 30 June 2020, but the Group has been able to rapidly deleverage since the acquisition even amidst the more challenging economic environment resulting from the COVID-19 pandemic, reducing its Net Leverage from 2.6x by the end of the financial year ended 30 June 2020 to 1.8x by the end of the financial year ended 30 June 2021. Further, the incurrence of debt throughout the Group (including at individual businesses) is also managed and regulated centrally in order to maintain appropriate Group-wide leverage. The Group has also consistently maintained high interest cover ratios, with an EBITDA/Interest cover of 8.8x, 8.4x and 9.4x for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021, respectively. The Group also has limited short-term refinancing risk given the recent refinancing of its sterling bridge facility (the "**Sterling Bridge Facility**") and euro facility, as amended and restated (the "**Euro Facility**"), in July 2021 and its access to local South African bonds.

The Group's exposure to foreign exchange risks on its foreign currency denominated loans is also meaningfully mitigated by the income generated from the Group's international sales. The EBITDA generated by the Group's international sales for the financial year ended 30 June 2021 more than covers its foreign currency interest expense for the same period. The Group has maintained an international EBITDA / Hard Currency Interest ratio of 7.8x, 4.8x and 6.0x for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021, respectively. The Group also has a prudent hedging policy where its companies enter into foreign exchange swap/forward agreements, which includes forward covers on stock ordered and swaps of some interest rates into fixed rates. On a *pro forma* basis for the Offering and the application of proceeds therefrom, the Group's Liquidity (Undrawn RCFs and Cash and Cash Equivalents) would have been R19,322 million as at 30 June 2021, and the Group would have had R5,921 million of local bonds outstanding (as compared to R8,421 million as at 30 June 2021).

The Group's active management of its portfolio means that businesses, which are deemed to be non-core are appropriately divested, thereby contributing to keeping the Group's balance sheet and debt levels under control.

Experienced management team committed to the highest standards of corporate governance and responsibility

The Group's Executive Committee and Company Board has been instrumental in setting the strategic direction for the Group and its blueprint for growth. The executive directors of the holding company of the Group have an average of 21 years working within the Group and an average of 22 years of industry experience. The members of the Group's Executive Committee have an average of 11 years working within the Group and an average of 23 years of industry experience. In addition, the Group believes that its decentralized governance structure supported by experienced management, many of whom are specialized in particular sectors or industries, leading the day to day operations of the businesses, positions the Group well to continue to successfully execute its key strategic initiatives. As a result, most of the members of the Group's senior management team (whether focused on individual businesses, divisions or the Group as a whole) are heavily rooted, not just in the relevant industry or industries from decades of prior experience, but also in the Group's journey to the diversified business that it is today.

Strategy

Four business objectives

Maximize diverse portfolio

The Group has a diverse portfolio of products and services across its divisions. As of 30 June 2021, the Group offered at least 50 different categories of services and thousands of different products. The Group intends to continue to diversify and broaden its offerings through a combination of product and service innovations and acquisitions both locally and internationally. The Group's diversification also extends across the pricing of its products and services as it provides cost-effective alternate products and services that meet the requirements of its customers across different price points. In general, management views the business of the Group as more supply driven than demand driven.

Maintain the Group's strong financial position

The Group plans to continue to maintain its strong financial position by driving cash generation, growing its annuity-based income, focusing on tight asset management, developing capacity to accommodate expansion, and disposing of its non-core assets. The Group generally has an internal tolerance level for Net Leverage of no greater than 2.5x, subject to occasional exceptions in the context of a capital investment opportunity. The Group also generally diversifies its sources of funding to match its business.

Invest capital for future growth

The Group intends to continue to allocate its capital to fund its organic and inorganic growth, broaden its product offerings and expand internationally. The Group also considers opportunities to invest in relevant long-dated South African infrastructure as and when these opportunities arise. Capital deployed is intended to be utilized in a manner that allows the Group to continue to achieve its target returns on capital and funds employed. The Group expects to broadly allocate its capital roughly equally between South Africa and offshore, but no specific targets are set.

Create social value

The Group intends to adapt its business model to the evolving operating environments in which the Group operates, deliver sustainable solutions and add value to its customers and the broader stakeholder base. The Group also plans to develop and grow its talent pool to be well equipped to deliver on its strategic objectives.

Acquisitive growth strategy

General acquisition criteria and return targets

The Group intends to continue to pursue strategic acquisitions, *provided* these targets fit with the overall Group strategy and the Group's acquisition criteria. The Group's acquisition strategy is to target niche and asset-light business models that generate high operational cash flows and are expected to yield a minimum predetermined required return. In general, the Group's targets will be established market players with identifiable opportunities to scale, and with highly entrepreneurial and experienced management teams that the Group believes will be able to successfully fit within its established decentralized management framework. Generally, the Group's acquired businesses will continue to operate as standalone, separate businesses following their acquisition. Within Business Services, the Group's target ROFE is more than 50% and within Trading and Distribution, the Group's target ROFE is more than 30%. The timeline within which these targets should be achieved is generally short, if not immediate, in the case of bolt-on acquisitions. In the case of larger acquisitions, particularly those that are transformational in terms of geographic presence, the timeline to achieve the target return is typically three years. The appropriate funding mix is evaluated on a case by case basis. Bolt-on acquisitions are generally funded out of operational free cash while the recent sizeable acquisitions were typically debt funded.

Bolt-on opportunities

The Group intends to continue to pursue bolt-on acquisition opportunities. Historically, the Group has demonstrated a strong capability to assimilate and successfully integrate smaller target companies that operate within the Group's existing markets and serve the same customers as the Group. These acquisitions are a means to broaden product and service offerings within the Group's existing markets and to maintain and further enhance its market-leading positions. Acquisitions of this nature are usually financed through operational cash flows at the level of the underlying businesses without the need for additional capital from the Group. Synergies present themselves in the form of supply chain optimization, revenue opportunities and other best practice benefits.

Fragmented market opportunities

In pursuing acquisitions, the Group seeks to identify opportunities in fragmented markets, which provide an opportunity to extract value from scaling the acquired business; for example, by taking a successful service offering from a particular geographic area and expanding it nationally. For example, the Group has grown Bidvest Steiner's branches from eight to 30 since its acquisition in 1991 and more than doubled Plumblink's branch network to 116 stores since its acquisition in 2015. Fragmented markets present significant opportunities for growth as there tend to be no established and dominant market participants. This strategic focus on developing scale provides the Group with the ability to meet large corporate clients' needs while maintaining excellent service offerings to smaller, single-location clients and enables the Group to increase revenues and profits while remaining nimble and close to customers.

Geographical considerations

Over the last 32 years, the Group built an impressive South African trading, services and distribution group and also built and unbundled a global foodservice business, Bidcorp. Following the unbundling of Bidcorp, the Group confirmed its intent to continue maximizing its South African portfolio of businesses and rebuilding its geographic footprint in specific niche areas in which it was confident it would be able to compete globally. In general, with the exception of countries in Africa (other than South Africa), where the Group does not expect to expand through acquisitions in the foreseeable future, the Group is agnostic about the offshore markets into which it may expand, with the Group instead focusing on the right acquisition at the right price.

The Group will consider offshore opportunities typically in narrow, niche and specialist services and product offerings that will benefit from Bidvest's capabilities and expertise. For example, in May 2020, the Group acquired PHS for GBP 498 million, expanding the Group's international hygiene services business with a strong presence in complete hygiene solutions for businesses in the public and private sectors. Other successful offshore acquisitions include Noonan in Ireland, Axis and Cordant in the United Kingdom. The Group aims to have approximately one-third of its revenue generated by its international operations over the medium term.

The Group has also historically completed many successful acquisitions within South Africa, and will continue to consider doing so if the correct opportunities arise. Historically, Bidvest's South African acquisitions have been complementary to and adjacent to the Group's existing business portfolio. The Group also has a long history of capital investment in relevant infrastructure, including the recently commissioned LPG storage facility in Richards Bay, which is one of the largest globally.

ESG Initiatives

The notion of stakeholder capitalism and sustainable enterprise value creation resonates with the Group, and environmental, social and governance ("**ESG**") considerations have made up a part of the Group's corporate thinking and reporting for some time. The integration of ESG into the Group's practices at an operational level has, however, historically been more informal. As the impact of climate change and inequality have become more and more evident, the Group has sharpened its focus in this area, recognizing the need for all stakeholders to pull together to work towards greater sustainability. This culminated in the adoption in the financial year ended 30 June 2021 of a more detailed ESG strategy focused on those areas where the Group believes that it can make the largest difference.

As a result, the Group reviewed its commitments and reiterates them as:

- to conduct profitable business in a responsible and accountable manner;
- to care for the Bidvest family and the Group's connected societies; and
- to drive positive change through partnerships and social dialogue.

To achieve these commitments, the Group set itself the following objectives:

- nurture people and business diversity;
- unlock value through innovation and efficiencies;
- represent responsibly made products;
- maintain financial strength through growth, focus and discipline; and
- preserve its empowering decentralized governance model.

The Group's resulting ESG framework identifies the Group's focus areas and sets targets to achieve the objectives and meet the Group's ESG commitments, all while the Group drives forward its overall strategy. The Group has set a target to reduce its own carbon, water and waste footprint by a further 20% from its 2019 base by 2025. With respect to the Group's labor practices, the Group aims to be an inclusive employer and has committed to having each gender making up 35% to 45% of the Group's employees and African people making up at least 50% of the Group's employees, at the middle-management level and higher, in the Group's South African operations by 2025. Lastly, the Group aims to play a leading role in the transformation of the supply chain in South Africa by targeting more than 90% local sourcing from suppliers with a Level 4 or better B-BBEE rating. As a distributor, it is also critical that the Group plays its part in ensuring the Group's supply chain partners are responsible in their dealings, such that the Group contributes to the circular economy and protects and enhances livelihoods. The Group remains committed to conducting business with uncompromising integrity and actively manage cybersecurity risk.

The Group uses the United Nation's 17 Sustainability Development Goals ("**SDGs**") as a guideline and has incorporated recommendations from the Task Force on Climate-related Financial Disclosures ("**TCFD**") and the principals of stakeholder capitalism as championed by the World Economic Forum.

		Topic	**The Group's aim**	**The Group will seek to**	**Measurement**
Environmental	E1	Own carbon footprint	To reduce the emission intensity of the Group's operations by 20% by 2025 from the Group's 2019 base	Continue to improve energy efficiency, shift the Group's energy consumption to lower emission sources, invest in renewable sources and configure the Group's properties to be environmentally-smart	Scope 1 and 2 emissions intensity; % of electricity sourced from renewables
	E2	Resource use	To reduce the waste generated and water intensity in the Group's operations by 20% by 2025 from the Group's 2019 base	Step up waste recycling efforts	Quantum of recycled waste
				Increase recycled raw material content in products and packaging whilst also making it more environmentally friendly	% of product and packaging content from recycled material
				Reduce the net quantum of water used, taking into account recycling	Net water intensity
			Source product from supply chain partners that are responsible in their dealings and achieve 100% compliance by 2025 and contribute to the circular economy	Engage with these tier 1 suppliers to ensure that they have adopted the commitments described in the Group's Supplier Code of Conduct (industry standard or equivalent environmental assessment)	% of key supply chain partners being compliant as measured by self-disclosure; major non-conformances during the year and corrective action rate
				Introduce the recovery/take-back of products at the end of their life	Quantum of items recovered
Social	S1	Diversity	To be an inclusive employer where everyone is treated equally with each gender making up at least 35-45% of the Group's employees and African people making up at least	The Group will actively manage gender and race appointments at each level from the level of middle-management and upwards	Gender split per management level; % of vacancies filled by African people

			50% of the Group's employees, in each case in the Group's South African operations by 2025		
	S2	Occupational hygiene & safety	Provide a safe working environment by reducing workplace injuries by at least 5% per annum	Reduce workplace injuries, both serious and non-serious	Lost time injury frequency rate & fatalities; % of own and client facilities audited to labour code of conduct or certified for safety
				Implement learnings from particular incidents & regular training	Health & Safety training hours/number of employees
	S3	Wellbeing	Protect and enhance the livelihood and wellbeing of the Group's employees	Support employees through enterprise-wide employee wellness program and initiatives	Number of employees that participated
				Continuously develop the skills of the Group's employees and in industries in which the Group operates	Number of learnerships, internships and apprenticeships
	S4	Labor practices and human rights in the Group's own operations and supply chain	To protect and advance livelihoods	Protect and treat the Group's own people fairly and commit to pay equality	Number of lost CCMA cases
				Engage with tier 1 suppliers to ensure that they have adopted the commitments described in the Group's Supplier Code of Conduct (industry standard or equivalent labor assessment)	% of tier 1 supply chain partners being compliant as measured by self-disclosure; major non-conformances during the year and corrective action rate
	S5	Supply chain transformation	To support local businesses in their growth aspirations	Source locally from B-BBEE compliant suppliers. Goal is 90% sourcing from local suppliers with a Level 4, or better rating, by 2025	% of local procurement from compliant suppliers
Governance	G1	Ethics	To conduct business with uncompromising integrity	Be honest, respectful and accountable at all times to all stakeholders	Track of Ethics Line cases and the resolution thereof
				Transparently and actively monitor and manage product & service safety as well as regulatory compliance	Number of product recalls; number of regulatory violations and fines

	G2	Governance structures	To provide assurance to all stakeholders through independent oversight	Uphold the established governance structures and have a B-BBEE Level 2 rating by 2025	% of board independent; adverse external audit findings; B-BBEE audited rating
	G3	Risk management	Identify material risks, qualitative and quantitative, and mitigate them	Formulate mitigating actions for all identified material risks. In addition, an external advisor was tasked to identify Group risks	Risk metrics
	G4	Data privacy	To comply with data privacy legislation and reduced IT-security risks	Deploy ALICE (which is an internally developed artificial intelligent governance tool that monitors and advises on IT hygiene across most businesses and systems on a continuous basis) across all businesses to continuously assess data governance and basic IT hygiene. The Group targets an ALICE IT score of 25% or lower by 2023	ALICE IT score per division and overall; Number of cyber/information breaches
				Implement a data privacy framework and raise internal awareness	Number of employees trained

Care for the Bidvest family and the Group's connected societies

In line with SDGs aimed at good health and wellbeing and gender equality, the Group is committed to providing a safe and healthy workplace with equal opportunities conducive to learning and personal development. In particular, the Group will continue to promote and offer out-of-home hygiene services and integrated facilities management services in order to support adequate work environments for its employees. In 2020, the Group established a R400 million COVID-19 Fund for the purposes of financially supporting its employees who were unable to work during the lockdown period in South Africa. Approximately 72,000 of the Group's employees in South Africa have benefitted from the Fund since its inception to date. Further, the Group has committed to cover the cost of COVID-19 vaccines for its employees who do not benefit from medical aid. In 2020, the Group also introduced an employee wellness program, which was rolled out to all employees across South Africa, recognizing the importance of psychological, wellness, financial and trauma counselling, particularly in light of COVID-19.

Diversity contributes to a Bidvest that is relevant, innovative and future fit. 43% of the Group's employees are female and 65% are African. At middle, senior and top management levels 11.0%, 15.6% and 35.9% are African, respectively. Women represent 33.1%, 30.6% and 37.6%, respectively, at the three management levels.

The Group continuously aims to develop the skills of its employees and the skills of persons working in the industries in which the Group operates. During the financial year ended 30 June 2021, the Group offered 6,866 learnerships, internships and apprenticeships. With respect to the Group's aim to provide a safe and healthy workplace, the Group reported a loss time injury frequency rate of 1.25. Regrettably, two fatalities occurred during the year. Sadly, the Group lost 122 colleagues to the COVID-19 pandemic; 87 in the most recent financial year ended 30 June 2021.

Drive positive change through partnerships and social dialogue

The Group is proud to be a deep-rooted corporate citizen in South Africa, as it is highly engaged in community development activities, with a particular focus on enhancing education, health, economic advancement and diversity. In the financial year ended 30 June 2021, the Group spent R27.4 million on socio-economic development projects. Decontamination services and products were provided to 2,794 tier-2 schools and following on from the Woza Matric 2020, a free-to-air television initiative aimed at grade 12 learners, which launched last year, the Group awarded 16 full tertiary bursaries to students at the start of 2021. This is in addition to the 583 bursaries awarded by the Bidvest Education Trust. This reflects the importance of the sustainable development goal of quality education to the Group. The Group's businesses engage in a range of corporate social responsibility projects and initiatives to support the communities and the environments in which they operate and to leverage their respective operational capabilities in furthering these projects.

Investing in communities and human capital affords the Group the opportunity to operate, do business in, draw skills from and support local businesses in their growth aspirations. Across the Group's businesses, 52% of its local procurement spend was with suppliers holding a B-BBEE Level 4 and better rating. The Group has the opportunity to direct more than R20 billion incremental local procurement spend to transformed businesses in terms of broad based Black economic principals. Every subsidiary is expected to transform in its own right, fully integrating B-BBEE as part of their operations. 88% of the Group's businesses have a Level 1-4 rating and 58% of the Group's businesses have a Level 1-3 rating. The Group intends to continue to drive positive social change alongside its business activities.

Conduct profitable business in an accountable manner

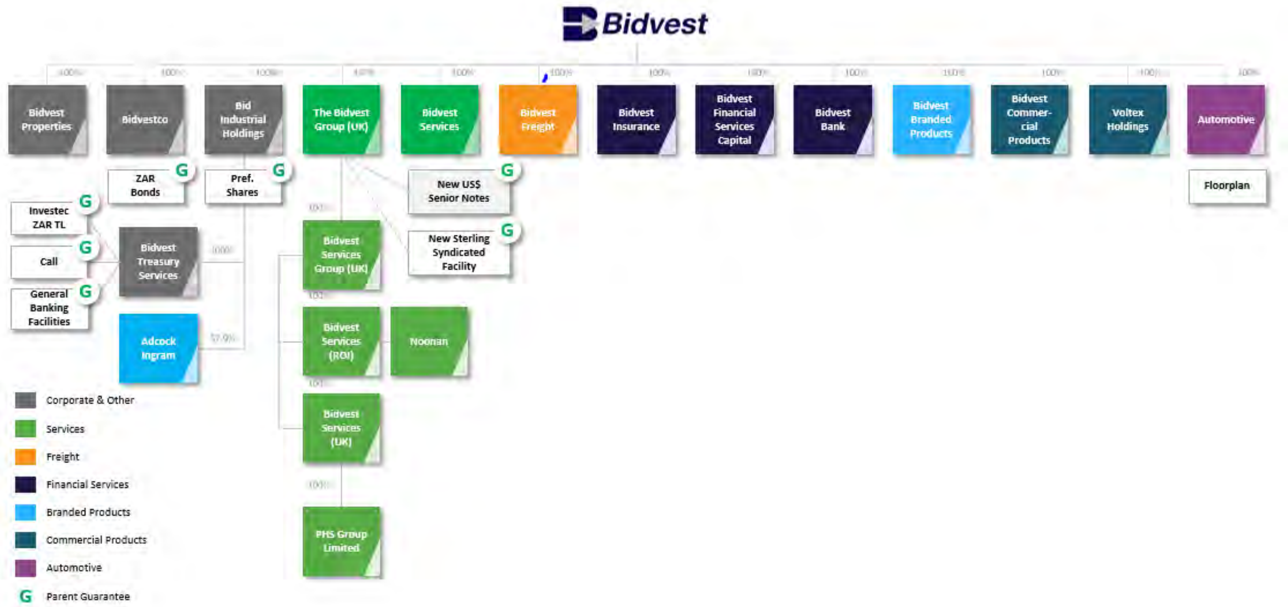
Due to the decentralized and diverse nature of the Group's businesses, sustainability is managed at the business level. In line with SDGs aimed at affordable and clean energy and climate action, the Group is focused on energy and water efficiency, responsible waste management, and innovative solutions to aid customer sustainability. The Group generated Scope 1 and 2 emissions of 302,952 tons in the financial year ended 30 June 2021, 11% more when compared to the financial year ended 30 June 2020. In the financial year ended 30 June 2021, 49% more electricity used was drawn from renewable sources. The Group used 1.9 million kiloliters of water, an increase of 2%, of which 0.5 million cubic meters of industrial wastewater was treated and discharged. Excluding the impact of the acquired businesses, the Group's water consumption declined 3% and water intensity decreased 15%. The Group recycled 126,235 tons of waste. Almost all of the Group's businesses implement recycling initiatives.

The Group is also committed to innovative customer solutions to aid sustainability. For example, the Richards Bay LPG terminal was commissioned in October 2020. Contributing to the facilitation of reliable availability of an affordable low-carbon energy alternative, it is expected that the Richards Bay LPG terminal will increase the current supply of LPG in South Africa by 50%.

The Group has a deeply entrenched functional governance structure that assigns significant importance to the ethical behavior of all employees. This places a very high hurdle of responsibility and accountability on all of the Group's employees. Rather than having many policies and manuals, the Group has a Code of Ethics that sets out the standards of behavior the Group expects of itself and its employees. When an employee missteps, decisive action is taken, and communicated back into the business. As a consequence of calls received via the independently administered Bidvest Ethics facility during the 2021 financial year, 47 internal control enhancements were implemented, nine disciplinary actions were taken, three employees were dismissed and two civil or criminal cases were opened.

Established grievance and whistle-blower processes at the Group's individual businesses, an independently administered Ethics facility, an independent, value-adding, progressive and responsive internal audit function, and a small set of common financial metrics – trading margin and growth; cash conversion and ROFE – across the disparate businesses and down to the level of branches within the individual businesses – are examples of the tools used to manage the diverse group.

Corporate Organization and Structure



Governance Structure and Management of the Group

The Group operates in a decentralized manner, with a deeply entrenched functional governance structure that empowers managers to lead day-to-day operations of the businesses while cluster, divisional and corporate office layers provide oversight, guidance, strategic direction and consolidated reporting.

Reporting Structure

An authority matrix forms the backbone of day-to-day governance. Management and executive committees have been structured into each of the six business divisions. These report into divisional boards, which are comprised of the divisional executive committee as well as executives from the Group's corporate office. Material matters from divisional board meetings are escalated to the Group executive committee meeting, which consists of the Group directors and functional executives covering strategy, finance, transformation, ESG, business development, as well as the six divisional CEOs. The three executive directors in turn report into the Group Board of Directors, directly or through the established committees. The Group Board of Directors has six standing committees with delegated authority from the Board. Each committee is chaired by an independent non-executive director. See "*Management of the Group—Board Committees*."

The below diagram reflects the management reporting structure within each division:

Corporate Office

Management and executives in the Group's corporate office provide strategic input and support for the divisions in execution of certain M&A transactions, manage stakeholder relations, corporate social investment initiatives, transformation functions, and Group properties, as well as assist in determining the optimal approach to cross selling to strategic customers across businesses. The corporate office also provide the Group centralized secretarial, governance, treasury and tax services, and a central internal audit team that manages and oversees the internal audit teams within each division.

Financial Performance Assessment and Risk Management

Bidvest currently has approximately 250 operating entities, some of which have an extensive branch network. Each branch and entity is responsible for their own income statement, balance sheet and cash flow statement. Uniform and simple KPIs – trading profit growth, cash conversion, ROFE, sustainability and transformation – are communicated and provide clear performance targets for the divisions and businesses. These performance management tools have been in existence since the inception of the Group. In addition, tight cost control is a key principle. On a monthly basis, flash results are rolled up from branch, business, cluster, and division to the Group level. Monthly management meetings between the divisional CEOs and the Group CEO are held to assess performance. Quarterly divisional audit committee meetings, attended by the divisional executive committee and the corporate office executive team, are held to assess business performance, control processes and review divisional risk registers and associated mitigation and remedial measures, among other things. The Group's audit committee also meets quarterly to review consolidated financial results and performance, risk management areas and internal and external audit matters.

Code of Ethics

The Group's governance structure places significant reliance on the ethical behaviour of all employees. The ethical onus on individuals and teams within the Group is higher than in a more structured environment. The Group has a Code of Ethics that sets out its behavior and core values of accountability, respect, honesty and integrity are critical in successfully upholding our functional governance structure. The Group takes decisive action, which is communicated back into the business, in instances where our values and standards are not met.

Description of the Group's Operations

The Group operates through six divisions, which can be categorized into two broad categories of operations, namely the Business Services operations, which comprise the Services, Freight and Financial Services divisions, and the Trading and Distribution operations, which comprise the Branded Products, Commercial Products and Automotive divisions. The Group also owns a significant and strategic property portfolio largely occupied by Bidvest businesses.

The relative contribution of the Business Services and the Trading and Distribution operations and their respective divisions to the Group's revenue, trading profit and EBITDA for the financial years ended 30 June 2021, 2020 and 2019 is shown below(1):

	2021	2020	2019
Revenue			
Business Services	42%	40%	39%
Trading & Distribution	58%	60%	61%
EBITDA			
Business Services	65%	66%	67%
Trading & Distribution	35%	34%	33%
Trading profit			
Business Services	62%	65%	65%
Trading & Distribution	38%	35%	35%

(1) Percentage proportions reflect segmental FY2021, FY2020 and FY2019 revenue, EBITDA and trading profit respectively, of the divisions that comprise the Business Services and Trading and Distribution operations before inter-company eliminations and with an allocation of external revenues generated and costs incurred by Properties and Corporate and Investments.

Services Division

The Services division is a leading facilities management services provider that offers one-stop solutions that help drive efficiencies and deliver cost reductions to its extensive corporate customer base in both the public and private sectors by leveraging its wide range of soft, hard, technical and allied services. The division's clients are based in South Africa, Ireland and the United Kingdom. The division is grouped into clusters, being facilities management, security, allied and travel services. The division's facilities management cluster generates the significant majority of the division's revenue and trading profit, while the security services generate a meaningful minority.

The Services division was the largest employer in the Group and currently employs approximately 90,000 people as of 30 June 2021, approximately 60,000 of which are employed in South Africa. The Group started building this division in 1991 with the acquisition of Steiner, a hygiene service provider. In 2017, the Group acquired the Irish facilities manager Noonan, its first acquisition in the hygiene services and facilities management niches chosen for the Group's international expansion following the unbundling of Bidcorp in 2016. PHS, acquired by the Group in May 2020, continued the Services divisions' expansion into hygiene services internationally.

Divisional Strategy for Growth

The Group's strategy for growth in its Services division targets expansion internationally in niche areas of hygiene services and facilities management in which it has established and strong expertise. These service areas tend to be highly cash generative, are relatively asset light and have strong structural growth drivers, including an aging population, urbanization as well as a growing focus on health and safety, particularly in the out-of-home hygiene market. The strategy also includes an emphasis on the introduction of new technology and alternative products and services, while maintaining the Group's focus on its margin management.

Products and Services

The provision of facilities management services generates the significant majority of revenue and trading profit in the Services division. Facilities management services include washroom hygiene, cleaning, pest control, technical, airport lounge and catering services. When multiple such services are bundled together for a customer across multiple locations, it is referred to as integrated facilities management. The Group offers facilities management services in South Africa, Ireland, the United Kingdom and Spain. The key businesses in South Africa include Bidvest Steiner, the biggest hygiene service provider in South Africa, Bidvest Prestige, the largest cleaning company that services the commercial, mining, industrial, hospital and healthcare sectors, and Bidvest Facilities Management, the largest facilities management services provider in South Africa. PHS and Bidvest Noonan, discussed in greater detail below, are the key businesses offshore.

The division's second largest offering, which accounts for a meaningful minority of divisional revenue and trading profit, is an extensive array of security services, including the provision of guards, investigation services, vehicle tracking and recovery and drone surveillance, aviation security, and cargo protection. The bulk of these services are provided in South Africa but also by Bidvest Noonan in the United Kingdom. The key business in South Africa is Bidvest Protea Coin, the second largest security company in the country.

Other offerings of the Services division are its allied services and travel services. The allied services provided by the Services division include water and coffee supplies and equipment, laundry services and garment rental, landscaping and garden maintenance, specialized furniture protection services, and hotel amenity supply services. The travel services include travel management services to corporate clients and inbound leisure travel services, and feature South Africa's largest corporate travel company. Travel service revenues, and even more so, trading profit have been under pressure over the past few years given the structural changes in this industry with regards to airline volume rebates and booking channels. Extensive investment has been made in technology over recent years to lower the cost of doing business. This cluster of services were lossmaking in the financial years ended 30 June 2020 and 2021 and only marginally profitable in the financial year that ended 30 June 2019.

The Services division's trading profit margin is typically broadly similar across the division's different offerings with the exception of travel services, which have been lossmaking for the last two financial years, and the labor-intensive businesses within the facilities management offering, which are lower margin. The trading profit margin for the division as a whole was 11.4%, 9.7% and 10.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

Bidvest Noonan

When the Group acquired Noonan in October 2017, Noonan was the leading facilities management company in Ireland with a very small footprint in the United Kingdom. In line with the Group's strategic intent, Bidvest Noonan's footprint in the United Kingdom has been built over the past three years through various bolt-on acquisitions to achieve scale and capability in cleaning and security services, which often serves as an entry point to offering integrated facilities management services. The acquisitions of United Security Services, Axis and Cordant, among others have resulted in Bidvest Noonan holding a top three and five market position in cleaning and security, respectively, in the United Kingdom today. Axis focuses primarily on providing security services across the United Kingdom, while Cordant provides both cleaning and security services across the United Kingdom.

Bidvest Noonan typically generates about a third of the Services division's revenue. Given its revenue mix, the trading margin is lower than that of the division overall. The benefits of scale and self-servicing in the UK are expected to materialize over time.

PHS

The Services division's offerings now include the offerings of PHS, which the Group acquired in May 2020. PHS is a leading hygiene services platform with leading market positions in washroom hygiene across the United Kingdom, Ireland and Spain. It services approximately 120,000 customers across approximately 300,000 locations. The Group's acquisition of PHS was in line with its stated strategic intent to expand its presence beyond South Africa in hygiene services, a structurally attractive but fragmented market. The COVID-19 pandemic has elevated awareness of out-of-home hygiene and fast-tracked industry maturity.

Five areas of synergies (sanitary bin liners, procurement, product range, self-servicing of customer contracts and back-office) were identified during the due diligence process. The realization of these synergies should over time result in a trading profit margin in line with international peer businesses.

Key Businesses

The Group's key businesses within the Services division include Bidvest Steiner, Bidvest Prestige, Bidvest Facilities Management, Bidvest Noonan, PHS and Bidvest Protea Coin.

Key Customers

The Group's key customers within this division span financial services, telecommunications, mining, industry, real estate, hospital group and other consumer companies. The division's revenue from its customers is mostly of a recurring nature and typically contracted for between one and five years. Geographically, in the financial year ended 30 June 2021, 48% and 52% of the division's revenue and trading profit, respectively, is earned in South Africa.

Freight Division

The Group's Freight division is a leading private sector, freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience. The Freight division facilitates the storage, handling and movement of cargo through its independent terminal operations, international clearing and forwarding, logistics and supply chain as well as port and container services. The division handles a diverse set of commodities, including chemicals, wheat, maize, vegetable oils, fuels, gases, and manganese and chrome, benefitting from both imports and exports.

The terminal capabilities and long-dated infrastructure have been built over many years under long-term leases. Over the past three financial years, significant capital was allocated to add fuel and chemical tank capacity as well as LPG storage capacity in Bidvest Tank Terminals. These long-term investments were made and backed by multi-year take-or-pay agreements, in a strategic move to increase the annuity-income proportion within the Freight division. The Group intends to remain alert to similar infrastructure investment opportunities going forward.

Divisional Strategy for Growth

The Group's strategy for growth in the Freight division includes maximizing the throughput in its terminals, while also commissioning additional terminals, including the recently commissioned 20,000-cubic-meter LPG terminal in Richard Bay. The Freight division further plans to increase its LPG capacity inland by 2023. The division is also seeking to expand its forward and clearing services, utilizing its relationship with new international forwarding and clearing partner, Emotrans.

Products and Services

The handling and storage of bulk liquid and gas as well as dry mineral and agricultural bulk through quayside terminals in South African ports represents the significant majority of the Freight division's revenue and trading profit. These quayside terminals are land leased under long-term leases from, and under, licenses awarded by Transnet the large state-owned South African rail, port and pipeline company, and its related subsidiaries. A key terminal business is Bidvest Tank Terminals, which focuses on serving as a bulk liquid storage operator for chemicals, liquefied gases, edible oils, fuel, base oils and lube oil additives, and has capacity to handle and store up to 3.5 billion liters and up to 1 million cubic meters of petrochemical and liquefied gas products. Other key terminal businesses are South African Bulk Terminals, which focuses on the handling and storage of bulk maize, wheat and rice, and Bidvest Bulk Connections, which focuses on the provision of specialist bulk mineral handling services. The Group maintains agricultural storage facilities with a capacity of up to 220 thousand tons and a mineral bulk storage facility with a capacity of up to 600 thousand tons.

The Freight division's other offerings are its logistics services, port services, container services, and Africa port services, which account for the balance of the division's revenue and trading profit contributions. The Freight division's logistics services include global supply chain solutions, including air and ocean import and export, forwarding and clearing, and transport and supply chain management. Bidvest International Logistics entered into a global alliance with Emotrans after its long-standing partner, Panalpina was acquired by DSV in 2019. The division's port services include port warehousing services, transport services, and stevedoring services. The Freight division's container services include offerings of container packing and unpacking services and the clearing of containers services and feature four facilities with an aggregate of 100,000 square meters of warehousing. The offerings of the division's African port services include the provision of port services in Mozambique and Namibia, including services related to container packing and unpacking, stevedoring, securing of cargo and caulking and cleaning of rail trucks.

The Freight division's trading profit margin is typically broadly similar in the terminal type operations which, given the capital intensive nature of these businesses, is significantly higher than that earned in the remainder of the offerings. The trading profit margin for the division as a whole was 20.9%, 18.4% and 20.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

Key Businesses

The Group's key businesses within the Freight division include Bidvest Tank Terminals, South African Bulk Terminals, Bidvest Bulk Connections, Bidvest International Logistics and Bidvest Port Operations.

Key Customers

Trading profit earned on the long-term take-or-pay agreements represents approximately half of the division's trading profit. The terminal operations have long-standing relationships with major importers and exporters of grains, liquids and gases as well as chrome and manganese. In the financial year ended 30 June 2021, the top 10 customers of the division represented approximately 23% of the Freight division's revenue, including most of the revenue stemming from long-term take-or-pay agreements involving Bidvest Tank Terminals. The profit contribution from the operations outside of South Africa is negligible.

Financial Services Division

The Financial Services division specializes in fleet management and full maintenance leasing, foreign exchange services and insurance services. The focus of the division is to increase cross-selling among the Group's existing customers, with the division in effect seen as an extension of the Group's trading businesses.

The businesses in this division are governed and regulated by the South African Reserve Bank, Financial Services Conduct Authority and the Prudential Authority for Banks and Insurance under the terms of the certain key South African legislation – in particular, The Bank Act, Insurance Act, PoPIA and Governance of Insurance and Insurance Groups. No fines, penalties or related censorships relating to regulations have been incurred within the division and all licenses have been renewed under the latest regulations.

Divisional Strategy for Growth

The Group's strategy for growth in its Financial Services division includes the cross-selling of the wide product and service offerings of the division to the division's and Group's customers, including a particular focus on the offering of financing to corporate fleet customers of the Automotive division, the expansion of alliance partners and rolling out new products in the insurance space. The strategy remains to attract depositors to secure cheap funding to use in growing the asset leasing and advances book. Digitalizing its channels to market is also a core focus across the division.

Products and Services

Bidvest Bank was established in 1999 when it acquired the banking license of Ons Eerste Volksbank for R15 million shortly after its acquisition of the Rennies Group, which included a significant foreign exchange business. Bidvest Bank is a second tier bank and accounts for 22% of total assets of, and is highest-rated among, tier II capital banks (typically understood to be smaller banks not within the top five banks) in South Africa. The CET1 ratio of Bidvest Bank is 23%. Bidvest Bank is primarily engaged in asset leasing and other asset financings, and foreign exchange and related services in which it has identified attractive niches, rather than aspiring to a more traditional full-service retail and commercial banking model. Following the rationalization of its branch network over the past two years, Bidvest Bank has 21 branches as at 30 June 2021.

Bidvest Bank is well capitalized with total assets of R11.3 billion with the original R2.0 billion equity injection from the Group and is funded predominantly by retail and corporate fixed and notice deposits, with terms that are typically 12 months or less, and minor wholesale funding. As at 30 June 2021, the liquidity coverage ratio and net stable funding ratio were 471% and 156%, respectively, which was well above minimum regulatory requirements. Bidvest Bank has committed and uncommitted funding lines with other South African banks and, as a last resort, access to R500 million on demand liquidity facility from the Group. Deposits that have not yet been deployed and are reflected in the cash and cash equivalent balances of the Group are excluded from covenant calculations under the terms of the Notes.

The Bidvest Insurance Group comprises a short-term insurer, Bidvest Insurance, a life insurer, FMI, and a significant insurance broker, Compendium. These operations are authorized financial services providers and licensed by the South African Financial Services Conduct Authority. Bidvest Insurance focuses on Value Added Insurance Products, which are mainly automotive related, while FMI is one of the fastest growing life insurers in South Africa. The income protection and living annuity products offered by FMI, the long-term insurance business, was loss-making in 2021. The Group has committed to inject capital of approximately R70 million per annum in FMI for the next three years, which is the remaining period the business will need to be cash profit positive according to management's estimates. The insurance cluster also has an investment portfolio on which investment income is earned.

The Financial Services division's other offerings include financial emigration, wealth externalization services, brokerages, pension fund administration and employee benefits counseling.

The Group's key customers, which include Telkom, Transnet and various municipalities, within this division are concentrated in Bidvest Bank's full maintenance leasing book, fleet loans and advances, which represents R2.2 billion or 53% of its total advances and leased assets. 60% of Bidvest Bank's deposits and 66% its outstanding loans stem from corporate customers. Historically, Bidvest Bank has contributed the vast majority of the divisions’ revenue and trading profit but this has moderated in the financial year to 30 June 2021 to become an almost equal contribution between Bidvest Bank and the insurance operations. The investment income recognized in the insurance operations caused fluctuation in the insurance and overall trading margin. The trading margin in the banking operations was 13.9%, 14.9% and 25.1% in the financial years ended 30 June 2021, 2020 and 2019 . The trading profit margin for the division as a whole was 12.5%, 11.5% and 21.6% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

Key Businesses

The key businesses within the Financial Services division include Bidvest Bank, Bidvest Insurance, FMI and Compendium Insurance Brokers and FinGlobal, a financial emigration operation.

Key Customers

The Group’s key customers within this division are concentrated in Bidvest Bank’s full maintenance leasing book and fleet loans and advances, which represents R2.2 billion or 53% of its total advances and leased assets. 60% of Bidvest Bank’s deposits and 66% its outstanding loans stem from corporate customers.

Branded Products Division

The Group’s Branded Products division includes Adcock Ingram, which is engaged in the distribution of pharmaceutical products. It separately also offers a comprehensive suite of office products such as stationery and paper, office furniture, office automation solutions and consumer products, including local and global brands such as Russell Hobbs, Pineware, Salton, Croxley, Primeline, Konica Minolta, Cellini, Maxwell & Williams, Noritake, Panado, Bioplus and Plush, among others, while also meeting print, niche packaging, labeling, and customer communication requirements. The Group’s acquisition of Waltons in 1997, marked the formation of the Branded Products division. Structural changes in the demand for stationery and communication have, over the years, led to additional products and services added to adapt the basket while a core element of traditional office product remains.

1. Adcock Ingram consolidation effective 1 August 2019, previously accounted for as an associate

Divisional Strategy for Growth

The Group’s strategy for growth in its Branded Products division includes a focus on the simplification of the division’s business to drive efficiencies and productivity in an evolving environment. In addition to its focus on simplification, the division also has a focus on product innovation and range extensions to satisfy demand at all price points. Adcock Ingram aims to grow its portfolio of consumer products, which focus on personal care and home care. The Group also plans to seek strategic acquisitions in South Africa in select complementary areas to the division’s current portfolio.

Products and Services

Within the Group’s Branded Products division, the distribution of pharmaceutical products through the Adcock Ingram business is the division’s largest offering, which in both 2020, the first year in which Adcock Ingram was consolidated, and 2021 accounted for approximately half of the division’s revenue and proportionately slightly more of the division’s trading profit contribution. The pharmaceutical products distributed by the division include over-the-counter products, prescription medicine, critical care products, and various consumer care products in the healthcare and personal care areas.

The remaining contribution to the Branded Products division's revenue and trading profits is broadly evenly split between distribution of (i) office products, (ii) consumer products and data, and (iii) print and packaging related products and services.

The office products distributed by the division include stationery, IT hardware, diaries and legal forms, multifunctional devices and office furniture. The office services provided by the division include management of print rooms, document storage and related management, and production print systems. Bidvest Waltons is a well-known brand in South Africa and the largest corporate stationer in the country. Work-from-home and learn-from-home have impacted the demand for their products, more so from a corporate perspective than consumer. Bidvest Waltons has sought in recent years to greatly enhance their on-line offering as an alternative revenue channel. Konica Minolta has a 15% market share in the office automation market in South Africa and Bidvest has held this exclusive distribution license for decades. Revenue on equipment rental and copy-clicks, or utilization, is earned under contracts that are generally three years in tenure.

The Branded Products division's other offerings are its distribution of branded household products, provision of data services, distribution of packaging materials and print services. The branded household products distributed by the division include household appliances and homeware durables, basic products, luggage, handbags, and various travel accessories. Home of Living Brands, utilizes a best, better, best strategy, which positions appliance brands by feature and price point. Pineware, Salton and Russel Hobbs are the key components of this strategy, with such strategy also being echoed by Silveray and Kolok's broad and deep range of products. Kolok is the distributor of HP, Canon, Pantum and Lexmark print cartridges. The license agreements with the global brands span six months to ten years and the businesses have longstanding relationships with these brands.

The data services provided by the Branded Products division include print-to-mail services, digital printing and publishing services, and mobile billing and animation services through Bidvest Data. The packaging materials distributed by the division include paper bags, wraps and napkins, folding cartons and packaging inserts. The print services provided by the Branded Products division through Lithotech, a one-stop print shop, include the provision of business forms, security certificates, marketing collateral, RFID tags and readers and point-of-sale collateral. Digitalization has been part of this division's offering for some time as management recognizes its growing prominence. At the same time, the Branded Products division continues to supply traditional product where demand has been relatively stable for some time. The packaging businesses benefit from stable food and pharmaceutical demand and have also benefited from an increase in on-line shopping. Currently, there are ten factories that support this grouping of activities.

The Branded Products division's trading profit margin is typically broadly similar in a range between 6% and 8%, across the division's different offerings, excluding Adcock Ingram, which tends to have a higher trading margin and reported a trading margin of 11.5% and 12.8% in the financial years ended 30 June 2021 and 2020, respectively, being the two financial years that it has been consolidated. The trading margin for the division as a whole was 8.2%, 8.1% and 7.8% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

Adcock Ingram

The Group owns an effective 57.9% equity stake in Adcock Ingram as of the financial year ended 30 June 2021 and has owned a majority stake since 2019. Adcock Ingram, a leading pharmaceutical company, manufactures, markets and distributes a broad range of healthcare products and is separately listed on the JSE. Adcock Ingram generates a majority of the Group's profits within the Branded Products division. Adcock Ingram operates through four separate divisions, namely the Consumer Products, Over-the-counter Products, Prescription Products and Hospital and Critical Care Products divisions. The Consumer Products division distributes its products via retailers, while the Over-the-counter Products division distributes its products to pharmacists. The Prescription Products division requires prescriptions from a physician to distribute its products and the Hospital and Critical Care division distributes its products to hospitals and other medical facilities. A significant majority of the products distributed by the Over-the-counter Products division and approximately one-third of the products distributed by the Hospital and Critical Care division are cost-controlled. Adcock Ingram, by volume, distributed 21% of pharmaceutical products in South Africa and held a 34% market share in Schedule 1 and 2 over-the-counter pharmaceutical products as of 30 June 2021. Further, Adcock Ingram is the second-largest manufacturer in the private pharmaceutical market in South Africa and second-largest supplier to the public sector in South Africa.

Key Businesses

The key businesses within the Branded Products division include Adcock Ingram, Bidvest Waltons, Konica Minolta, Home of Living Brands, Bidvest Data and Lithotech.

Key Customers

The key customers within the Group's Branded Products division include the hospital groups as well as retailers. In the financial year ended 30 June 2021, about half of the Branded Products division revenue was generated from the retail sector. In the financial year ended 30 June 2021, the top 10 customers of the division, excluding Adcock Ingram, represented 32% of the Branded Products division's revenue. Revenue earned from on-line channels, either in-house or external, has grown materially but remains a small portion of overall revenue.

Commercial Products Division

The Group's Commercial products division began approximately 32 years ago when the Group acquired Afcom, which has now manufactured, distributed and provided fastening solutions to the commerce, mining and agricultural sectors for 93 years, as its second acquisition. The Commercial Products division distributes products on behalf of global brands and distributes, and in some cases, manufactures and distributes, their own brands across a number of sectors and a diverse range of basic essential industrial requirements. The products distributed by the Commercial Products division include mechanical and electrical tools, plumbing supplies, lifting and rigging equipment, embroidery and sewing machines, protective clothing, packaging and fastening products, commercial and industrial catering equipment and leisure products. The division's comprehensive offering of basic industrial products is required in the day-to-day activities of most economic sectors.

The Commercial Products division of the Group is one of the largest distributors of electrical cable and allied products, through Voltex, as of 30 June 2021. Plumblink, the Group's national plumbing supplies retailer, owned 116 stores across Southern Africa as of 30 June 2021.

Products and Services				
Trade	DIY, Tools, Workwear	Industrial: Packaging, Warehousing and General	Catering	Leisure
• Plumbing products • Bathroom products and accessories • Geysers • Electrical cable and wire • Transmission and distribution products • General electrical products • Smart energy solutions • Alternative energy solutions • Lighting products	• Protective workwear and footwear • Safety equipment • Cleaning chemicals and products • Brushware • Tools	• Tape and fastening products • Packaging closures • Sales of new and refurbished forklifts • Maintenance contracts for forklifts • Short-term machine hire • Battery supplies and maintenance • Long-tem machine hire • Wholesale supply of tools, lifting and rigging equipment • Power tools, air tools and accessories • Generators and compressors • Adhesives, lubricants and sealants • Welding and safety equipment • Pulling and lashing equipment • Sewing and embroidery equipment	• Commercial and industrial catering equipment • Food warming and display equipment • Pie manufacturing franchise stores	• Musical instruments • Audio and visual equipment • Golfcarts, boats, motorcycles • Leisure accessories
PLUMBLINK voltex	G.Fox academy MATUS	burncrete RENTTECH berzacks Bidvest Materials Handling Bidvest Bidvest	Vulcan KING PIE	YAMAHA

Divisional Strategy for Growth

The Group's strategy for growth in its Commercial Products division includes initiatives to improve efficiencies, taking advantage of the recent investments into the division's manufacturing and distribution facilities as well as increasing the basket of products sold to customers. In line with the Group's strategy related to internationalization, the Group is open to internationalizing its artisan-to-artisan wholesale model in niche commercial products, including plumbing and related suppliers. The South African government's investment in and maintenance of infrastructure has historically been beneficial to this division and the Group expects that any significant future government development plans would be similar beneficial.

Products and Services

Within the Commercial Products division, the distribution of electrical and plumbing trade products generated the majority of the division's revenue and trading profit contribution during each of the last three years. The trade products distributed by the division include plumbing products, bathroom products and accessories through the national branch network of Plumblink and electrical cable and wire, transmission products, general electrical products, smart energy solutions, alternative energy solutions and lighting products through Voltex and its subsidiaries. As of 30 June 2021, Voltex was estimated to be the largest wholesaler of electricity products in South Africa. Over the past few years, the electrical business was expanded from primarily selling cable to also being able to provide end-to-end solutions. These businesses generate the majority of the division's revenue at lower margin due to the revenue mix including commodity products.

The Commercial Product division's offerings also include the distribution of tools through Matus, the manufacturing and wholesaling of brushware and locks through Academy Brushware and the distribution of protective workwear and industrial consumables, among other products, through G Fox. This cluster of activities generates approximately a fifth of divisional trading profit, and slightly less of revenue, and has seen a proportionate increase given the trend towards increased do-it-yourself and home improvement spending that stems from work-from-home and the increased demand for personal protective equipment.

The balance of the division's businesses manufacturer and distribute general industrial equipment, fastening products, catering equipment, marine and musical equipment as well as the sale, renting or leasing of warehousing equipment. The catering equipment distributed by the division includes commercial and industrial catering equipment, food warming and display equipment, and pie manufacturing franchise stores. The packaging products distributed by the division include tape and fastening products and packaging closures. The leisure products include musical instruments, audio and visual equipment, golf carts, boats, motorcycles and various leisure accessories. The warehousing equipment includes new and refurbished forklifts and related maintenance contracts, battery supplies and related maintenance, and both short-term and long-term machine hire. The general work products include lifting and rigging equipment, power tools, air tools and accessories, generators and compressors, welding and safety equipment, pulling and lashing equipment and sewing and embroidery equipment.

The Commercial Products division's trading profit margin is typically broadly similar across the division's different offerings with the exception of the electrical and plumbing trade activities which are lower due to a product mix that includes a portion of commodity-type product. The trading margin for the division as a whole was 6.6%, 3.3% and 5.7% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

Key Brands

The Group's key businesses within the Commercial Products division include Plumblink, Voltex, Matus, G Fox, Academy Brushware and Bidvest Materials Handling, a distributor of forklifts, Yamaha, Bidvest Afcom and Bidvest Buffalo Tapes.

Key Customers

The Group's key customers within this division span the mining, agriculture, infrastructure, construction and industrial manufacturing sectors. Customer concentration risk is negligible with less than 10% of revenue earned by the division in the financial year ended 30 June 2021, generated from the division's top 10 customers.

Automotive Division

The Group's Automotive division is one of South Africa's largest motor retailers and has a trading history representing 24 brands and spanning more than 100 years. The Automotive division sells and services vehicles and auctions vehicles on behalf of customers and features 85 dealerships in South Africa and Namibia.

Products and Services	
Motor Retailing • 85 dealerships • Retail new, demo and pre-owned vehicles • Vehicle range includes passenger vehicles, light commercial vehicles and heavy commercial vehicles • Online retailer mccarthy.co.za • After sales services include vehicle service and parts sales • Finance, insurance and other value-added products offered • Club McCarthy Bidvest McCarthy Bidvest Club McCarthy	Vehicle Auctioneering • Drive-through auction facility • On-line auction capability • Auction centres in Durban, Johannesburg and Cape Town • Free valuations on all vehicles • Finance and insurance products offered through McCarthy and all major finance institutions Bidvest Burchmores

Divisional Strategy for Growth

The Group's strategy for growth in its Automotive division includes a focus on the fostering of a more balanced retail business, in terms of new versus used and passenger versus commercial vehicles and continuing to represent brands with a meaningful market share. The Group also plans to grow its intelligent used vehicle procurement system to increase the profits from sales of used cars and increase aftermarket activities in the dealerships.

Products and Services

Bidvest McCarthy provides the Automotive division's primary offering through its 85 dealerships and online retail site. The Automotive division's motor retailing services include the retail of new, demonstration and pre-owned vehicles, after-sale services such as vehicle service and parts sales, and other value-added products. During the financial year ended 30 June 2021, Bidvest McCarthy had a 7% market share in the new vehicle market, based on statistics from the National Association of Automobile Manufacturers of South Africa. Bidvest McCarthy's market share has remained broadly stable over the past few years. 84% of the Automotive division's revenue in the financial year ended 30 June 2021 was earned from selling new and used cars, with 72% of the Automotive division's trading profit generated from the Toyota, Volkswagen and Audi brand stables. The remaining 16% of the division's revenue is earned from the servicing of vehicles and selling of spare parts. In the most recent financial year, 16% of the vehicle sales originated from fleet customers, a slightly lower proportion compared to recent years and 1.2 used vehicles were sold for every new vehicle sold within the Automotive division. Management aims to increase this ratio to selling two used vehicles for every new vehicle sold in the future. For its supply of vehicles, Bidvest McCarthy is dependent on the OEMs, with such supply having become more constrained globally since the onset of the COVID-19 pandemic.

OEMs allocate franchise dealers exclusive territories for the retailing and servicing of their brand vehicles. Under these franchise agreements, which are multi-year agreements, dealers have to meet set facility, service, sales and customer satisfaction levels. Guidelines recently issued by the Competition Commission in the South African automotive aftermarket, commonly referred to as the "right to repair" became effective 1 July 2021. These guidelines look to increase competition in the aftermarket value chain by introducing accredited independent service providers to perform in-warranty mechanical work on vehicles. This work was previously only performed by approved dealers in terms of their franchise agreements. To date, franchise agreements have not been amended to reflect these guidelines.

The Automotive division also offers vehicle auctioneering services through Burchmores, which auctions in excess of 25,000 units annually. Burchmores' vehicle auctioneering services include a drive-through auction facility, free valuations on all vehicles and other value-added products and also feature auction centers in Durban, Johannesburg and Cape Town.

The Automotive division earns a much higher gross profit margin in the servicing and parts activities when compared to the selling of vehicles. The trading margin for the division as a whole was 3.1%, 1.0% and 2.3% in the financial years ended 30 June 2021, 2020 and 2019, respectively.

Key Businesses

The key businesses within the Automotive division are Bidvest McCarthy and Bidvest Burchmore's.

Key Customers

Bidvest McCarthy sells vehicles to the general public as well as corporate fleet customers. Sales to corporate fleet customers peaked at about a quarter of sales but have been lower in the recent two financial years due to reduced willingness of customers to make fresh fleet investments amidst the COVID-19 pandemic.

Corporate Social Investment

Corporate

As a result of the various restrictions imposed by the government in South Africa during lockdown Level 5 and 4, approximately 75,000 of the Group's employees, were unable to work over the period from 26 March 2020 to 31 May 2021. In April 2020, the Group launched its R400 million COVID-19 Fund in South Africa aimed at supplementing the various government employee relief schemes, targeting employees unable to work, or working reduced hours, during this period. Coupled with the UIF TERS initiative, the fund covered the compensation of the majority of its employees, particularly those in lower income brackets from April 2020 to June 2021. Furlough support programs by the governments of the United Kingdom and Ireland were comprehensive in supporting the livelihoods of the Group's employees in those countries.

In May 2020, the Group launched a school readiness project in partnership with South Africa's Department of Basic Education to support schools in their efforts to prepare for the resumption of the matric academic year. The project focused on Quintile II schools, providing decontamination cleaning services, sanitizers, digital thermometers, disposable masks and cleaning materials.

Between August 2020 and October 2020, in order to mitigate the impact of COVID-19 on vulnerable households across South Africa, the Group identified approximately 20,000 households as beneficiaries of a food distribution project, resulting in R2.3 million in food supplies flowing directly into those communities.

In April 2020, the Group pledged R10 million towards South Africa's Solidarity Fund, which is focused on providing personal protective equipment ("**PPE**") support to front-line community and health workers, as well as food relief.

In October 2020, the Group contributed R11.4 million to the funding of Woza Matrics, an initiative of South Africa's Department of Education, which aimed to enable matriculants to mitigate the disruption to learning as a result of COVID-19. The Group has also awarded 16 full bursaries for tertiary education. A further 24 weekly prizes were donated by the Group's Waltons and Croxley.

Throughout the calendar year 2020, notwithstanding the financial effects of COVID-19, the Group continued to run the Bidvest Educational Trust. Established in 2003, the Bidvest Educational Trust provides financial assistance to children of the Group's employees in the lower income bracket, providing assistance to approximately 2,500 children since its establishment. This benefit has been further extended to cover children whose parents have succumbed to COVID-19 or have been retrenched in the financial year ended 30 June 2020 financial year for an additional year.

The Group also purchased and distributed food hampers to over 10,000 households in the KwaZulu-Natal, Eastern Cape and the Northern Cape provinces of South Africa that were hard hit by the COVID-19 pandemic in the financial year ended 30 June 2021.

The Group made donations of R10.0 million and R5.0 million, respectively, towards the following worthy causes: in February 2021, the President of South Africa, in conjunction with the International Women's Forum of SA, launched the private sector-led Gender-Based Violence and Femicide Response Fund, which will go toward addressing gender-based violence in the country; and the Female Academic Leaders Fellowship Programme, which was established to develop a pipeline of African and Coloured Female academic leaders.

Intellectual Property

As of 30 June 2021, the Group's intellectual property ("**IP**") rights portfolio consisted of 2,741 registered trademarks and 385 trademarks in process of being registered and reviewed and 1,204 internet domain names. As of 30 June 2021, Adcock Ingram's IP rights portfolio consisted of 2,406 registered trademarks and 233 trademarks in the process of being registered and reviewed, 21 registered patents and 152 internet domain names. Intellectual property is among the Group's and its businesses' most important assets, particularly the

Bidvest brand that has broad recognition in South Africa and other parts of the world given its historic foodservice footprint. Intellectual property also includes copyrights, trade secrets and know-how and other proprietary information. While many members of the Group seek and hold intellectual property covering various products and processes, no individual IP or series of IP is considered material to the Group as a whole.

Employees

As of 30 June 2021, the Group had 121,343 employees, 75% of whom were in South Africa. Other employees of the Group were, as of the same date, located in the United Kingdom, Ireland, Spain and other parts of sub-Saharan Africa.

Collective labor agreements are in place within certain Group companies. These agreements are usually renewed every one to two years in accordance with the procedures prescribed by the legislation governing such process.

During the negotiations of these agreements, there have been no notable work stoppages, strikes or material labor unrest. The Company believes it generally enjoys good relations with its employees.

The Group monitors amendments to labor laws and secondary regulations regularly to adopt necessary measures swiftly, as may be required from time to time.

In South Africa, the Group has two retirement funds in place for employees in the service of the participating employing businesses of the Group. Both funds are primarily defined contribution funds, which provide for retirement saving as well as death and disability benefits. Members of the funds also enjoy ancillary funeral and temporary disability benefits provided via policies of the Group. Participating members contribute 7.5% of their fund salary and the employer contributes 9% of the participating member's fund salary, although there are varying contribution rates for some participating members due to historic reasons. Participating members may also, on a voluntary basis, make additional contributions to the Funds at a range of set percentages of their Fund Salary.

PHS operated a defined benefit scheme which is closed to new members. In the United Kingdom, Bidvest Noonan operates a defined contribution workplace pension scheme, which provides for retirement saving benefits. Legislative minimum contributions are 5% for members and 3% for the employer. Death-in-service benefits are provided for management and administrative staff. In Ireland, Bidvest Noonan operates a defined contribution pension scheme for management, which provides for retirement saving benefits. Death-in-service benefits are provided for security officers, management and administrative staff.

Information Technology and Security

The Group's technology functions were enhanced and remained resilient despite the unprecedented business operating challenges brought about by the COVID-19 pandemic. Secure cloud-based technology platforms were proactively deployed by the Group's businesses to enable seamless business operations and effective work from home arrangements. Information security infrastructure was also enhanced with additional protection and preventative measures.

The Group, as a whole, is engaged in a process of continuous improvement with respect to its IT systems. Due to the operational decentralization and diversity of the Group's divisions, IT systems are operated at the business level. Each IT environment across the Group is subjected to an IT audit as part of the Group's Internal Audit Plan. The IT audit assesses the design and effectiveness of the IT environment from a control perspective, coupled with providing a view on the strategic enablement of the businesses by technology.

The Group places extreme emphasis on the cyber security of its technology environment and it has implemented various initiatives across the Group's companies to minimize the risk of unauthorized access. Implementation and enhancement of the necessary controls are being performed on a case-by-case basis, dependent on the risks identified. ALICE, an internally developed artificial intelligent tool, monitors and advises on IT hygiene across most businesses and systems on a continuous basis. This allows for near immediate remediation.

Data governance, including the necessary IT architecture, is being tackled at business level, particularly by the Group's companies which are most exposed to data risks.

Insurance

The Group monitors the insurance policies that Group's companies carry to seek to ensure that the coverage is adequate and the Group believes that its principles are conservative with respect to insurance.

The Group insurance program, which is comprehensive and covers the entire Group, is coordinated centrally and placed by Compendium Insurance Brokers annually. The Group insurance program includes step-down policies in certain geographies where sub-limits are required. The various policies in place include assets/business interruption, public/products liability, motor fleet, commercial crime, directors and officers, cyber liability, travel and corporate protection insurance.

Individual companies of the Group complete an annual declaration which is aggregated by division, and further aggregated by the Group, which is used as the basis for placement.

The Group Insurance program is placed both in the United Kingdom (Lloyds) and in the local South African market.

In the financial year ended 30 June 2020, the Group identified cyber assaults as a material risk and implemented a comprehensive Group-wide property damage and business interruption insurance. ALICE was rolled out to almost all businesses to monitor IT security hygiene on an almost real-time basis.

Legal Proceedings

The Group's legal resources primarily operate at the Group level, while a few of the Group's companies have an in-house legal team that works alongside the Group's legal team when needed.

Historically, the Group's subsidiaries have from time to time faced anti-trust and Competition Commission investigations in South Africa and internationally, particularly in relation to acquisitions, and immaterial fines for various reasons.

There are no governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the Group is aware, during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

MANAGEMENT OF THE GROUP

Directors of the Issuer

The Issuer's board of directors consists of five members, including Nompumelelo Thembekile (Mpumi) Madisa, Mark John Steyn, David Finlayson, Paul Scott Clement and Alexandra Varley.

The Issuer is a wholly owned subsidiary of the Company.

Directors of the Company

The following table sets forth information regarding the individuals who serve as directors of the Company:

Name	Age	Position
Nompumelelo Thembekile (Mpumi) Madisa	42	Executive Director (Chief Executive Officer)
Mark John Steyn	51	Executive Director (Chief Financial Officer)
Gillian Claire McMahon	49	Executive Director
Bonang Francis Mohale	59	Independent Non-Executive Director (Chairman)
Renosi Denise Mokate	63	Independent Non-Executive Director (Lead Independent)
Sibongile (Bongi) Masinga	54	Independent Non-Executive Director
Norman William Thomson	70	Independent Non-Executive Director
Nonzukiso (Zukie) Siyotula	37	Independent Non-Executive Director
Lulama Boyce	42	Independent Non-Executive Director
Sindisiwe Ntombenhle (Sindi) Mabaso-Koyana	52	Independent Non-Executive Director

Nompumelelo Thembekile (Mpumi) Madisa was appointed as a director of the Company in December 2013 and as chief executive on 1 October 2020. Ms. Madisa was previously chief director in the Gauteng provincial government. During her time at the Company, she has held various senior management and executive board director positions such as general manager, business development, divisional director, business development, corporate affairs director and sales and marketing director. Ms. Madisa is a director of numerous Bidvest subsidiaries and a board member of Business Leadership South Africa and the chairman of Adcock Ingram.

Mark John Steyn was appointed as a director of the Company in February 2018 and was appointed as Chief Financial Officer of the Group in March 2018. Mr. Steyn joined Bidvest in May 1997 and has held various financial positions within Bidvest Freight. Since 2012, Mr. Steyn held the position of chief financial officer of Bidvest Freight. He was appointed as chief financial officer, effective 1 March 2018. Mr. Steyn serves on all South African divisional boards, divisional audit committees and served as a trustee on the various Group retirement funds.

Gillian Claire McMahon was appointed as a director of the Company in May 2015. Ms. McMahon previously held various operational roles in customer service, operations, training and human resources. During her time at the Group, Ms. McMahon has held various senior management roles, including commercial director of Bidtravel, and is the current Group transformation executive. Ms. McMahon is a director of numerous Bidvest subsidiaries. Ms. McMahon graduated with a BCom Honors Business Economics and Industrial Psychology and a MCom in Industrial Psychology.

Bonang Francis Mohale was appointed as a director of the Company in July 2019. Mr. Mohale held several leadership positions in the private sector and has been recognized with several awards over the past 25 years. He was the Chief Executive Officer of Business Leadership South Africa, Chairman of Shell South Africa (Pty) Ltd, Chief Executive Officer of Drake & Scull FM SA (Pty) Ltd, Chief Executive of Sanlam Limited, Executive Vice President of SAA and Managing Director of Otis (Pty) Ltd, among others. Mr. Mohale was appointed as the board chairman in November 2019. Mr. Mohale graduated as a Post Graduate Chartered Marketer (CMSA).

Renosi Denise Mokate was appointed as a director of the Company in May 2018. Ms. Mokate held several leadership positions in the public sector and academia. She was the Deputy Governor of the South African Reserve Bank from August 2005 to July 2010 and Executive Director of the World Bank from 2010 to 2012. Ms. Mokate has also served as the Executive Dean of the Graduate School of Business Leadership, UNISA, and as a senior policy analyst at the Development Bank of Southern Africa. She is currently the Executive

Chairperson of Concentric Alliance. Ms. Mokate holds non-executive directorships at Vukile Property Fund, among others. Ms. Mokate graduated with a PhD from the University of Delaware. Ms. Mokate was appointed lead independent director in April 2021.

Sibongile (Bongi) Masinga was appointed as a director of the Company in December 2013. Ms. Masinga is one of the founding members of Afropulse Group. Prior to this, she was the chief operating officer and head of Corporate Advisory at Quartile Capital. She has held various positions in financial services, including at DBSA and Gensec. She also gained merchant banking experience with Hill Samuel in London. Ms. Masinga currently serves on the following boards: Delta Property Fund as interim CEO, Libstar, Petro SA and she is a member of Council at the Durban University of Technology among others. She graduated with a BCom and undertook the USA-SA Leadership and Entrepreneurship Program at the Wharton School of Business.

Norman William Thomson was appointed as a director of the Company in May 2018. Mr. Thomson gained broad business experience over many years and was the Finance Director of Woolworths Holdings Ltd from 2001 to 2013. Mr. Thomson is currently a non-executive director of Real People Investment Holdings Ltd. Norman's committee membership on these includes remuneration, audit and risk. Mr. Thomson graduated with a CA (SA).

Nonzukiso (Zukie) Siyotula was appointed as a director of the Company in October 2019. Ms. Siyotula was previously the Chief Executive Officer of Thebe Capital. Prior to that, she held various senior positions at the Barclays Africa Group, Old Mutual, Royal Bafokeng Holdings and South African Breweries. Ms. Siyotula currently serves as a non-executive director at Wescoal Mining, Conduit Group, Denel SOC, Toyota Financial Services and Ogilvy Mather South Africa. She holds the following degrees: CA (SA), ACMA and MBA (GIBS).

Lulama Boyce was appointed as a director of the Company in March 2021. Ms. Boyce is the Department Head of Commercial Accounting at the University of Johannesburg and is currently a non-executive director of Adcock Ingram. She serves on the Audit Committee and Remuneration as well as the Social & Ethics committees of the Company. Ms. Boyce graduated with a CA (SA).

Sindisiwe Ntombenhle (Sindi) Mabaso-Koyana was appointed as a director of the Company in March 2021. Ms. Mabaso-Koyana is the founder and chairman of the African Women Chartered Accountants Investment company. She currently serves on the following boards: MTN Limited, Phembani Group, Sun International Limited, Zenex Foundation Educational Trust, Advanced Group and Toyota SA. She is the Audit committee chair and a member of the Risk and Acquisitions committees. Ms. Mabaso-Koyana graduated with a CA (SA).

Executive Officers and Management Board of the Group

The following table sets forth information regarding the individuals who serve as Company's executive officers:

Name	Age	Position
Nompumelelo (Mpumi) Thembekile Madisa	42	Executive Director/Chief Executive Officer
Mark John Steyn	51	Executive Director/Chief Financial Officer
Gillian Claire McMahon	49	Executive Director

The Group Executive Committee consists of twelve members, including the Group executive directors and functional executives covering strategy, finance, transformation, ESG, business development, as well as the six divisional CEOs. The Group's Executive Committee and Company Board has been instrumental in setting the strategic direction for the Group and its blueprint for growth. The executive directors of the holding company of the Group have an average of 21 years working within the Group and an average of 22 years of industry experience. The members of the Group's Executive Committee have an average of 11 years working within the Group and an average of 23 years of industry experience. The Group believes that its decentralized governance structure supported by experienced management, many of whom are specialized in particular sectors or industries, leading the day to day operations of the businesses, positions the Group well to continue to successfully execute its key strategic initiatives. As a result, most of the members of the Group's senior management team (whether focused on individual businesses, divisions or the Group as a whole) are heavily rooted, not just in the relevant industry or industries from decades of prior experience, but also in the Group's journey to the diversified business that it is today.

Compensation of Executive Officers

Salaries and benefits, cash incentives and long-term incentives where the performance period ended in the financial year ended 30 June 2021 for the Company's executive officers amounted to R64.8 million. The remuneration paid to the Group's non-executive directors during the financial year ended 30 June 2021 amounted to R9.4 million.

The Company operates a total cost-to-company ("**CTC**") philosophy whereby cash remuneration and benefits (including a defined contribution retirement fund, medical aid and other insured benefits) form part of employees' fixed total CTC remuneration. Senior management and executive directors also participate in short-term incentive programs in the form of a performance bonus plan and long-term incentive programs. As at June 30, 2021, two LTI plans were in operation. The Bidvest Conditional Share Plan ("**CSP**") is available to the Group's executive directors.

Board Committees

The Nominations Committee

The Nominations Committee is responsible for assessing the independence of non-executive directors and for increasing the diversity of the Board of Directors. It identifies and evaluates suitable candidates for appointment to the Board of Directors to ensure that the Board of Directors is able to fulfill its functions as recommended by the King Code on Corporate Governance 2016 ("**King IV**"). The Nominations Committee is also responsible for recommending to the Board of Directors the re-appointment of directors and succession planning for directors, including the chief executive and senior management. In the fiscal year ended 30 June 2020, the Nominations Committee's focus was on monitoring the chief executive succession process, the appointment of new non-executive directors, enhancement of board committees' composition and equitable distribution of committee work. The Nominations Committee's focus for the fiscal year ended 30 June 2021 included appointing new non-executive directors, with particular focus on the Audit Committee and providing support to the newly appointed Chief Executive Officer.

The Nominations Committee is chaired by Mr. Bonang Mohale. Ms. Renosi Mokate and Ms. Lulama Boyce serve as members of the Nominations Committee.

The Audit Committee

The Audit Committee's main objective is to assist the Board of Directors in fulfilling its oversight responsibilities, in particular evaluating the adequacy and efficiency of accounting policies, internal controls and financial and corporate reporting processes. In addition, the Audit Committee assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors. In the fiscal year ended 30 June 2021, the Audit Committee reported that: (i) PwC and the individual audit partner, the designated external auditor, are accredited and independent; (ii) it considered all key audit matters and is comfortable that they have been adequately addressed and disclosed; (iii) there were no reportable irregularities; (iv) is of the view that the arrangements in place for combined assurance are adequate and are achieving the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit; (v) the internal audit function is very strong and the Chief Financial Officer and finance team are competent; and (iv) recommended the AFS to the Board of Directors.

The Audit Committee is chaired by Ms. Sindi Mabaso-Koyana. Mr. Norman Thomson, Ms. Renosi Mokate, Ms. Zukie Siyotula and Ms. Lulama Boyce currently serve as members of the Audit Committee.

The Risk Committee

The Risk Committee's main responsibility is to identify material risks to which the Company is exposed and ensure that the requisite risk management culture, policies and systems are implemented and functioning effectively. The Risk Committee is also responsible for the governance of IT. Cyber security, IT infrastructure and system availability, business continuity and health and safety protocols were some of the Risk Committee's areas of focus during the fiscal year ended 30 June 2020. These, together with the implementation of the Protection of Personal Information Act requirements and response plans to supply chain disruptions, were key focus areas in the fiscal year ended 30 June 2021.

Some of the key risks that the Company is exposed to include the challenging macro-economic environment, increased regulation and cyber assaults, as well as disruptions and challenges brought about by the COVID-19 pandemic.

The Risk Committee is chaired by Ms. Renosi Mokate, Ms. Mpumi Madisa, Mr. Mark Steyn, Ms. Gillian McMahon, Ms. Zukie Siyotula and Ms. Sindi Mabaso-Koyana currently serve as members of the Risk Committee.

The Remuneration Committee

The Remuneration Committee is authorized by the Board of Directors to assess and approve the Group's broad remuneration strategy, the operation of the short-term and long-term incentives for executives across the Group and sets short-term and long-term remuneration for the executive directors and members of the executive committee. During the fiscal year ended 30 June 2020, the Remuneration Committee focused on the realignment of the two long-term incentive schemes to achieve internal equity, a comprehensive remuneration benchmark exercise for the incoming Chief Executive Officer and consideration of the rules, criteria, targets and allocations for performance-related pay schemes. During the fiscal year ended 30 June 2021, the Remuneration Committee was focused on continuing to promote the Group's strategic objectives through fair and transparent remuneration, a comprehensive remuneration benchmark exercise for the Chief Financial Officer and executive director responsible for transformation and sustainability and incorporate specific targets for non-financial metrics in incentive schemes.

The Remuneration Committee is chaired by Mr. Norman Thomson. Ms. Bongi Masinga, Mr. Bonang Mohale and Ms. Lulama Boyce currently serve as members of the Remuneration Committee.

The Social and Ethics Committee

The Social and Ethics Committee's responsibilities are in line with legal requirements and codes of best practice. The Social and Ethics Committee monitors the Group's compliance in relation to social and economic development, good corporate citizenship, environment, occupational health and public safety, labor and employment as well as the Group's code of ethics and sustainable business practices. The focus of the Social and Ethics Committee in the fiscal year ended 30 June 2020 was on activities relating to transformation, B-BBEE, employment equity, the prevention and treatment interventions rolled out across the Group to manage health and safety, as well as initiatives to support the Group's employees during the COVID-19 pandemic. During the fiscal year ended 30 June 2021, the Social and Ethics Committee was focused on transformation, employment equity, ethics, environmental sustainability as well as empowerment and support of the Group's employees.

The Social and Ethics Committee is chaired by Ms. Bongi Masinga. Ms. Mpumi Madisa, Ms. Gillian McMahon, Mr. Mark Steyn, Mr. Bonang Mohale and Ms. Lulama Boyce currently serve as members of the Social and Ethics Committee.

The Acquisitions Committee

The role of the Acquisition Committee is to review potential mergers, acquisitions, investment and other corporate transactions in line with the Group's levels of authority. The key focus area during the fiscal year ended 30 June 2020 included the consideration and evaluation of proposed investments, disinvestments and expansion opportunities, including PHS, Eqstra, Adcock Ingram and MIAL. During the fiscal year ended 30 June 2021, the Acquisition Committee was focused on the introduction of a Black women-owned partner in Bidvest Protea Coin, the consideration and evaluation of proposed expansion opportunities, including Axis and Cordant, Group's long-term growth strategy and creating the platform to access new markets.

The Acquisitions Committee is chaired Mr. Bonang Mohale. Mr. Mark Steyn, Ms. Mpumi Madisa and Ms. Sindi Mabaso-Koyana currently serve as members of the Acquisitions Committee.

Other Interests

No actual or potential conflicts of interest exist between the duties that any member of the Board of Directors or the Executive Officers owes to the Issuer and such member's private interests or other duties.

RELATED PARTY TRANSACTIONS

In the ordinary course of the Group's business, the Group enters into transactions, such as sales, asset purchases, rent and service transactions with the Group's subsidiaries and associates and other entities in which the Group has a material interest. The Group believes that these transactions are entered into on an "arm's-length" basis and their terms are no less favorable than those arranged with third parties.

Please see Note 13.6 to the Group's audited consolidated financial statements contained elsewhere in this Offering Memorandum for the financial year ended 30 June 2021 for further information on related party transactions as determined in accordance with IFRS.

INDUSTRY

The following section provides selected information on certain of the industries in which the Group operates. This summary is provided for information purposes only and does not purport to cover all relevant issues or to be a comprehensive description of all the topics discussed below.

The Issuer and the Company have taken certain information in this summary from publicly available third party sources, which are identified below or in "Presentation of Financial and Other Information—Market and Industry Data and Forecasts". Such information is subject to change and cannot be verified with complete certainty. Therefore, you should use caution in analyzing any such information and should not place undue reliance thereon. See "Presentation of Financial and Other Information" and "Risk Factors."

Services

According to Frost & Sullivan estimates, the global facilities management ("**FM**") market's revenue in 2020 was approximately U.S.$794 billion (revised for COVID-19 impact), with a global compounded annual growth rate ("**CAGR**") of 5.7% for integrated facilities management ("**IFM**") services expected in the period from 2020 to 2025. The global FM market's revenue is expected by Frost & Sullivan to increase to approximately U.S.$925 billion by 2025. The South African IFM market, while still relatively nascent compared to more mature markets, is gaining acceptance, with building managers beginning to outsource functions such as hygiene, catering, cleaning, and security. The South African IFM market is expected by Frost & Sullivan to grow at an attractive CAGR of 6.13% in the period from 2019 to 2026, expanding from U.S.$910 million in 2019 to U.S.$1.38 billion in 2026. Bidvest has a leading market position in most of the markets in which its Services division operates in South Africa, with Tsebo, Fidelity and Supercare being key competitors.

According to Frost & Sullivan estimates, support services accounted for 46.2% of global IFM market revenue in 2019. This can be broken down into cleaning, security, and reception staffing, which contributed 39.1% of global IFM revenue and catering which contributed to 7.1% of global IFM revenue in the same period. The key drivers for this market are a need for cost efficiencies and an increasing propensity to outsource while consolidating services.

The UK IFM market is expected by Frost & Sullivan to grow at a CAGR of 2.5%, expanding from U.S.$9.9 billion in 2019 to U.S.$11.5 billion in 2025 and has the highest level of service integration in Europe, a trend which Frost & Sullivan believes is set to accelerate (though the total UK FM market is expected to see a revenue drop of 5.8% in 2020 as a result of the impact of COVID-19 before returning to growth in 2021). However, revenue is still expected to expand from U.S.$38.4 billion in 2019 to U.S.$41.7 billion in 2025 (including single services, bundled services and IFM), with Northern Ireland accounting for approximately 2.2% of FM market revenue in 2019 (at U.S.$850 million).

Building operations and management ("**O&M**") and cleaning services remain the cornerstones of IFM, while EM services and property management are converging and gaining importance. The support services segment is the most established for the rest of the world market, with IFM contracts incorporating services such as cleaning, front of house, catering, and amenities. The support services category however, is growing relatively slower in established IFM markets compared to newer markets where both IFM penetration and FM outsourcing rates are increasing.

In addition, in the UK, hygiene is a resilient and low risk market driven by the criticality of service and contracted business. Hygiene in the UK is expected to grow at a rate in excess of GDP growth due to favorable structural industry dynamics, with market growth historically driven by greater levels of outsourcing and regulation, with future growth drivers being increasing awareness of hygiene considerations and greater compliance with workplace hygiene and environmental standards, particularly as a result of consumer awareness since the onset of COVID-19. The total addressable market in UK hygiene services is large and has the potential to significantly grow when factoring in underlying market growth and outsourcing opportunities. In the UK, PHS (a 100% owned Bidvest subsidiary) is the clear leader in hygiene, with around 31% market share in 2018, amongst other key players such as Rentokil, Citron and Stericycle.

Branded Products

Adcock Ingram

Adcock Ingram is a leading South African pharmaceutical manufacturer (in which the Group owns an effective 57.9% interest) listed on the JSE. Adcock Ingram manufactures, distributes and markets healthcare products to both the private and public sectors.

It is a leading manufacturer in the private pharmaceutical market and supplier to the public sector. The company also holds a leading position in the critical care market, including as a supplier of critical care products to the public sector and hospitals.

Adcock Ingram's pharmaceutical division operates within an industry that is governed by a highly regulated framework. Prior to COVID-19, the National Health Insurance (NHI) Bill was tabled in Parliament in August 2019. The Pharmaceutical Task Group, which represents approximately 90% of the pharmaceutical industry in South Africa, submitted a consolidated written submission on the Bill towards the end of 2019, supporting universal healthcare. Since January 2020, the industry has seen incremental improvements that include digitisation, human resource recruitment for critical vacancies and an increase in the output of regulatory reviews.

Adcock Ingram's Consumer division competes in the fast moving consumer goods ("**FMCG**") space within South Africa. According to Fitch Solutions Group, consumer spending in South Africa contracted by an estimated 5.9% in 2020 compared to the prior year, though Fitch's outlook for 2021 is one of recovery, with the forecasts for real household spending to grow by 4.3% in 2021 compared to 2020.

Fitch projects that non-essentials spending, which is expected to account for 42% of total household spending budgets in South Africa over the period from 2021 to 2025 (of which health spending, including over the counter ("**OTC**") medical products, is expected to be the second highest contributor at 7.4%) will experience slightly faster growth, averaging 9.1% a year compared to the 7.9% for essentials.

Within this sector, brands such as Panado and Compral have given Adcock Ingram a leadership position in the analgesic market, whilst in Feminine hygiene, Gyna Guard has enjoyed significant success and growth. The product portfolio also includes cough and cold preparations, energy supplements, digestive well-being medications and vitamins.

Adcock Ingram's OTC division supplies medication for patients in South Africa's private and public sector as well as to certain export markets, competing in the self-medication category (Schedule 1 (S1) and 2 (S2)) in the pharmaceutical market and also in the FMCG channel with a large number of premium and economy brands.

Automotive

The South African automotive industry's contribution to South Africa's GDP stood at 4.9% (of which, 2.8% manufacturing and 2.1% retail) in 2020 according to the National Association of Automobile Manufacturers of South Africa ("**NAAMSA**"), down from 6.4% in 2019, reflecting the severe impact of COVID-19 on automotive manufacturing and retail as a consequence of the country lockdown restrictions during the year. As the largest manufacturing sector in the country's economy, a substantial 18.7% of value addition within the domestic manufacturing output was derived from vehicle and automotive component manufacturing activity, continuing to position the industry and its broader value chain as a key player within South Africa's industrialisation landscape. The automotive sector remained one of the most visible sectors receiving foreign direct investments, with the seven OEMs investing a record R9.2 billion in 2020, while the component sector invested R2.4 billion in 2020.

On the manufacturing front, global vehicle production declined by 15.8% in 2020, to reach 77.6 million vehicles, down from the 92.2 million units produced in 2019. South Africa's global vehicle production ranking remained at 22nd last year, although the country's market share declined from 0.7% in 2019, to 0.6% in 2020. South Africa remained the dominant market on the African continent and accounted for 62.1% of total African vehicle production of 720,156 vehicles.

In 2020, South African export of vehicles and automotive components reached a record amount of R175.7 billion, equating to 13.9% of South Africa's total exports, with Germany, US, UK and Belgium being the top export markets.

According to NAAMSA, on the retail front, the South African automotive industry posted its lowest total car sales in 18 years in 2020, with a cumulative 380,449 vehicles sold. This was 29.1% below the 2019 total of 536,612 units. Vehicle sales were completely shut down from 27 March to 13 May 2020, when most of the damage was done, with April 2020 sales registering a 98% drop from sales in April 2019.

While the new vehicle market was expected to continue to face severe challenges in terms of slow demand, recent months have seen a turnaround with sales surpassing expectations with a change in consumer behavior. For example, aggregate domestic sales units stood at 38,030 in June 2021, reflected an increase of 20.2%, from June 2020. Of this, an estimated 32,847 units, or 86.3%, represented dealer sales, an estimated 7.6% represented sales to the vehicle rental industry, 3.9% to industry corporate fleets, and 2.2% sales to government. Furthermore, the June 2021 new passenger car market, at 24,482 units, had registered an increase of 28% compared to June 2020. Ongoing stronger sales through the dealer channel signals improved consumer and business sentiment, rental companies are re-fleeting again while the delayed replacement cycle, due to lockdown restrictions in 2020, are catching up in contributing to improved new vehicle sales. The new vehicle market in the first six months of 2021 was 40.1% above the corresponding period last year in terms of sales, although compared to the pre-COVID-19 first six months of 2019, the new vehicle market was still 11.7% down. NAAMSA believes that a full recovery will be protracted until around 2023.

In terms of consumer behavior on vehicle financing, data from the TransUnion SA Vehicle Pricing Index ("**VPI**") shows that total financial agreement volumes in the passenger market increased substantially year-on-year in the second quarter of 2021, with a 64% rise over the lockdown-affected second quarter of 2020, which saw the local industry register no sales in April 2020. While new vehicle finance deals in the second quarter of 2021 grew by 52% year-on-year, the number of deals for used vehicles increased by 70%. Accordingly, the VPI for new vehicles eased to 6.1% in the second quarter of 2021 from 6.5% in the second quarter of 2020. Meanwhile, the used vehicle VPI rose sharply to 4.9% from 1.6% over the same period, and is expected to surpass the new vehicle VPI later in 2021. The used-to-new vehicle finance ratio continued to climb in the second quarter of 2021, at 2.7 used vehicles financed for every new vehicle financed. In all, 35% of used vehicles financed in the second quarter of 2021 were under two years old, with the number of demo models financed dropping from 6% in the first quarter of 2021 to 4% in the second quarter of 2021, which indicates consumers are opting for older vehicles as pressure on disposable income increases.

South Africa has five major listed vehicle retailers: Motus, Bidvest, Barloworld, Super Group and Combined Motor Holding ("**CMH**"). According to Prudential, Motus holds the largest market share of 20.2% (as of June 2020), with CMH the lowest. Bidvest's market share stands at 7%, according to NAAMSA statistics.

According to Prudential, the automotive retailers have had to adapt to improve their profit margins in 2021 after having taken tough downsizing measures. Larger than-usual de-fleeting by lower rental activity levels resulted in more cash on hand, which has been used to pay down debt more quickly and improve balance sheets. Furthermore, Prudential notes that vehicle retailers have aggressively cut the size of their rental fleets resulting in less depreciation to write off, lower overhead costs due to fewer branches and staff and improving the utilisation rates from very low levels for their (smaller) existing rental fleet.

The impact of the pandemic resulted in all four companies' share prices de-rated considerably in the first few months of the lockdown, with Prudential noting the 68% drop by Motus the largest, and the 29% decline by Barloworld the smallest. Both CMH and Super Group lost around 50% of their value. Subsequently, all have experienced a gradual re-rating, largely due to their higher-than-expected cash generation and improved profitability.

Looking ahead to 2021 and beyond, NAAMSA expects local new vehicle sales to recover gradually due to depressed consumer and business sentiment, forecasting a 15% increase in new vehicle sales volumes to around 440,000 for this year and gradually building up to potentially reach 2019's volumes only from 2023 or so. Demand is improving, helped by exceptionally low interest rates, subdued core inflation and dealer incentives, among other measures. These factors, combined with good demand in the used vehicle market and the prospect for the local rental market to improve as tourism and business travel gain ground (propelled by spreading vaccinations), provides, in NAAMSA's view, reason for optimism. The used-to-new vehicle ratio is expected to further increase, whilst disruptive supply chains will delay purchases.

The emergence and adoption of digital technologies is changing the retail landscape across industries. The surge in the used car franchise market has led retailers to start creating unique channels to address consumer needs with customised digital solutions.

Alternative vehicle ownership models such as vehicle subscription and leasing are gradually disrupting the traditional market in South Africa, and are likely to play a significant role in the future of automotive retail. This business model allows consumers to lease a vehicle in a highly flexible contract basis, with the option to end the contract, swap the vehicle or choose to purchase the car at any point in time.

Freight

According to Transport Intelligence, the global freight forwarding market shrank by 9.0% in 2020 but is expected to rebound with a CAGR of 5.2% from 2020 to 2024. The air freight market has been the hardest hit over 2020, but it is expected to see higher growth than the sea freight market between 2020 and 2024, at a CAGR of 5.4%. The sea freight market is forecast to grow at a CAGR of 5.0%. The rebound in the overall freight forwarding market is expected to be supported by resurgent global trade, which the IMF now expects to return to pre-COVID-19 levels in 2021. Over the medium term the IMF also expects trade growth to pick up relative to wider economic growth, with trade growth running at 1.2 times GDP growth, slightly up from the rate of 1.1% which prevailed in the years between 2010 and 2019.

In 2020, according to Statista, the South African transport, storage and communication sector contributed approximately R231.9 billion (roughly U.S.$15.3 billion) to the country's GDP.

The South Africa Freight and Logistics Market is estimated to grow at a CAGR of approximately 4% over the 2021 to 2025 period. This is due to the continuously expanding economy, government investments, and increasing trade-related opportunities. It is worth noting that seven of the 10 most competitive sectors in South Africa are heavily dependent on transport. These are mining, automotive, steel and other metals, FMCG, agribusiness, building, construction, and engineering, and retail.

The South African port system handles three main major dry bulk cargoes, i.e. iron ore (port of Saldanha Bay), coal (port of Richards Bay), and manganese (ports of Port Elizabeth and Saldanha Bay). Revenue generated from the eight commercial South African ports has increased by 27% over the 10-year period from 2011 to 2020. During that period, the port of Durban was the largest contributor of revenue to the National Ports Authority with its 52% portion, followed by the port of Cape Town at 14% and the port of Richards Bay at 13%. The main contributor to generated revenue is cargo, which makes up approximately 60%, whilst real estate and marine services make up the rest.

The port of Durban is the main container port on the South African coastline. While handling approximately 60% of South Africa's container traffic, the port serves KwaZulu-Natal, the Gauteng region and a large portion of the Southern African hinterland. Together with containers the port also accommodates dry bulk, including agricultural commodities, liquid bulk, automotive and break bulk. In 2020, the port recorded 2,647 vessels (sea-going) calls with a cargo volume of 108.6 million GT. This volume is the largest amongst the major ports in South Africa by a significant margin. Bidvest holds 11 of the 48 licenses (22%) at the Durban Port, from where the Group's agricultural, mineral and liquid bulk terminal operations operate.

Cargo volumes at the Port of Richards Bay remained above the 90 million ton mark for 2020 despite a challenging year. The local port shifted a total of 95 million tons, with dry bulk cargo volumes recording 92 million tons. A total of 1,939,746 tons of liquid bulk was handled and 738,850 tons in breakbulk was moved during the course of the year. These cargo volumes are, however, a decline in comparison to the 98 million metric tons moved in 2019 and 103 million tons in 2018. Bulk terminals were operating at reduced capacity during the initial hard lockdown, which weighed heavily on the exports of iron ore, manganese and chrome. Bidvest's terminal operations in Richards Bay handle liquid bulk.

South Africa has experienced a particularly difficult period with its ports in recent months. The country declared a second force majeure in July at its port terminal operations in a month, following a cyberattack that crippled Transnet Port Terminals. Earlier in the month, nationwide protests and violence following the arrest of former president Jacob Zuma on 7 July forced the shutdown of depots, warehouses and cold stores in and around Durban and Johannesburg. The port of Durban suffered major disruption, leading to the closure of terminals and delays to ship operations.

South Africa's container ports were ranked at the bottom of a World Bank global index of 351 container ports. Durban was among the worst-performing container ports in the world in terms of efficiency. The port of Durban has been grappling with a worsening crisis of congestion, which has caused shipping companies to express concern about drayage queues, ship berthing delays and anchorage times, along with poor maintenance of equipment and low productivity. Whilst other ports in Africa (for example, Maputo, Mombasa, Dar es Salaam) have been improving efficiency in recent years, the efficiency of South Africa's ports has continued to deteriorate. To counter this, authorities in South Africa recently unveiled a U.S.$7 billion plan to modernize the port of Durban, aiming to improve its efficiency and reclaim its status as the best-performing port in Africa. Once completed, the container handling capacity of the port will increase from 2.9 million twenty-foot equivalent units ("**TEU**") to more than 11 million TEU. The South African government expects the decade-long project to allow Durban to reclaim its position as Africa's busiest and largest harbor. Furthermore, the government also announced the partial privatization of harbor infrastructure in June. This move towards privatization is in line with steps taken by India, Brazil, Nigeria and Mozambique over the last couple of decades. All container ports in South Africa are currently owned and operated by Transnet Ports Terminals, a division of Transnet.

Overall, COVID-19 and increased consumer spending has had a significant impact on the global sea freight sector, in particular to developing regions. As a result of booming east-west trade, shipping costs have been growing strongly since the autumn of 2020, but the first months of this year have seen a new surge in prices across different freight rates (dry bulk, containers) along major trade routes. Prices for several trade lanes have tripled compared to last year, and charter prices for container vessels have seen similar rises. Shippers have been unable to get containers or space on vessels at ports of origin, as demand for ocean freight continues to outstrip supply, keeping ports congested and prices high. As a result, ING notes that the share of vessels arriving on time was 40% in April, compared to 70% in 2020. According to ING, freight rates may yet reach new highs in the near term thanks to the combination of further increases in demand and the constraints of a congested system.

Over the first five months of 2021, ING found that new orders for container vessels reached a record high of 229 ships with a total cargo capacity of 2.2 million TEU. When the new capacity is ready for use, in 2023, it will represent a 6% increase after years of low deliveries, which the scrapping of old vessels is not expected to offset. Along with global growth moving past the catch-up phase of its recovery, the coming expected increase in ocean freight capacity will put downward pressure on shipping costs but won't necessarily return freight rates to their pre-pandemic levels, as container liners seem to have learned to manage capacity better in their alliances.

For air cargo, industry-wide cargo ton-kilometers ("**CTKs**") rose by 9.9% in June 2021 compared to the same month in 2019. Strong growth continued for airlines based in Africa, as their international CTKs grew by 33.5% versus June 2019. This was the sixth consecutive month of growth above 25%. According to the International Air Transport Association, supply chain conditions presently remain favorable, with low inventories-to-sales ratio, resilient demand for goods and more affordable air cargo compared to container shipping, all combining to make air cargo a competitive mode of transport.

BOOK-ENTRY; DELIVERY AND FORM

General

The Notes sold in the Offering to QIBs pursuant to Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). The Notes sold in the Offering to non-U.S. Persons in offshore transactions under Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Global Note**"). On the closing date of the Offering, the Rule 144A Global Notes will be deposited with a custodian for DTC and registered in the name of Cede & Co., as DTC's nominee, and the Regulation S Global Note will be deposited with, or on behalf of, a common depositary for Euroclear and Clearstream and registered in the name of a nominee of such common depositary. The Rule 144A Global Notes together with the Regulation S Global Note are referred to herein as the "**Global Notes**."

Ownership of interests in the Rule 144A Global Notes (the "**Restricted Book-Entry Interests**") will be limited to persons that have accounts with DTC or persons that may hold interests through such DTC participants, and ownership of interests in the Regulation S Global Note (the "**Regulation S Book-Entry Interests**" and, together with the Restricted Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such Euroclear and/or Clearstream participants. DTC, Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

During the 40-day distribution compliance period, Book-Entry Interests in the Regulation S Global Note may be transferred only to non-U.S. Persons under Regulation S or to persons whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction.

So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the holders of the Global Notes for all purposes under the Trust Deed. As such, beneficial owners of an interest in a Global Note must rely on the procedures of DTC, Euroclear and/or Clearstream, as applicable, the procedures provided under the Trust Deed and the Agency Agreement and the procedures of the participants through which they own Book-Entry Interests in order to transfer their interests, or to exercise any rights of holders of, the Notes under the Trust Deed.

None of the Issuer, the Company, the Principal Paying Agent, the Transfer Agent, the Registrar or the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

The Notes (including any Global Note and, in the unlikely event that Definitive Registered Notes are issued, any Definitive Registered Note) will be issued in minimum denominations of U.S.$200,000 and any integral multiple of U.S.$1,000 in excess thereof. Notes in denominations of less than U.S.$200,000 will not be available.

Definitive Registered Notes

Under the terms of the Trust Deed and the Agency Agreement, owners of the Book-Entry Interests will receive definitive registered Notes in certificated form ("**Definitive Registered Notes**") only if: (a) in the case of a Rule 144A Global Note, DTC (i) notifies the Issuer that it is unwilling or unable to continue as depository for such Global Notes or (ii) has ceased to be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") or if at any time it is no longer eligible to act as such, and, in either case, the Issuer fails to appoint a successor depository within 90 days; or (b) in the case of a Regulation S Global Note, Euroclear or Clearstream, as the case may be, is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar or the Transfer Agent.

In such an event, the Registrar will deliver Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear or Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Trust Deed, unless that legend is not required by the Trust Deed or applicable law.

If Definitive Registered Notes are issued, they will be issued only upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Agency Agreement. It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests.

Subject to the restrictions on transfer referred to below in "*—Transfers*" and as set forth in "*Notice to Investors*," the Notes issued as Definitive Registered Notes may be transferred or exchanged; *provided* that any new Definitive Registered Note issued in connection with such transfer and exchange has a minimum denomination of U.S.$200,000. In connection with any such transfer or exchange, the transferring or exchanging holder may be required to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

To the extent permitted by law, the Issuer, the Company, the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note and any Definitive Registered Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes and any Definitive Registered Notes will be evidenced through registration from time to time at the Issuer's registered office, and such registration is the sole means of evidencing title to the Notes.

Payment of principal, premium and interest on Definitive Registered Notes will be payable at the office of the Principal Paying Agent.

The Issuer will not impose fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and/or Clearstream and/or any relevant direct or indirect participants.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof), is redeemed, DTC, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry interests in such Global Note. The aggregate amount so distributed will be equal to the amount received by DTC, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof).

If fewer than all of the Notes represented by the Rule 144A Global Notes are subject to redemption, the Notes shall be redeemed on a pro rata pass-through distribution of principal basis in accordance with the rules and procedures of DTC.

Payments on the Global Notes

The Issuer and/or the Company will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the account of DTC, Euroclear and/or Clearstream or their respective nominees, which will distribute such payments to their respective participants, in accordance with their customary procedures, which in turn will distribute such amounts to their participants and accountholders (and through such processes to the ultimate beneficial owners of the relevant Book-Entry Interests) in accordance with their respective customary procedures.

The Issuer and/or the Company will make payments of any amounts owing in respect of the Global Notes without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Terms and Conditions of the Notes—Condition 8 (Taxation).*" If any such deduction or withholding is required to be made, then, to the extent described under "*Terms and Conditions of the Notes—Condition 8 (Taxation),*" the Issuer will pay additional amounts as may be necessary in order for the net amounts received by any holder of the

Global Notes or owner of Book-Entry Interests after such deduction or withholding to equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Trust Deed and the Agency Agreement, the Issuer, the Company, the Trustee, the Transfer Agent, the Registrar and the Principal Paying Agent will treat the registered holders of the Global Notes (*i.e.*, the nominee of DTC, in respect of the Rule 144A Global Notes, and the nominee for the common depositary for Euroclear or Clearstream, in respect of the Regulation S Global Notes) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Company, the Trustee, the Transfer Agent, the Registrar, the Principal Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of DTC, Euroclear, Clearstream or any direct or indirect participant, or payments made on account of a Book-Entry Interest for any such payments made by DTC, Euroclear, Clearstream or any direct or indirect participant or for maintaining, supervising or reviewing the records of DTC, Euroclear or Clearstream or any direct or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- any other matters relating to the actions and practices of DTC, Euroclear, Clearstream or any direct or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through DTC, Euroclear or Clearstream in U.S. dollars.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Company, the Trustee, the Transfer Agent, the Registrar, the Principal Paying Agent, any Managers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised the Issuer and the Company that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of DTC, Euroclear and Clearstream, at the request of the owners of Book-Entry Interests in the Global Notes, reserves the right to exchange the Global Notes for Definitive Registered Notes and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in DTC, Euroclear or Clearstream will be effected in accordance with DTC, Euroclear and Clearstream's rules and will be settled in immediately available funds.

The Global Notes will bear a legend to the effect set forth under "*Notice to Investors*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors*."

Book-entry interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of book-entry interests in a Regulation S Global Note only upon delivery by the transferor of a written certification (in the form provided in the Trust Deed) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

During the 40-day distribution compliance period, book-entry interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of book-entry interests in a Rule 144A Global Note through DTC, Euroclear or Clearstream only upon delivery by the transferor of a written certification (in the form provided in the Agency Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Notice to Investors*” and in accordance with any applicable securities laws of any other jurisdiction.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in another Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in another Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Amendments to Conditions

Each Global Note contains provisions that apply to the Notes they represent, some of which modify the effect of the Conditions, and certain provisions of the Trust Deed similarly modify the effect of the Conditions when the Notes are represented by Global Notes. The following is a summary of those provisions. Terms defined in the “*Terms and Conditions of the Notes*” section of this offering memorandum have the same meanings as in the paragraphs below.

- *Accountholders.* For so long as any of the Notes are represented by a Global Note, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an “**Accountholder**”) (in which regard, any certificate or other document issued by DTC or Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression “**Noteholders**” and references to “**holding of Notes**” and to a “**holder of Notes**” shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the nominee for the relevant clearing system (the “**Relevant Nominee**”) in accordance with and subject to the terms of the relevant Global Note. Each Accountholder must look solely to DTC or Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

- *Cancellation.* Cancellation of any Note following its redemption will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Note.

- *Payments*. Payments of principal and interest in respect of Notes represented by a Global Note will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Global Note to or to the order of the Principal Paying Agent or such other Agent as shall have been notified to the holders of the relevant Global Note for such purpose. Distributions of amounts with respect to book-entry interests in the Regulation S Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures. Holders of book-entry interests in the Rule 144A Notes holding through DTC will receive, to the extent received by the Principal Paying Agent, all distribution of amounts with respect to book-entry interests in such Notes from the Principal Paying Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations. A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Note by or on behalf of the Principal Paying Agent and shall be *prima facie* evidence that payment has been made.

- *Prescription.* Claims against the Issuer in respect of principal and interest and other amounts payable in respect of the Notes while the Notes are represented by a Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest or any other amount) from the due date for payment in respect of the Note.

- *Meetings of Noteholders*. The holder of a Global Note and any proxy appointed by it will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each U.S.$1,000 in principal amount of Notes represented by such Global Note.

- *Notices*. So long as any of the Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 12 (*Notices*); *provided* that the Company and the Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given to such Noteholders on the day after the day on which such notice is delivered to such clearing system. While any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures and otherwise in such manner as the Trustee and the applicable clearing system may approve for this purpose.

- *Registration of Title*. Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted except in the circumstances described above in "*—Definitive Registered Notes*." If only certain of the Global Notes (the "**Exchanged Global Notes**") become exchangeable for Definitive Registered Notes in accordance with the above, transfers of Notes may not take place between, on the one hand, persons holding Definitive Registered Notes issued in exchange for beneficial interests in the Exchanged Global Notes and, on the other hand, persons wishing to purchase beneficial interests in the remaining Global Notes.

- *Trustee's Powers*. In considering the interests of Noteholders while the relevant Global Note is held on behalf of a clearing system, the Trustee, to the extent it considers it appropriate to do so in the circumstances, may have regard to any information provided to it or on behalf of by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests, and treat such accountholders, as if such accountholders were the holders of such Global Note.

Information Concerning the Clearing Systems

General

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream and any direct or indirect participants through which such Book-Entry Interests are held. The Issuer and the Company have provided the following summaries of those operations and procedures of DTC, Euroclear and Clearstream solely for the convenience of investors. The operations and procedures of each clearing system are controlled by the respective clearing system and may be changed at any time. None of the Issuer, the Company, the Managers, the Trustee, the Principal Paying Agent, the Transfer Agent or the Registrar are responsible for those operations or procedures.

DTC

DTC is:

- a limited purpose trust company organized under New York Banking Law;

- a "banking organization" under New York Banking Law;

- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the U.S. Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for the physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC’s owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as “indirect participants.”

Euroclear and Clearstream

Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

Transfers of interests in the Global Notes between participants in DTC, Euroclear or Clearstream to another participant in DTC, Euroclear or Clearstream (or the reverse), will be effected in the ordinary way in accordance with their respective systems’ rules and operating procedures.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Company, the Managers, the Trustee, the Transfer Agent, the Registrar, the Principal Paying Agent or any of their respective agents will have any responsibility for the performance by DTC, Euroclear, Clearstream or their direct or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in U.S. dollars. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC, Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAXATION

Certain U.S. Federal Income Tax Considerations

The following is a general description of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Notes purchased in the Offering at their "issue price" (generally, the first price at which a substantial amount of the Notes is sold for money to investors other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers);

- Notes held as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (generally, property held for investment); and

- U.S. Holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant in light of a holder's particular circumstances or to holders subject to special rules, such as certain financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, investors liable for the alternative minimum tax, certain U.S. expatriates, individual retirement accounts and other tax-deferred accounts, partnerships or other pass-through entities for U.S. federal income tax purposes (and partners in such partnerships), tax-exempt organizations, dealers in securities or currencies, securities traders that elect mark-to-market tax accounting, investors using the accrual method of accounting for U.S. federal income tax purposes and who are required to recognize income for such purposes no later than when such income is taken into account on an applicable financial statement, investors that will hold the Notes as part of constructive sales, straddles, hedging, integrated or conversion transactions for U.S. federal income tax purposes or investors whose "functional currency" is not the U.S. dollar.

This summary is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury regulations all as of the date of this offering memorandum and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively, so as to result in U.S. federal income tax consequences different from those described below. Persons considering the purchase of the Notes should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under other U.S. federal tax rules (such as the U.S. federal estate and gift taxes or the Medicare contribution tax) or the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;

- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any state thereof or the District of Columbia; or

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust (1)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control, or (2) that has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult with their tax advisers regarding the U.S. federal tax consequences of an investment in the Notes.

Characterization of the Notes

Under the terms of the Notes, we may be obligated in certain circumstances to pay amounts in excess of stated interest or principal on the Notes. See, for example, "*Terms and Conditions of the Notes—Redemption at the Option of the Issuer*" and "*Terms and Conditions of the Notes—Redemption at the Option of Noteholders upon*

Change of Control Put Event (Put Option)." It is possible that the United States Internal Revenue Service could assert that the payment of such excess amounts is a "contingent payment," and that the Notes are therefore contingent payment debt instruments for U.S. federal income tax purposes. Under the applicable U.S. Treasury regulations, however, for purposes of determining whether a debt instrument is a contingent payment debt instrument, remote or incidental contingencies (determined as of the date the notes are issued) are ignored. We believe that the possibility of making payments in excess of stated interest or principal on the Notes is, in the aggregate, remote or incidental. Accordingly, we do not intend to treat the Notes as contingent payment debt instruments. Our position will be binding on you, unless you timely and explicitly disclose to the IRS that you are taking a position different from ours. Our position, however, is not binding on the IRS. If the IRS successfully challenges this position, the timing and amount of income included and the character of the income recognized with respect to the Notes may be materially and adversely different from the consequences discussed herein. U.S Holders should consult their own tax advisors regarding contingent payment debt instruments. The remainder of this discussion assumes that the Notes are not treated as contingent payment debt instruments.

Payments of Interest

In general, a payment of interest on a Note (including additional amounts, if any, paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued with less than a *de minimis* amount of original issue discount for U.S. federal income tax purposes.

Interest income with respect to a Note will constitute foreign source ordinary income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation. The rules governing foreign tax credits are complex and U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances.

Sale, Exchange, Redemption or Other Taxable Disposition of the Notes

Upon the sale, exchange, redemption or other taxable disposition of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. Holder's adjusted tax basis in the Note. The amount realized will generally be equal to the amount of cash and the fair market value of any property received in exchange therefor (excluding amounts attributable to accrued but unpaid interest, which will generally be taxable as ordinary income to such U.S. Holder to the extent not previously included in income, as discussed above). A U.S. Holder's initial adjusted tax basis in a Note generally will equal the acquisition cost of the Note. Gain or loss realized on the sale, exchange, redemption or other disposition of a Note generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, redemption or retirement the U.S. Holder has held the Note for more than one year. Long-term capital gains recognized by a non-corporate U.S. Holder generally are subject to U.S. federal income taxation at preferential rates. Any gain or loss realized on the sale, exchange, retirement or other disposition of a Note generally will be treated as U.S. source gain or loss, as the case may be. A U.S. Holder may use foreign tax credits to offset only the portion of U.S. federal income tax liability attributable to foreign source income. Consequently, a U.S. Holder may not be able to claim a credit for any foreign tax imposed upon a disposition of a Note unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances. The deductibility of capital losses is subject to limitations.

Foreign Financial Asset Reporting

Certain U.S. Holders that own certain foreign financial assets, including debt of foreign entities, with an aggregate value in excess of $50,000 on the last day of the taxable year or $75,000 at any time during the taxable year may be required to file an information report with respect to such assets with their tax returns. Failure to comply with this requirement may result in the imposition of substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. U.S. Holders are urged to consult their tax advisors regarding the application of these reporting requirements to their ownership of the Notes.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes, unless a U.S. Holder establishes that it is an exempt recipient. A U.S. Holder may be subject to U.S. backup withholding on payments subject to information reporting if it fails to provide its tax identification number and comply with certain certification procedures. The amount of any backup withholding from a payment to a U.S. Holder generally will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, *provided that* the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers about any reporting or filing obligations that apply as a result of the acquisition, ownership and disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

South African Taxation

Withholding Tax on Interest

A withholding tax on South African-sourced interest paid to or for the benefit of a foreign person (non-resident of South Africa) applies at a rate of 15% of the amount of interest in terms of section 50A-50H of the Income Tax Act No. 58 of 1962 (the "Income Tax Act"). The withholding tax could be reduced by the application of relevant double tax agreements provided that there has been compliance with certain formalities.

Interest income is deemed to be from a South African source, in terms of section 9 of the Income Tax Act, if that interest:

(a) is attributable to an amount incurred by a South African tax resident, unless the interest is attributable to a permanent establishment which is situated outside of South Africa; or

(b) is received or accrues in respect of the utilization or application in South Africa by any person of any funds or credit obtained in terms of any form of "interest-bearing arrangement".

The Issuer is not a South African tax resident. The Issuer will not itself utilize or apply any funds raised in terms of the Notes in South Africa. Accordingly, the Notes should not give rise to South African- sourced interest and should therefore not be subject to interest withholding tax in South Africa.

Guarantee

The abovementioned withholding tax is limited to the payment of interest, defined to include interest and similar finance charges. In the event that the Group makes a payment in respect of its Guarantee, it is not required under current South African tax law to withhold or deduct any taxes from any payment made by it in terms of the Guarantee. However, to the extent that the Group is required to pay default interest on any Guarantee payments, such interest payments may be subject to a final withholding tax on interest levied at a rate of 15% (which rate may be reduced if a double tax agreement applies and certain formalities are complied with).

Income Tax

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty). As indicated above under "Withholding Tax on Interest", the interest paid in terms of the Notes would not be South African-sourced interest. Any default interest paid in terms of the Guarantee will be South African- sourced interest.

A "resident", as defined in section 1 of the Income Tax Act, is subject to income tax on his/her worldwide income. Accordingly, all Note holders who are "residents" of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any interest earned pursuant to the Notes.

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the principal amount of the Note will be treated as part of the interest income on the Note. Section 24J of the Income Tax Act deems interest income to accrue to a Note holder on a day-to-day basis until that Note holder disposes of the Note. The day-to-day basis accrual is determined by calculating the yield to maturity and applying this rate to the capital for the relevant tax period.

There are specific provisions in the Income Tax Act relating to the fair value taxation of financial instruments for "covered persons" (as defined in section 24JB of the Income Tax Act). South African resident Note holders should seek advice as to whether these provisions may apply to them.

To the extent that the disposal of the Note gives rise to an "adjusted gain on transfer or redemption of an instrument" or an "adjusted loss on transfer or redemption of an instrument", as envisaged in section 24J of the Income Tax Act, the normal principles are to be applied in determining whether such adjusted gain or adjusted loss should be subject to income tax in terms of the Income Tax Act.

Capital Gains Tax

Capital gains and losses of residents of South Africa on the disposal of the Notes are subject to capital gains tax, unless the Notes are purchased for re-sale in the short term as part of a scheme of profit-making, in which case the proceeds will be subject to income tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes under section 24J of the Income Tax Act will not be taken into account when determining any capital gain or loss. If the Notes are disposed of or redeemed prior to or on maturity, an "adjusted gain on transfer or redemption of an instrument", or an "adjusted loss on transfer or redemption of an instrument", as contemplated in section 24J of the Act, must be calculated. Any such adjusted gain or adjusted loss is deemed to have been incurred or to have accrued in the year of assessment in which the transfer or redemption occurred. The calculation of the adjusted gain or adjusted loss will take into account, among others, all interest which has already been deemed to accrue to the Note holder over the term that the Note has been held by the Note holder. Under section 24J(4A) of the Income Tax Act, where an adjusted loss on transfer or redemption of an instrument realized by a Note holder includes any amount representing interest that has previously been included in the income of the Note holder, that amount will qualify as a deduction from the income of the Note holder during the year of assessment in which the transfer or redemption takes place and will not give rise to a capital loss.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to the Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that person in South Africa.

To the extent that a Note holder constitutes a "covered person", as defined in section 24JB of the Income Tax Act, and section 24JB applies to the Notes, the Note holder will be taxed in accordance with the provisions of section 24JB of the Income Tax Act.

Note holders are advised to consult their own professional advisors as to whether a disposal of the Notes will result in a liability to capital gains tax.

Taxation of Foreign Exchange Gains and Losses

As the Notes will be denominated in U.S.$, a South African tax resident Note holder who is (1) a company; (2) a trust carrying on a trade; or (3) a natural person who holds the Notes as trading stock will be required to account for foreign exchange gains and losses on translation and realization of the Notes in accordance with the provisions of section 24I of the Income Tax Act. Such persons will be required to include in or deduct from their income any translation and realization exchange gains or losses on the Notes.

No taxable foreign exchange gains or losses will arise for such persons where the Notes are attributable to a permanent establishment outside of South Africa and the functional currency of that permanent establishment is U.S.$.

No foreign exchange gains or losses on translation and realization of the Notes in accordance with the provisions of section 24I of the Income Tax Act will arise for non-resident holders of the Notes, unless such Notes are attributable to a South African permanent establishment of such non-resident holder.

Securities Transfer Tax ("STT")

No STT is payable on the issue or transfer of the Notes under the Securities Transfer Tax Act, 2007 (the "**STT Act**"), because the Note does not constitute a "security", as defined for the purposes of the STT Act.

Common Reporting Standard

The exchange of information is expected to be governed by the broader Common Reporting Standard ("**CRS**"). The CRS was developed in response to the G20 request and approved by the OECD Council on 15 July 2014 and calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis.

On October 29, 2014, 51 jurisdictions signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. The MCAA provides the international legal framework for the automatic exchange of information in accordance with the CRS.

Originally, more than 40 jurisdictions committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017. As of 6 July 2021, more than 110 jurisdictions have signed the MCAA.

Under CRS, reporting financial institutions resident in a CRS country would be required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes amongst others, interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On December 9, 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC**"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC amended the previous Directive on administrative cooperation in direct taxation (Directive 2011/16/EU) and entered into force on January 1, 2016 (except for Austria for which said DAC shall enter into force on January 1, 2017).

Investors who are in any doubt as to their position should consult their professional advisers.

United Kingdom Taxation

*The following is a general description of certain UK tax considerations relating to the Notes and is based on the Issuer's understanding of current UK law and the published practice of HM Revenue & Customs ("**HMRC**"), which may not be binding on HMRC. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in the United Kingdom or elsewhere. It applies only to the position of persons who are absolute beneficial owners of their Notes and of any interest payable on their Notes and who hold their Notes as a capital investment. Certain classes of persons (such as brokers, dealers in securities, market makers, depositaries, clearance services, certain professional investors, persons connected with the Issuer or persons who acquire (or are deemed to acquire) Notes by reason of an office or employment) may be subject to special rules and the comments below do not necessarily apply to such Noteholders. It describes only certain aspects of the UK taxation treatment of acquiring, holding or disposing of the Notes. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future, possibly with retrospective effect.*

The following does not purport to constitute legal or tax advice and prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are advised to consult their own professional advisers. Also, investors should note that the appointment by an investor in Notes, or by any person through which an investor holds Notes, of a custodian, collection agent or *similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.*

United Kingdom Withholding Tax on United Kingdom Source Interest

The Notes will constitute "quoted Eurobonds" if they are and while they continue to be listed on a recognized stock exchange or admitted to trading on a multilateral trading facility operated by a regulated recognized stock exchange within the meaning of sections 987 and section 1005 of the Income Tax Act 2007 (the "**ITA**"). Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of UK income tax.

The ISM is a multilateral trading facility operated by a regulated recognized stock exchange for these purposes.

In other cases, interest must generally be paid by the Issuer under deduction of UK income tax at the basic rate (currently 20%), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Other Rules Relating to United Kingdom Withholding Tax

(1) Where Notes are to be, or may fall to be, redeemed at a premium, then any such element of premium may constitute a payment of interest for United Kingdom withholding tax purposes and therefore subject to United Kingdom withholding tax as described above.

(2) The references in this section to "interest" and "premium" above are to "interest" and "premium" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" and "premium" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "premium" as those terms are understood in UK tax law.

(3) The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer and does not consider the tax consequences of any such substitution.

(4) In certain circumstances and subject to certain exceptions, the Issuer and the Company (as applicable) will be obliged to gross-up payments on the Notes to ensure that the Noteholders receive and retain a net payment equal to the payment which they would have received had no deduction or withholding for or on account of UK income tax been required.

Payments by the Company

If the Company makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes), it is possible that such payments may be subject to UK withholding tax at applicable rates, subject to such relief as may be available under any applicable double taxation treaty, or to any other exemption which may apply. Such payments by the Company may not be eligible for all the exemptions described above.

Provision of information

Information relating to securities and accounts may be required to be provided to HMRC in certain circumstances. This may include the value of the Notes, amounts paid or credited with respect to the Notes, details of the Noteholders or beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be made and information and documents in connection with the Notes or transactions relating to the Notes. Information may be required to be provided by, amongst others, the Issuer, Noteholders, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars, administrators or intermediaries. Such information may, in certain circumstances, be exchanged by HMRC with the taxing authorities of other jurisdictions.

Further United Kingdom Taxation Issues

Interest on the Notes constitutes UK source income for UK tax purposes and may be subject to UK tax by way of direct assessment (including self-assessment) even where paid without withholding or deduction for or on account of UK income tax.

However, interest with a United Kingdom source received without withholding or deduction for or on account of UK income tax will not generally be chargeable to UK tax on income in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless (a) that Noteholder is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom or, if not such a company, carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and (b) the interest is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax will be payable on the issue of the Notes or on transfer of the Notes.

EXCHANGE CONTROL

The information below is not intended as legal advice and it does not purport to describe all of the considerations that may be relevant to a prospective purchaser of the Notes. Prospective purchasers of the Notes that are not South African residents or emigrants from the Common Monetary Area (as defined below) to South Africa are urged to seek further professional advice in regard to the purchase of Notes.

Exchange controls restrict the export of capital from South Africa, Namibia and the Kingdom of eSwatini and Lesotho (collectively the "**Common Monetary Area**"). These exchange controls are administered by the Financial Surveillance Department of the South African Reserve Bank (the "**SARB**") and regulate transactions involving South African residents. The purpose of exchange controls is to mitigate the decline of foreign capital reserves in South Africa. The Issuer expects that South African exchange controls will continue to operate in the foreseeable future. The Government of South Africa has, however, committed itself to relaxing exchange controls gradually and significant relaxation has occurred in recent years. It is the stated objective of the South African authorities to introduce a new capital flow management framework in terms of which all cross-border transactions will be allowed other than those that are subject to capital flow management measures or pose a high risk of illegitimate cross border financial flows. The implementation of the proposed capital flow management system will require the introduction of specific legislation to give effect to the framework. Until then, the existing exchange control system remains in place pursuant to the South African Exchange Control Regulations, 1961, which are promulgated under the Currency and Exchanges Act No. 9 of 1933 of South Africa, and the policies, directives and rules of the SARB.

No South African residents or offshore subsidiary of a South African resident may subscribe for or purchase any of the Notes or beneficially own or hold any of the Notes unless specific approval has been obtained from the SARB by such persons or such subscription, purchase or beneficial holding or ownership is otherwise permitted under the South African exchange control regulations or the rulings promulgated thereunder (including, without limitation, the rulings issued by the SARB providing for foreign investment allowances applicable to persons who are residents of South Africa under the applicable exchange control laws of South Africa).

The issuing of a guarantee by the Company requires the approval of the SARB. The Company has obtained the prior written approval of the SARB for the issuance of the guarantee by the Company.

PLAN OF DISTRIBUTION

The Issuer intends to offer the Notes through the Managers and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement dated 16 September 2021 among the Managers, the Company and the Issuer (the "**Subscription Agreement**"), each of the Managers has severally agreed to purchase, and the Issuer has agreed to sell to each of the Managers, the principal amount of the Notes set forth opposite each Managers' name below.

Manager	Principal Amount of Notes
Absa Bank Limited	U.S.$53,334,000
Barclays Bank PLC	U.S.$160,000,000
BNP Paribas	U.S.$160,000,000
Citigroup Global Markets Limited	U.S.$160,000,000
Merrill Lynch International	U.S.$160,000,000
Rand Merchant Bank, a division of FirstRand Bank Limited (London Branch)	U.S.$53,333,000
The Standard Bank of South Africa Limited	U.S.$53,333,000
Total	**U.S.$800,000,000**

The Subscription Agreement provides that the obligations of the Managers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The offering of the Notes by the Managers is subject to receipt and acceptance of, and the Managers' right to reject, any order in whole or in part.

The Company and the Issuer have agreed to indemnify each Manager against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that the Managers may be required to make because of those liabilities.

The Issuer has been informed that the Managers propose to resell beneficial interests in the Notes at the offering price set forth on the cover page of this offering memorandum to persons reasonably believed to be QIBs in reliance upon Rule 144A, and to non-U.S. Persons in offshore transaction in reliance upon Regulation S. *See* "*Notice to Investors.*" The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

The Notes and the Company Guarantee have not been registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. *See* "*Notice to Investors.*"

Until 40 days after the closing date of this Offering, an offer or sale of Notes (or beneficial interests therein) within the United States by a dealer that is not participating in this Offering may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The Company and the Issuer have agreed that they will not, for a period of 60 calendar days after the date of this offering memorandum, without first obtaining the prior written consent of the Managers, directly or indirectly, issue, arrange, syndicate or incur (or attempt to issue, arrange, syndicate or incur or enter into discussions with any third parties with respect to the same) any substantially similar offering of debt securities and/or transaction in the international capital markets whether public or private, except for the Notes sold to the Managers pursuant to the Subscription Agreement.

The Notes will constitute a new class of securities of the Issuer with no established trading market. The Issuer cannot provide any assurances to investors that the prices at which the Notes (or beneficial interests therein) will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for such Notes will develop and continue after this Offering. The Managers have advised the Issuer that they currently intend to make a market in the Notes. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. Application has been made for the Notes to be admitted to trading on the LSE's ISM. The Issuer cannot provide any assurances to investors as to the liquidity of or the trading market for the Notes.

No action has been taken in any jurisdiction, including the United States, South Africa and the United Kingdom, by the Issuer or the Managers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Company or the

Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. *See* "*Notice to Investors*."

Buyers of the Notes sold by the Managers may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the initial offering price set out on the cover of this offering memorandum.

Certain Managers are not broker-dealers registered with the SEC and, therefore, may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that such Managers intend to effect sales of the Notes in the United States, they will do so only through one or more U.S. registered broker-dealers or otherwise as permitted by applicable U.S. law.

In connection with the Offering, the Managers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the Managers of a greater principal amount of Notes than they are required to purchase in the Offering. The Managers must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the Managers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the Offering.

Similar to other purchase transactions, the Managers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither the Issuer nor the Managers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Issuer nor the Managers make any representation that the Managers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The Issuer expects that delivery of the Notes will be made to investors on or about 23 September 2021, which will be the fifth business day following the date of this offering memorandum (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the Securities Exchange Act of 1934, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes hereunder will be required, by virtue of the fact that the Notes initially settle in T+5, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

The Managers and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities The Managers or their respective affiliates may have performed investment banking and advisory services for the Company and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Managers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Company and its affiliates in the ordinary course of their business. Certain of the Managers and/or their respective affiliates may have acted and could in the future act as a lender to the Company, its subsidiaries and/or otherwise participate in transactions with the Company and/or its subsidiaries. For example, certain of the Managers or their affiliates act as arrangers, lenders or other counterparties under the New Syndicated Facility, for which they have received, or may in the future receive, customary fees, commissions and payments.

In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and/or instruments of the Issuer (including the Notes) or the Issuer's affiliates. The Managers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. In addition, the Managers and/or their respective affiliates hedge any credit exposure to the Company and the Issuer pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

NOTICE TO INVESTORS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes and the Company Guarantee have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold only to (a) QIBs in accordance with Rule 144A and (b) persons that are not, and are not acting for the account or benefit of, U.S. Persons in offshore transactions in accordance with Regulation S.

In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each person who purchases or otherwise acquires a beneficial interest in the Notes hereunder (other than the Managers) will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A and Regulation S are used herein as defined therein):

(1) It understands and acknowledges that the Notes (and the Company Guarantee) have not been registered under the U.S. Securities Act or any applicable state securities law; are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A; and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144) of the Issuer or acting on behalf of the Issuer and it is either:

 (i) a QIB and is aware that any sale of the Notes to it will be made in reliance on Rule 144A, and the acquisition of Notes will be for its own account or for the account of another QIB; or

 (ii) a non-U.S. person purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer, the Company or the Managers, nor any person representing any of them, has made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Managers nor any person representing the Managers makes any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. It also acknowledges that (i) it has been afforded an opportunity to request from the Issuer, the Company and the Managers and to review and has received all additional information considered by it to be necessary to verify the accuracy and completeness of the information provided to it, (ii) that it has not relied on the Managers or any person affiliated with the Managers in connection with its investigation of the accuracy of such information or its investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained in this offering memorandum, and, if given or made, such other information or representation should not be relied upon as having been authorized by the Issuer, the Company or the Managers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability

to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) It acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS AND, ACCORDINGLY, NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THE SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) (THE "**RESALE RESTRICTION TERMINATION DATE**") ONLY (A) TO THE ISSUER, THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D), PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR PURSUANT TO CLAUSE (E), PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES," AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT.

Each purchaser will also be deemed to have acknowledged that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(7) It acknowledges that none of the Trustee, the Registrar or the Transfer Agent will be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Issuer and the Trustee that the restrictions set forth therein have been complied with.

(8) It acknowledges that the Issuer, the Company, the Managers, the Trustee, the Registrar, the Transfer Agent and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it will promptly notify the Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(9) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Company or the Managers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer, the Company or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*" and "*Important Information.*"

(10) If it is an investor in a member state of the European Economic Area, that it represents that it is not a "retail investor." For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:

(i) a "retail client" as defined in point (11) of Article 4(1) of MiFID II;

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a "qualified investor" as defined in the Prospectus Regulation.

(11) If it is an investor in the United Kingdom, that it represents that it is not a "retail investor." For the purposes of this paragraph, the expression "retail investor" means a person who is one (or more) of the following:

(i) a "retail client" as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a "qualified investor" as defined in the UK Prospectus Regulation.

COMMERCIAL PAPER REGULATIONS UNDER THE SOUTH AFRICAN BANKS ACT

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS PUBLISHED UNDER THE SOUTH AFRICAN BANKS ACT NO. 94 OF 1990, AS AMENDED, IN RELATION TO THIS ISSUE OF NOTES

The Issuer is required to make the disclosure set out below pursuant to paragraph 3(5) of the exemption notice published in terms of the South African Banks Act No. 94 of 1990 (the "**Banks Act**") under Government Notice 2172 in Government Gazette 16167 of 14 December 1994 (the "**Commercial Paper Regulations**") exempting the designation of certain activities from falling within the meaning of "the business of a bank" (as that term is defined in the Banks Act).

1. Paragraph 3(5)(a)

The "ultimate borrower" is the Issuer.

2. Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

3. Paragraph 3(5)(c)

The auditors of the Issuer are PricewaterhouseCoopers Inc.

4. Paragraph 3(5)(d)

As at the date of this issue:

(a) the Issuer has issued U.S.$800 million (inclusive of this commercial paper); and

(b) it is not anticipated that the Issuer will issue any additional commercial paper during the remainder of its current financial year, ending 30 June 2022.

5. Paragraph 3(5)(e)

Prospective investors in the Notes are to consider this Offering Memorandum and the documentation incorporated herein by reference in order to ascertain the nature of the financial and commercial risks of an investment in the Notes.

6. Paragraph 3(5)(f)

There has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

7. Paragraph 3(5)(g)

The Notes issued will be listed on the London Stock Exchange's International Securities Market.

8. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer to repay the Group's revolving credit facility drawings under the New Syndicated Sterling Facility, to repay an intragroup loan which will be used to repay, in part, Local Currency Bonds and other local debt, and to provide funding for future acquisitions and for general corporate purposes.

9. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured, but guaranteed by the Company.

10. Paragraph 3(5)(j)

PricewaterhouseCoopers Inc., the statutory auditors of the Issuer, have confirmed that their procedures did not reveal anything which indicates that the issue of the Notes will not comply in all material respects with the relevant provisions of the Commercial Paper Regulations.

GENERAL INFORMATION

Legal Information

The Issuer

The Issuer is The Bidvest Group (UK) Plc is public limited company incorporated under the laws of England and Wales. The Issuer was incorporated as a private limited company on 7 July 2017 and re-registered as a public limited company on 19 August 2021. The Issuer is registered with the Companies House under registration 10855367. The Issuer's registered address is at The Handover Centre Appletree Trading Estate, Chipping Warden, Banbury, England, OX17 1LL. The fully paid up share capital of the Issuer consists of 142,252,303 ordinary shares of GBP1.00 each. The Issuer is a holding company with no material operations of its own and only limited assets. The Issuer is a wholly owned subsidiary of The Bidvest Group Limited, a public company incorporated under the laws of South Africa.

The Guarantor

The Bidvest Group Limited is referred to as the "Company" in this Offering Memorandum and is the guarantor of the Notes. The Bidvest Group Limited is a public company duly incorporated under the laws of South Africa. The Company was originally incorporated on 29 March 1946 under the name "Currie Motors (1946) Limited" and is the sole shareholder of the Issuer. The Company is registered in accordance with the laws of South Africa under registration number 1946/021180/06. The Company's registered address is at 2nd Floor, Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, 2196, South Africa. The Company's shares are publicly traded on the Johannesburg Stock Exchange.

The consolidated financial statements of the Company consolidate the results of the Group, including the Issuer.

Availability of Documents

For so long as the Notes are listed and admitted to trading on the London Stock Exchange's ISM copies of the following documents may be physically inspected at and are available from the Company's registered office, The Handover Centre, Appletree Trading Estate, Chipping Warden, Banbury, OX17 ILL during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

(a) the Trust Deed;

(b) the audited consolidated financial statements of the Company in respect of each of the financial years ended 30 June 2021, 2020 and 2019;

(c) the authorisations listed below;

(d) the memorandum and articles of association of the Company;

(e) the memorandum and articles of association of the Issuer; and

(f) this Offering Memorandum.

Authorization

The Issuer and the Company have obtained all necessary consents, approvals and authorizations in connection with, as applicable, the issue and performance of the Notes and the Company Guarantee. The issue of the Notes was duly authorized by a resolution of the board of directors of the Issuer dated 7 September 2021. The giving of the Company Guarantee by the Company was duly authorized by a resolution of the board of directors of the Company dated 2 September 2021.

Listing

Application has been made to the London Stock Exchange for the Notes to be admitted to the International Securities Market.

White & Case is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the International Securities Market for the purposes of the UK Prospectus Regulation.

Clearing Systems

The Regulation S Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. Application has been made for acceptance of the Rule 144A Notes into DTC's book-entry settlement system. In respect of the Notes: the ISIN for the Regulation S Notes is XS2388496247 and for the Rule 144A Notes is US88332EAA10. The Common Code for the Regulation S Notes is 238849624 and the CUSIP number for the Rule 144A Notes is 88332E AA1.

No Significant Change

There has been no significant change in the financial or trading position of the Issuer, the Company or the Group taken as a whole since 30 June 2021, such date being the last financial period for which year-end financial statements have been published by the Group, and there has been no material adverse change in the financial position or prospects of the Issuer, the Company or the Group taken as a whole since 30 June 2021.

Litigation

Except as disclosed on page 162 of this Offering Memorandum, none of the Issuer, the Company nor any of their respective subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer, the Company or the Group taken as a whole.

Auditors

The auditors of the Group for each of the three financial years ended 30 June 2021, 2020 and 2019 were PricewaterhouseCoopers Inc. ("**PwC**"), who also audited the Group's annual consolidated financial statements included in this Offering Memorandum, without qualification. The address of PwC is 4 Lisbon Lane, Waterfall City, Jukskei View, Johannesburg, 2090, South Africa. PwC does not have any material interest in the Issuer or the Company. PwC is authorized by the Independent Regulatory Board for Auditors to conduct independent audits in South Africa.

For and on behalf of

THE BIDVEST GROUP (UK) PLC

By: ______________________

Name: M J STEYN

Capacity: Director

Date: 16 September 2021

By: DocuSigned by: 888BB6705E4C451

Name: NT Madisa

Capacity: Director

Date: 16 September 2021

INDEX TO FINANCIAL STATEMENTS

The Bidvest Group Limited
Audited Consolidated Annual Financial Statements for the year ended 30 June 2021

pwc

Independent auditor's report

To the Shareholders of The Bidvest Group Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Bidvest Group Limited and its subsidiaries (together the Group) as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

The Bidvest Group Limited's consolidated financial statements set out on pages 20 to 97 comprise:

- the consolidated statement of financial position as at 30 June 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with

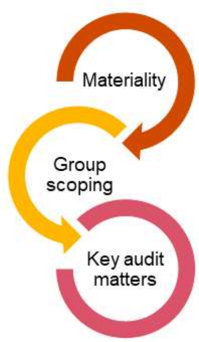
PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- *Overall group materiality: R289 million, which represents 5% of consolidated profit before tax from continuing operations.*

Group audit scope

- *We have performed full scope audits on 32 components.*
- *The group engagement team performed analytical review procedures on components not in group audit scope.*

Key audit matters

- *The identification and valuation of intangible assets arising from the Personal Hygiene Services ("PHS") business combination; and*
- *Impairment assessment of indefinite useful life intangible assets and goodwill.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R289 million*
How we determined it	*5% of consolidated profit before tax from continuing operations.*
Rationale for the materiality benchmark applied	*We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Every component that contributed significantly to the consolidated revenue, consolidated operating profit, consolidated total assets or consolidated total liabilities of the Group was subject to a full scope audit. We performed full scope audits over 32 components based on their financial significance and to obtain coverage across the Group. In order to obtain audit evidence in respect of other components not subject to group reporting, the group engagement team performed analytical review procedures of these components.

Detailed group audit instructions were communicated to all components in scope for group reporting. These components were audited by component audit teams, who reported the results of procedures performed to the group engagement team. We had various interactions with our component audit teams in which we discussed and evaluated recent developments, the scope of audits, audit risks, materiality and audit approaches and also reviewed selected component working papers. We discussed the reports of the component teams, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
The identification and valuation of intangible assets arising from the PHS Group ("PHS") business combination	
Refer to note 9.2 to the consolidated financial statements. During the 2020 financial year, the Group acquired 100% of PHS with an effective date of 1 May 2020. This resulted in a business combination in terms of *International Financial Reporting Standard 3: Business Combinations ("IFRS 3")*. In accordance with the accounting requirements of IFRS 3, a Purchase Price Allocation ("PPA") commenced during the 2020 financial year which was finalised within the defined 12 month measurement period in the current financial year. With the assistance of an independent expert appointed by the Board of Directors, the Group recognised the identifiable assets acquired, and the liabilities assumed in accordance with IFRS 3, separately from goodwill. This resulted in the Group recognising a R2.569 billion indefinite lived intangible asset in the form of the PHS brand, a R2.730 billion finite lived intangible asset in the form of customer relationships and R7.393 billion of goodwill. The identification and valuation of intangible assets acquired are considered to be complex in nature and involve a significant level of management judgement and estimation uncertainty given that it is based on future forecasted cash flows. In addition, the royalty rate used to value the PHS brand is a further judgemental input into the valuation.	We assessed whether the effective date of the acquisition is in compliance with IFRS 3 per inspection of the salient terms and conditions of the purchase agreement. Making use of our valuation expertise, we performed an independent assessment of the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date, specifically relating to the valuation and identification of intangible assets and the resultant goodwill recognised. This independent assessment was evaluated against the directors' expert's assessment by performing the following procedures: ● We assessed the competence, capabilities and objectivity of the directors' independent experts by evaluating their qualifications, experience and independence through inspection of their qualifications and memberships. We noted no aspects in this regard requiring further consideration. ● We discussed the scope of work with the directors' experts to confirm that there were no matters affecting their independence and objectivity and that no scope limitations were imposed upon them in performing their work. We noted no aspects in this regard requiring further consideration.

The identification and valuation of intangible assets as part of the PPA is considered to be a matter of most significance in our audit in the current year due to the level of estimation uncertainty and the significant judgements applied by the directors in determining the value of goodwill and indefinite and finite lived intangible assets recognised at acquisition date.	● Using our knowledge of the industry and businesses acquired, we assessed the completeness of the intangible assets identified by management. Given that the PHS brand and the relationships with customers are the key value drivers in the services industry, we concurred with management that the identifiable intangible assets are the brand and customer relationships. ● We compared the valuation techniques used against industry norms, and based on our assessment, accepted the valuation techniques used. ● We determined our own independent assumptions, including the discount rate, royalty rate and attrition rate and compared these to the assumptions used by management, with no material exceptions noted. ● We assessed the directors' judgement that there is no foreseeable limit to the period over which identified indefinite lived intangibles will generate cash flows, by considering the nature of each intangible asset. We also assessed the useful life assigned to the definite life intangible assets by considering the agreements in place relating to those intangible assets. We noted no further matters for consideration in this regard. ● We assessed the discount rate utilised in the valuation by recalculating the rate using our internal calculation methodologies, and comparing the outcome to what the directors used. No material differences were noted.

	• We assessed the forecasts used by the directors by comparing forecasts to historical results and applying appropriate industry growth and terminal rates. Our results did not identify material exceptions. • We assessed whether the goodwill and intangible assets recognised as a result of the PPA were appropriate in accordance with the requirements of IFRS 3 by considering information available related to the industry and the reasonableness of the ratio of goodwill versus intangible asset balances recognised for similar business combinations. • We compared the results of our independent assessment of the fair value of intangible assets acquired to the calculation performed by management. No material differences were noted. • We assessed the disclosures included in note 9.2 against the relevant IFRS disclosure requirements and no material differences were noted.
Impairment assessment of indefinite useful life intangible assets and goodwill.	
Refer to notes 9.4 and 9.5 to the consolidated financial statements. As at 30 June 2021, the Group's consolidated statement of financial position included goodwill with a closing carrying value of R13.678 billion, and indefinite lived intangible assets with a closing carrying value of R8.727 billion, which have been classified as indefinite useful life intangible assets. Assets that are not subject to amortisation, such as goodwill and indefinite lived intangible assets, are required to be assessed for impairment annually, or more frequently if there is an indicator of impairment in accordance with	Making use of our valuation's expertise, we assessed the valuation methodology applied by management against generally accepted valuation methods and IAS 36, noting no exceptions. We independently calculated the discount rate, taking into account independently obtained data such as the cost of debt, after taking into account the contribution of lease discount rates in accordance with IFRS 16 to the cost of debt, the risk free rate, market risk premiums, debt/equity ratios as well as the beta of comparable companies. The independently

International Accounting Standard 36: Impairment of assets ("IAS 36"). Management performed their annual impairment assessment for goodwill and indefinite useful life intangible assets. The recoverable amount, as determined for the purpose of the impairment calculation, is calculated as the higher of the fair value less costs of disposal and their value-in-use. Management estimated the recoverable amount of the indefinite useful life intangible assets, as well as the recoverable amount of goodwill, using the value-in-use method. The Group's impairment assessment of the indefinite useful life intangible assets and goodwill is considered to be a matter of most significance to the current year audit due to: ● the significant judgements and estimates made by management with regards to projected annualised earnings, given the current economic environment; and ● the significant judgments and estimates made by management in determining the values which have been assigned to the key assumptions used in the value-in-use calculation i.e. the discount rate, the perpetual growth rate and projected future cash flow forecasts.	recalculated discount rate was compared to the rate applied by management. The discount rate adopted by management was marginally lower than our recalculated rate. The difference in rates was included in our stress testing to assess the impact on the valuation results. The use of our independently calculated discount rates in management's assessment did not result in an impairment charge. In testing for impairment of goodwill and indefinite lived intangible assets, we performed an independent discounted cash flow calculation using our own assumptions as applicable to the relevant CGU. Whilst our range of cash flows for the CGU differed from those applied by management, due to use of our own assumptions, we accepted the outcome that no further impairments were required. For the value-in-use calculations performed, we obtained management's cash flow forecasts and: ● Agreed these forecasts to approved budgets. ● Assessed the reliability of the forecasts by comparing current year actual results with the prior year budgeted results. ● Compared the growth projections applied by management to historically achieved growth rates. ● Compared the perpetual growth rates used by management to long-term consensus inflation rates obtained from independent sources. Based on our assessment, we accepted the cash flows to be within a reasonable range. We performed sensitivity analysis on the key assumptions included in management's value-in-use calculations to determine the degree by which the key assumptions needed to change in order to trigger an impairment and considering the likelihood of the assumptions changing to such a degree. Based on this assessment, we

	accepted management's assessment that no further impairments were required. We assessed the disclosures included in notes 9.4 and 9.5 against the relevant IFRS disclosure requirements and no material differences were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "The Bidvest Group Limited Audited Consolidated Annual Financial Statements for the year ended 30 June 2021" and "The Bidvest Group Limited Audited Annual Financial statements for the year ended 30 June 2021", which include the Declaration by company secretary, Directors' report and the Audit committee report, as required by the Companies Act of South Africa which we obtained prior to the date of this auditor's report, and the other sections of the document titled "The Bidvest Group Limited Integrated Report 2021", which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of The Bidvest Group Limited for three years.

PricewaterhouseCoopers Inc.
Director: C West
Registered Auditor
Johannesburg, South Africa
3 September 2021

The above auditor's report is the original auditor's report that was issued on 3 September 2021 with respect to the consolidated financial statements for the year ended 30 June 2021 (pages F-12 to F-89 in the Offering Memorandum).

Furthermore, the above auditor's report refers to other information included in the documents titled "The Bidvest Group Limited Audited Consolidated Annual Financial Statements for the year ended 30 June 2021", which includes the Declaration by company secretary, Directors' report and the Audit committee's report, as required by the Companies Act of South Africa, "The Bidvest Group Limited Audited Annual Financial Statements for the year ended 30 June 2021" and the other sections of the document titled "The Bidvest Group Limited Integrated Report 2021" which are not included in the Offering Memorandum.

Consolidated income statement

for the year ended 30 June

	Notes	2021 R'000	Restated* 2020 R'000
Continuing operations			
Revenue	5.1	**88 314 806**	76 542 581
Non-interest revenue		**87 881 064**	75 953 538
Interest revenue		**433 742**	589 043
Cost of revenue		**(61 140 027)**	(53 101 006)
Gross profit		**27 174 779**	23 441 575
Operating expenses		**(19 278 934)**	(18 079 797)
Net impairment losses on financial assets		**(252 164)**	(245 401)
Other income		**273 347**	266 807
Income (loss) from investments		**(26 103)**	(43 482)
Trading profit	5.2	**7 890 925**	5 339 702
Share-based payment expense		**(246 096)**	(202 494)
Acquisition costs and customer contracts amortisation		**(305 025)**	(345 229)
Net capital items	5.4	**(179 663)**	(1 973 149)
Profit before finance charges and associate income	5.5	**7 160 141**	2 818 830
Net finance charges	10.1	**(1 470 534)**	(1 429 627)
Finance income		**57 367**	80 253
Finance charges		**(1 527 901)**	(1 509 880)
Share of profit (loss) of associates and joint ventures		**100 095**	(92 250)
Current period earnings		**100 208**	(87 129)
Net capital items	7.4	**(113)**	(5 121)
Profit before taxation		**5 789 702**	1 296 953
Taxation	6	**(1 670 774)**	(851 589)
Profit for the year from continuing operations		**4 118 928**	445 364
Discontinued operations			
Profit (loss) after taxation from discontinued operations	14	**3 789**	(632 267)
Profit (loss) for the year		**4 122 717**	(186 903)
Attributable to			
Shareholders of the Company - continuing operations		**3 840 933**	168 981
Shareholders of the Company - discontinued operations		**3 789**	(632 267)
Non-controlling interests		**277 995**	276 383
		4 122 717	(186 903)
Basic earnings per share (cents) - continuing operations	7.3	**1 130,2**	49,8
Diluted basic earnings per share (cents) - continuing operations	7.3	**1 129,4**	49,7
Basic earnings per share (cents) - discontinued operations	7.3	**1,1**	(186,4)
Diluted basic earnings per share (cents) - discontinued operations	7.3	**1,1**	(186,1)
Basic earnings per share (cents) - Group	7.3	**1 131,3**	(136,6)
Diluted basic earnings per share (cents) - Group	7.3	**1 130,5**	(136,4)
Supplementary Information			
Normalised headline earnings per share (cents) - continuing operations	7.6	**1 292,0**	1 028,3
Headline earnings per share (cents) - continuing operations	7.5	**1 183,3**	553,2
Diluted headline earnings per share (cents) - continuing operations	7.5	**1 182,4**	552,5
Headline earnings per share (cents) - discontinued operations	14	**15,2**	(159,2)
Diluted headline earnings per share (cents) - discontinued operations	14	**15,2**	(159,0)
Normalised headline earnings per share (cents) - Group	7.6	**1 307,2**	869,1
Headline earnings per share (cents) - Group	7.5	**1 198,4**	394,0
Diluted headline earnings per share (cents) - Group	7.5	**1 197,5**	393,5

* refer *note 5.1. Revenue* for further details

Consolidated statement of other comprehensive income

for the year ended 30 June

	2021 R'000	2020 R'000
Profit (loss) for the year	**4 122 717**	(186 903)
Other comprehensive income (expense) net of taxation		
Items that may be reclassified subsequently to profit or loss	**(620 829)**	155 080
(Decrease) increase in foreign currency translation reserve		
Exchange differences arising during the year	**(647 494)**	200 770
Increase (decrease) in fair value of cash flow hedges	**26 665**	(51 704)
Fair value loss arising during the year	**37 035**	(71 811)
Taxation effect for the year	**(10 370)**	20 107
Share of other comprehensive income of associates and joint ventures	**-**	6 014
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries	**52 954**	7 327
Items that will not be reclassified subsequently to profit or loss		
Changes in the fair value of financial assets recognised through other comprehensive income	**1 862**	(15 865)
Defined benefit obligations	**12 094**	(28 030)
Net remeasurement of defined benefit obligations during the year	**16 798**	(38 729)
Taxation effect for the year	**(4 704)**	10 699
Total comprehensive income for the year	**3 568 798**	(68 391)
Attributable to		
Shareholders of the Company	**3 326 301**	(368 125)
Non-controlling interest	**242 497**	299 734
	3 568 798	(68 391)

Consolidated statement of cash flows

for the year ended 30 June

	Notes	2021 R'000	2020 R'000
Cash flows from operating activities		**9 743 707**	4 258 631
Cash generated by operations	5.6	**13 547 301**	9 055 797
Finance income	10.2	**41 166**	63 688
Finance charges	10.2	**(1 452 812)**	(1 495 743)
Taxation paid	6.2	**(1 814 274)**	(1 454 118)
Dividend income received		**97 767**	123 910
Distributions to shareholders	13.2	**(1 068 734)**	(2 267 564)
Net operating cash flows from discontinued operations	14	**393 293**	232 661
Cash flows from of investment activities		**(1 786 943)**	(3 319 199)
Amounts advanced to associates		**(61 954)**	(58 632)
Proceeds on disposal of investments		**2 747 929**	3 964 433
Investments acquired		**(2 364 541)**	(4 258 585)
Additions to property, plant and equipment		**(2 270 439)**	(2 019 560)
Additions to intangible assets		**(328 710)**	(190 109)
Proceeds on disposal of property, plant and equipment		**353 537**	341 509
Proceeds on disposal of intangible assets		**4 555**	48 699
Cash and cash equivalents arising on consolidation of Adcock Ingram		**-**	467 913
Acquisition of businesses, subsidiaries and associates	9.2	**(1 508 717)**	(1 011 785)
Proceeds on disposal of interests in subsidiaries and associates	9.3	**201 211**	49 934
Net investing activities from discontinued operations	14	**1 440 186**	(653 016)
Cash flows from financing activities		**(7 083 290)**	2 041 278
Part held subsidiary share buy-back from non-controlling interests		**-**	(154 056)
Transactions with non-controlling interests		**(481 410)**	(200 650)
Repayment of lease liabilities	8.2	**(1 294 769)**	(1 017 544)
Settlement of puttable non-controlling interest liabilities	10.5	**-**	(57 050)
Borrowings raised	10.4	**5 424 273**	19 954 763
Borrowings repaid	10.4	**(10 372 402)**	(16 774 408)
Net financing activities from discontinued operations	14	**(358 982)**	290 223
Net increase in cash and cash equivalents		**873 474**	2 980 710
Cash and cash equivalents at beginning of year		**5 343 865**	2 034 523
Effects of exchange rate fluctuations on cash and cash equivalents		**(399 210)**	328 632
Cash and cash equivalents at end of year		**5 818 129**	5 343 865
		-	-
Cash and cash equivalents comprise			
Cash and cash equivalents - continuing operations	10.2	**7 438 073**	10 412 475
Cash and cash equivalents - discontinued operations	14	**-**	(746 561)
Bank overdrafts included in short-term portion of borrowings	10.2	**(1 619 944)**	(4 322 049)
		5 818 129	5 343 865

Consolidated statement of financial position

at 30 June

	Notes	2021 R'000	Restated* 2020 R'000
ASSETS			
Non-current assets		**53 211 879**	53 367 575
Property, plant and equipment	8.1	**14 107 562**	14 425 708
Right-of-use assets	8.2	**4 615 625**	5 134 768
Intangible assets	9.4	**13 661 818**	13 313 157
Goodwill	9.5	**13 678 707**	14 058 238
Deferred taxation assets	6.3	**1 538 254**	1 588 036
Defined benefit pension surplus	12.3	**252 230**	214 329
Interest in associates and joint ventures	8.7	**527 908**	599 188
Life assurance fund	8.5	**368 937**	242 048
Investments	8.6	**2 758 682**	2 031 937
Banking and other advances	8.3	**1 702 156**	1 760 166
Current assets		**33 187 856**	36 806 591
Inventories	8.8	**10 106 113**	11 060 258
Short-term portion of banking and other advances	8.3	**1 203 708**	1 344 550
Short-term portion of investments	8.6	**-**	1 141 545
Trade and other receivables	8.9	**14 072 021**	12 522 646
Taxation	6.2	**367 941**	325 117
Cash and cash equivalents	10.2	**7 438 073**	10 412 475
Assets of disposal group held for sale	14	**-**	1 806 855
Total assets		**86 399 735**	91 981 021
EQUITY AND LIABILITIES			
Capital and reserves		**28 790 766**	26 640 903
Capital and reserves attributable to shareholders of the Company	13.1	**25 537 831**	23 159 047
Non-controlling interests		**3 252 935**	3 481 856
Non-current liabilities		**24 337 921**	32 143 344
Deferred taxation liabilities	6.3	**3 907 936**	3 931 901
Life assurance fund	8.5	**222 165**	165 860
Long-term portion of borrowings	10.3	**15 355 102**	22 883 554
Post-retirement obligations	12.3	**77 040**	79 075
Puttable non-controlling interest liabilities	10.5	**20 889**	22 002
Long-term portion of provisions	8.11	**635 356**	667 672
Long-term portion of lease liabilities	8.2	**4 119 433**	4 393 280
Current liabilities		**33 271 048**	31 557 555
Trade and other payables	8.10	**18 288 267**	15 018 849
Short-term portion of provisions	8.11	**460 634**	820 590
Vendors for acquisition		**752**	2 611
Taxation	6	**482 485**	438 105
Amounts owed to bank depositors	8.4	**7 626 671**	7 286 764
Short-term portion of borrowings	10.3	**5 380 263**	6 752 335
Short-term portion of lease liabilities	8.2	**1 031 976**	1 238 301
Liabilities of disposal group held for sale	14	**-**	1 639 219
Total equity and liabilities		**86 399 735**	91 981 021

* refer *note 9.2. Acquisition of businesses, subsidiaries* and associates and *note 8.5. Life assurance fund*

Consolidated statement of changes in equity

for the year ended 30 June

	2021 R'000	2020 R'000
Equity attributable to shareholders of the Company	**25 537 831**	23 159 047
Share capital	**17 014**	17 014
Balance at beginning of the year	**17 014**	16 948
Shares issued during the year	**-**	66
Share premium	**1 367 796**	1 367 796
Balance at beginning of the year	**1 367 796**	1 099 231
Shares issued during the year	**-**	268 856
Share issue costs	**-**	(291)
Foreign currency translation reserve	**(166 446)**	400 927
Balance at beginning of the year	**400 927**	208 936
Movement during the year	**(620 327)**	184 664
Realisation of reserve on disposal of subsidiaries	**52 954**	7 327
Hedging reserve	**(38 619)**	(65 284)
Balance at beginning of the year	**(65 284)**	(13 580)
Fair value profit (loss) arising during the year	**37 035**	(71 811)
Taxation recognised directly in reserve	**(10 370)**	20 107
Equity-settled share-based payment reserve	**(326 401)**	(437 247)
Balance at beginning of year	**(437 247)**	(343 118)
Arising during current year	**215 848**	219 827
Taxation recognised directly in reserve	**23 362**	(18 093)
Utilisation during the year	**(130 097)**	(295 863)
Realisation of reserve on disposal of subsidiaries	**1 733**	-
Movement in retained earnings	**24 005 009**	21 211 095
Balance at beginning of the year	**21 211 095**	23 818 868
Attributable profit (loss)	**3 844 722**	(463 286)
Changes in the fair value of financial assets recognised through other comprehensive income	**1 862**	(15 865)
Net remeasurement of defined benefit obligations during the year	**12 297**	(28 319)
Other transactions with subsidiaries	**-**	(154 056)
Net dividends paid	**(985 675)**	(2 033 951)
Net remeasurement of put option liability	**-**	1 266
Transfer of reserves as a result of changes in shareholding of subsidiaries	**(79 292)**	80 424
Share of other comprehensive income of associates and joint ventures	**-**	6 014
Treasury shares	**679 478**	664 746
Balance at beginning of the year	**664 746**	637 063
Purchase of shares	**(111 975)**	-
Shares disposed of in terms of share incentive scheme	**126 707**	27 683
Equity attributable to non-controlling interests of the Company	**3 252 935**	3 481 856
Balance at beginning of the year	**3 481 856**	304 620
Total comprehensive income	**242 497**	299 734
Attributable profit	**277 995**	276 383
Movement in foreign currency translation reserve	**(27 167)**	16 106
Movement in cash flow hedge fund	**(8 169)**	6 936
Changes in the fair value of financial assets recognised through other comprehensive income	**41**	20
Net remeasurement of defined benefit obligations during the year	**(203)**	289
Dividends paid	**(80 024)**	(229 818)
Movement in equity-settled share-based payment reserve	**7 391**	(2 155)
Transactions with non-controlling interests	**(478 077)**	3 189 899
Transfer of reserves as a result of changes in shareholding of subsidiaries	**79 292**	(80 424)
Total equity	**28 790 766**	26 640 903

Notes to the consolidated financial statements

for the year ended 30 June

Contents

1. Basis of preparation and consolidation

The consolidated financial statements (financial statements) have been prepared in accordance with IFRS, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and in terms of the requirements of the Companies Act of South Africa.

The consolidated financial statements are prepared on the historical cost basis, other than certain financial instruments, which are carried at their fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the board of directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances (the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources), the actual outcome may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The financial statements are presented in South African Rands, which is also the Group's presentation currency. Assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated into South African rand at rates of exchange ruling at the statement of financial position date. Income, expenditure and cash flow items are translated into South African rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity as a foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, and control is lost the relevant amount in the foreign currency translation reserve is transferred to the income statement. All financial information has been rounded to the nearest thousand unless stated otherwise.

The Group Audit Committee is satisfied that the critical accounting policies are appropriate to the Group and, except as detailed below, the accounting policies have been applied consistently to all periods presented in these financial statements.

2. New and revised accounting standards

During the period the Group implemented the amendments to IAS 1: 'Presentation of financial statements', IAS 8: 'Accounting policies, changes in accounting estimates and errors' (amendment in the definition of material) and IFRS 3 'Business combinations' (amendment in the definition of a business). In addition the amendments to IFRS 9, IAS 39 and IFRS 7 relating to the measurement and disclosure of financial instruments were also applied. The application of the aforementioned amendments has had no material impact on the financial statements.

At the date of approval of the annual financial statements, the following new standards, interpretations and amendments that apply to the Group were in issue but not yet effective:

Standard / interpretation	Description	Reporting period beginning on or after
IFRS 17: 'Insurance contracts'	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.	1 January 2023
IFRS 17: (Amendments to) 'Insurance contracts'	In response to some of the concerns and challenges raised, the Board developed targeted amendments and several proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.	1 January 2023

2. New and revised accounting standards (continued…)

Standard / interpretation	Description	Reporting period beginning on or after
IFRS 9: (Amendments to) Financial Instruments; IAS 39: (Amendments to) Financial Instruments: Recognition and Measurement; and IFRS 7: (Amendments to) Financial Instruments: Disclosure – Interest rate benchmark reform (phase 2)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.	1 January 2021
IAS 1: (Amendments to) 'Presentation of Financial Statements' classification of liabilities as current or non-current	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.	1 January 2021
IFRS 3: 'Business combinations'	The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.	1 January 2022
IAS 16: (Amendments to) 'Property, Plant and Equipment' on Proceeds before Intended Use	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.	1 January 2022
IAS 37: (Amendments to) 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contract / Cost of Fulfilling a Contract	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.	1 January 2022
Annual improvements cycle 2018 -2020	These amendments include minor changes to: ●IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. ●IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. ●IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. ●IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.	1 January 2022

The impact of the aforementioned new standards, interpretations and amendments not yet effective is currently being assessed.

3. Overview of group structure

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The reportable segments of the Group have been identified based on the nature of the businesses. This basis is representative of the internal structure for management purposes and as reported to the chief operating decision maker (CODM), Mpumi Madisa and the executive board.

The CODM has identified the eight reportable operating segments as follows:

Bidvest Automotive

An industry-leader and innovator, known for setting the national standard in technical training with its rapid adoption of online motor retailing and the development of sophisticated systems to drive customer service. It also operates in the vehicle auctioneering sector.

Bidvest Commercial Products

The industrial grouping of companies includes manufacturing and trading businesses in South Africa, representing global brands which include Hitachi Power Tools, Signode (strapping), Unicarriers (forklifts), Rational Ovens, Tajima (embroidery machines), Juki (sewing machines) and Tesa Tapes, while Plumblink supplies a full range of bathroom and plumbing products, and through the Voltex distribution outlets the division is a leading distributor of a vast array of electrical cable and allied products servicing the industrial, mining, contractor, construction, engineering and retail sectors. Consumer products include motor vehicle accessories (Moto Quip), camping and outdoor equipment (Leisure Quip).

Bidvest Financial Services

Comprises Bidvest Bank, the Bidvest Insurance Group (which offers both long and short-term insurance offerings), Master Currency Foreign Exchange, Compendium Insurance Brokers and Bidvest Wealth and Employee Benefits. The segment offers services specialising in fleet management and foreign exchange services, insurance and other financial services for the corporate and business markets.

Bidvest Freight

A leading private sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience, whose primary objective is to handle multiple products across berths and provide capacity to serve current and future demand. Independent businesses focus on terminal operations and support, international clearing and freight forwarding, integrated logistics, supply chain solutions and marine and insurance services. The segment facilitates storage, handling and movement of cargo via ocean freight, air freight, road and rail.

Bidvest Branded Products

Offers a comprehensive suite of services relating to office products, office automation and office furniture, while also meeting all print, packaging, labelling and communication requirements. Offerings include the supply of stationery, paper or printer cartridges, and packaging and data services. The consumer-facing trading and distribution businesses represent local and global brands such as Russell Hobbs, Salton, George Foreman, Maxwell & Williams and prestigious luggage and travel accessories brands such as Cellini amongst others. This segment includes the manufacture, marketing and distribution of a wide range of healthcare products to both the private and public market sectors, through Adcock Ingram.

Bidvest Services

Operating across multiple sectors, in South Africa and abroad, Services' comprehensive and diverse range of facilities management service capabilities creates a unique platform for customised solutions. Service offerings include facilities management, security, travel and aviation services.

Bidvest Properties

Owns, manages and develops property and provides a unique offering of professional property services and consulting on all property-related matters for the Group.

Bidvest Corporate and Investments

Provides treasury, secretarial, corporate finance and governance services for the Group and is responsible for overall management and strategic direction.

All intragroup transactions are in the ordinary course of business and on similar terms to external parties and all intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

4. Accounting estimates and judgements and the determination of fair values

The Board of Directors has considered the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

4.1. Critical accounting policies

The Group Audit Committee is satisfied that the critical accounting policies are appropriate to the Group.

4.2. Key sources of uncertainty

The following key sources of uncertainty have been identified:

Goodwill and indefinite life intangible assets

The Group has assessed the carrying value of goodwill and indefinite life intangible assets to determine whether any of the amounts have been impaired. The recoverable values were assessed using the value-in-use method based on actual results and forecasts for future years (refer *note 9.4. Intangible assets and note 9.5. Goodwill* for further disclosure). The Group assessed the goodwill and intangible assets arising from Purchase Price Allocation of the prior period acquisition of the PHS Group (refer note *9.2. Acquisition of business, subsidiaries and associates - restatement of comparatives* for details of valuation methodology and assumptions used).

Trade, other receivables and banking advances

The Group applies the simplified approach to determine the expected credit losses (ECLs) for trade receivables, contract assets, lease and other receivables (collectively, accounts receivable). ECLs for accounts receivable are calculated using a provision matrix (refer *note 8.9. Trade and other receivables*). For banking advances the measurement of ECLs is performed using a three stage model, based on changes in credit quality since initial recognition (refer *note 8.3. Banking advances*).

4.3. Critical accounting judgements in applying the Group's accounting policies

Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4. Accounting estimates and judgements and the determination of fair values (continued…)

4.3. Critical accounting judgements in applying the Group's accounting policies (continued…)

COVID-19 pandemic

Judgement was required to consider the impact of COVID-19 on the results of the Group for the current year. The Group's assessment of the impact is detailed below.

'000	2021	2020
Restructuring costs	**160 638**	460 443
Net impairment losses on financial assets (IFRS 9: Expected Credit Losses (ECL))	**5 622**	228 315
Write down of inventory to net realisable value	**11 302**	54 738
Onerous contracts	**4 903**	57 148
Bidvest COVID-19 Fund	**-**	400 000
Impairment of MIAL, classified as a financial asset at fair value through profit or loss, where the fair value is not based on observable market data (Level 3)	**-**	351 442
COVID -19 non-capital charges	**182 465**	1 552 086
COVID -19 capital impairments	**134 693**	1 147 958

COVID-19 consideration	Assessment
Going Concern	No continuing impact on going concern for the foreseeable future. Based on the current recovery and the projections of future results and cash flows, future debt repayment commitments and covenants currently in place, and assessment of the Group's borrowing facilities available, no going concern risk has been identified (refer *note 10.3. Borrowings, Undrawn facilities*).
Impairment of goodwill	No continuing impact
Restructuring and retrenchment costs	The Group has provided for further restructuring and retrenchment costs that occurred as a result of the continuing waves of COVID-19 and its negative effect on business. The operating segments that continue to be materially impacted are Branded Products and Freight. The total charge recognised amounted to R161 million, with a further R5 million arising from onerous contracts.
Deferred tax asset recoverability	No further material impact noted, deferred tax assets raised based on sufficient taxable profits expected in the future.
Inventories	While subdued demand in some segments continues and although the impact is not material the provision for obsolete inventories was increased by R11 million to account for the continued subdued trading environment.
Impairment of intangible assets	A further net R44 million impairment of intangible assets was recorded due to the slow down in demand for certain products and services. The operating segments that were most materially impacted were Branded Products and Services. (refer *note 9.4. Intangible assets*).
Property, plant and equipment	Property, plant and equipment was impaired by R49 million which occurred predominantly in the Properties segment as a result of the COVID-19 impact on the Namibia property market (refer *note 8.1. Property, plant and equipment*).
Investment in associates and joint ventures	The investment in Comair Limited was impaired to Rnil at 30 June 2020 and no further losses or charges were incurred in the current period.

4. Accounting estimates and judgements and the determination of fair values (continued…)

4.4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment and right-of-use assets

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items (refer *note 8.1. Property, plant and equipment* and *note 8.2. Right-of-use assets and lease liabilities*).

Intangible assets

The fair value of intangible assets recognised as a result of a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets (refer *note 9.4. Intangible assets*).

Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory (refer *note 8.8. Inventories*).

Investments

Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the report date. Fair value of unlisted investments is determined by using appropriate valuation models (refer *note 8.6. Investments*).

Forward exchange contracts

The fair value of forward exchange contracts is based on their market prices (refer *note 8.9. Trade and other receivables* and *note 8.10. Trade and other payables*).

Borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (refer *note 10.3. Borrowings*).

Share-based payments

The fair value of the share options is measured using a modified Black Scholes method. Measurement inputs include share price at measurement date, award price of the instrument, expected volatility (based on the historic volatility), option life, distribution yield and the risk-free interest rate (based on the ZAR bond static yield curve) (refer *note 12.1. Share-based payments*).

4.5. Impairment of non-financial assets

The carrying value of tangible and intangible assets are reviewed annually to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

The recoverable amount of the cash generating unit or groups of cash generating units or segments to which goodwill is allocated is estimated annually or more frequently if there is an indicator of impairment. For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date.

Impairment losses are recognised in the income statement (net capital items and operating expenses).

Impairment losses recognised in respect of the cash generating unit or groups of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to groups of cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Groups of cash-generating units for goodwill impairment testing purposes are not larger than any operating segment. (refer *note 9.5. Goodwill*).

Impairment losses in respect of goodwill are not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount which would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.6. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The Group recognises financial assets and financial liabilities at the date when it becomes a party to the contractual provisions of the instrument.

Trade and other receivables without a significant financing component are initially measured at the transaction price. Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers: contingent events that would change the amount or timing of the cash flows; terms that may adjust the contractual coupon rate, including variable rate features; prepayment and extension features; and terms that limit the Group's claim to cash flows from specified assets.

4. Accounting estimates and judgements and the determination of fair values (continued…)

4.6. Financial instruments (continued…)

The Group has a high exposure to the following financial assets:

Description	SoFP Classification	Classification
Trade receivables	Trade and other receivables	amortised cost
Cash and cash equivalents	Cash and cash equivalents	amortised cost
Banking advances	Banking and other advances	amortised cost
Debt investments	Investments	Fair value through other comprehensive income
Equity investments	Investments	Fair value through other comprehensive income
Equity investments	Investments	Fair value through profit or loss
Derivatives	Investments	Fair value through profit or loss

The Group has limited exposure to the following financial assets:

Description	SoFP Classification	Classification
Contract receivables	Trade and other receivables	amortised cost
Development loans	Investments	amortised cost
Interest swap derivatives	Trade and other receivables	hedging derivative - interest rate swaps

Financial liabilities are classified into the following categories:

• Financial liabilities at fair value through profit or loss
• Financial liabilities at amortised cost.

A financial liability is classified at fair value through profit or loss if it is held for trading, is a derivative financial instrument or is designated as such on initial recognition. Realised and unrealised gains and losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are included in profit or loss in the period in which they arise.

The Group has a high exposure to the following financial liabilities:

Description	SoFP Classification	Classification
Trade payables	Trade and other payables	amortised cost
Interest bearing borrowings	Borrowings	amortised cost
Banking deposits	Amounts owed to bank depositors	amortised cost
Lease liabilities	Lease liabilities	amortised cost
Bank overdrafts	Borrowings	amortised cost

The Group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the original effective interest rate of the financial asset.

The Group measures loss allowances at an amount equal to the lifetime ECLs, except for bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Group applies the simplified approach to determine the ECL for trade receivables, contract assets and lease receivables (collectively, trade and other receivables). This results in calculating lifetime expected credit losses for these receivables.

The gross carrying amount of the financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures in respect of amounts due.

Notes to the consolidated financial statements

for the year ended 30 June

5. Operational performance

5.1. Revenue

The Group principally generates revenue from providing a wide range of goods and services through its six core trading segments, Services, Freight, Commercial Products, Branded Products, Financial Services and Automotive.

Revenue is recognised when control over products or services is transferred to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to the terms of the contract.

The Group satisfies its performance obligations at a point in time or over a short period of time. The majority of the Group's revenue is generated from point-in-time or month-to-month service contracts, which means the Group has no material revenue contracts for which they have contracted but not satisfied the performance obligations. There is no material or significant financing component to Group revenue and contracts with customers do not include material amounts of variable consideration. Due to the standard nature of the Group's contracts with customers there were no significant areas of judgment required to be applied by the Group. The Group has no complex agent / principal arrangements.

	2021 R'000	2020 R'000
Sale of goods [1]	**53 723 694**	47 812 696
Rendering of services [2]	**33 449 398**	27 388 751
Commissions and fees earned [3]	**2 190 198**	2 306 642
Billings relating to clearing and forwarding transactions [4]	**1 946 949**	2 112 326
Interest [5]	**433 742**	589 043
Insurance [6]	**531 792**	512 356
	92 275 773	80 721 814
Inter-group eliminations	**(3 960 967)**	(4 179 233)
Revenue	**88 314 806**	76 542 581

Included in commissions and fees earned is R2,0 billion (2020:R1,9 billion) commissions and fees from rendering financial services. All other categories other than insurance relate to revenue from contracts with customers.

Disaggregation of segmental revenue	2021 R'000	2020 R'000
Services [2]	**27 612 714**	21 008 073
Branded Products [1]	**17 081 744**	16 298 000
Freight [2, 4]	**5 846 612**	6 054 636
Commercial Products [1]	**13 449 322**	11 287 019
Financial Services [3, 5, 6]	**2 464 425**	2 452 682
Automotive [1]	**20 883 554**	18 028 934
Properties [2]	**43 444**	48 059
Corporate and investments [1]	**932 991**	1 365 178
	88 314 806	76 542 581

Geographic disaggregation of revenue	2021 R'000	2020 R'000
Southern Africa	**73 352 022**	67 687 640
International	**14 962 784**	8 854 941
	88 314 806	76 542 581

Segmental revenue	2021 R'000	2020 R'000
Services	**28 892 866**	22 090 784
Branded Products	**17 793 068**	17 327 336
Freight	**6 204 869**	6 308 343
Commercial Products	**14 024 659**	11 943 006
Financial Services	**2 646 657**	2 650 190
Automotive	**21 095 402**	18 263 276
Properties	**587 726**	624 292
Corporate and investments	**1 030 526**	1 514 587
	92 275 773	80 721 814
Inter-group eliminations	**(3 960 967)**	(4 179 233)
	88 314 806	76 542 581

Geographic region	2021 R'000	2020 R'000
Southern Africa	**76 993 821**	71 857 855
International	**15 281 952**	8 863 959
	92 275 773	80 721 814

Restatement of revenue

Interest revenue, disclosed in the Rendering of services category in prior periods, has been restated and disclosed as a separate category.

5. Operational performance (continued...)

5.2. Trading profit

Trading profit is profit generated by the Group's normal continuing operating activities and is defined as profit before finance charges and associate income excluding profit or loss of a capital nature, IFRS 2 share-based payment expenses, acquisition costs, amortisation charges arising from definite-life intangible assets recognised on acquisition of subsidiaries. Trading profit is the basis on which management's performance is assessed.

Segmental trading profit	**2021 R'000**	2020 R'000
Services	**3 303 383**	2 133 745
Branded Products	**1 462 522**	1 404 039
Freight	**1 295 003**	1 160 543
Commercial Products	**921 610**	393 032
Financial Services	**331 584**	304 354
Automotive	**652 031**	177 518
Properties	**560 689**	579 110
Corporate and investments	**(635 897)**	(812 639)
	7 890 925	5 339 702
Geographic region		
Southern Africa	**6 328 706**	4 766 669
International	**1 562 219**	573 033
	7 890 925	5 339 702

5.3. Earnings before interest, taxation, depreciation and amortisation (EBITDA)

EBITDA is determined as trading profit before depreciation and amortisation charges. EBITDA has been adjusted for the impact of IFRS 16: *Leases* by adding back the right-of-use asset depreciation and deducting lease payments.

Segmental EBITDA	**R'000**	R'000
Services	**4 140 815**	2 740 148
Branded Products	**1 686 534**	1 652 919
Freight	**1 522 180**	1 361 220
Commercial Products	**1 006 409**	508 313
Financial Services	**605 633**	546 669
Automotive	**685 034**	227 853
Properties	**567 518**	586 860
Corporate and investments	**(623 375)**	(800 184)
	9 590 748	6 823 798
Geographic region		
Southern Africa	**7 616 966**	6 113 383
International	**1 973 782**	710 415
	9 590 748	6 823 798

5.4. Net capital items

Net capital items is the aggregate of income statement profit or loss of a capital nature (as determined by SAICA Circular 1/2021 Headline Earnings), before taxation and non-controlling interests, which is excluded from trading profit and basic earnings to determine headline earnings (refer *note 7.4 Headline earnings*).

	R'000	R'000
Impairment of property, plant and equipment	**48 976**	222 463
Impairment of right-of-use assets	**(12 950)**	145 144
Impairment of intangible assets	**44 395**	322 124
Impairment of goodwill	**-**	496 850
Compensation received on scrapping, loss or impairment of property plant and equipment	**(40 684)**	(15 648)
Impairment of associates	**77 448**	523 279
Net (profit) loss on disposal of property, plant and equipment	**(8 503)**	29 981
Net loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**64 722**	279 637
Net loss (profit) on disposal of intangible assets	**6 259**	(30 681)
Net capital items included in the consolidated income statement	**179 663**	1 973 149

5. Operational performance (continued…)

5.5. Profit before finance charges and associate income

	2021 R'000	2020 R'000
Determined after charging (crediting)		
Auditor's remuneration (PricewaterhouseCoopers Inc.)	**100 419**	101 933
Audit fees	**92 868**	97 043
Audit related expenses	**425**	659
Consulting fees	**-**	1 569
Taxation services	**5 247**	1 457
Other attest services	**1 879**	1 205
Accounting services (other audit firms)	**33 291**	21 750
Audit fees	**7 484**	5 231
Audit related expenses	**-**	64
Consulting fees	**20 224**	11 906
Taxation services	**2 826**	2 726
Other attest services	**2 757**	1 823
Depreciation of property, plant and equipment	**1 953 194**	1 550 837
Depreciation right-of-use assets	**1 314 134**	1 225 089
Amortisation of intangible assets	**372 014**	171 770
Impairment of assets	**332 585**	1 431 982
Property, plant and equipment	**48 976**	222 463
Right-of-use assets - land and buildings	**(12 950)**	145 144
Intangible assets	**44 395**	322 124
Goodwill	**-**	496 850
Investments	**-**	1 583
Banking and other advances	**8 069**	3 837
Trade receivables	**244 095**	239 981
Compensation received on scrapping, loss or impairment of property plant and equipment	**(40 684)**	(15 648)
Impairment of associates	**77 448**	523 279
Directors' emoluments		
Executive directors *	**50 257**	50 241
Basic remuneration	**21 656**	24 480
Retirement and medical benefits	**1 692**	1 975
Other benefits and costs	**1 056**	1 838
Cash incentives	**25 853**	21 948
Non-executive directors*	**9 437**	10 522
Fees - Company	**7 516**	8 079
- subsidiaries	**1 921**	2 443
Employer contributions to	**1 637 112**	1 363 768
Defined contribution funds	**947 350**	891 249
Retirement funds	**52 133**	70 691
Social securities	**300 075**	40 777
Medical aids	**337 554**	361 051
Net expense related to post-retirement obligations for current service costs	**2 810**	3 129
Defined benefit pension plans	**3 382**	2 760
Post-retirement medical aid obligations	**(572)**	369
Share-based payment expense cash settled	**21 430**	(13 854)
Share-based payment expense equity settled	**224 666**	216 348
Staff	**197 802**	201 341
Executive directors	**26 864**	15 007
Fees for administrative, managerial and technical services	**5 272**	4 850
Research and development expenditure	**1 119**	1 919
Foreign exchange (gains) losses on hedging activities	**310 032**	(95 898)
Forward exchange contracts	**310 705**	(88 199)
Foreign bank accounts	**(673)**	(7 699)
Other foreign exchange losses	**10 822**	(8 019)
Realised	**10 445**	(36 038)
Unrealised	**377**	28 019
Income from investments	**26 103**	43 482
Dividends received from listed investments	**(34 024)**	(16 994)
Dividends received from unlisted investments	**(8 256)**	(22 172)
Profit on disposal	**164 965**	(25 950)
Fair value through profit or loss	**(96 582)**	108 598

** Refer note 12.2. Directors' remuneration for detailed disclosure*

5. Operational performance (continued…)

5.5. Profit before finance charges and associate income (continued…)

	2021 R'000	2020 R'000
Determined after charging (crediting)		
Net capital loss on disposal	**62 478**	278 937
Net (profit) loss on disposal of property, plant and equipment	**(8 503)**	29 981
Net loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**64 722**	279 637
Net loss (profit) on disposal of intangible assets	**6 259**	(30 681)
Low value, short-term leases and variable expense not included in lease liability	**261 689**	316 442
Land and buildings	**107 176**	202 497
Equipment and vehicles	**154 513**	113 945

Segmental profit before finance charges and associate income

Profit before finance charges and associate income includes revenue and expenses directly relating to a business segment but excludes net finance charges and taxation, which cannot be allocated to any specific segment. share-based payment costs are also excluded from the result as this is not a criterion used in the management of reportable segments.

	R'000	R'000
Services	**3 074 626**	1 740 725
Branded Products	**1 392 318**	1 104 385
Freight	**1 224 228**	1 139 007
Commercial Products	**927 403**	206 740
Financial Services	**350 699**	232 837
Automotive	**651 900**	(305 806)
Properties	**510 990**	539 587
Corporate and investments	**(725 927)**	(1 636 151)
	7 406 237	3 021 324
Share-based payment expense	**(246 096)**	(202 494)
	7 160 141	2 818 830
Geographic region		
Southern Africa	**6 096 212**	2 508 228
International	**1 310 025**	513 096
	7 406 237	3 021 324

5.6. Cash generated by operations

Profit before taxation	**5 789 702**	1 296 953
Costs incurred in respect of acquisitions	**33 509**	178 179
Net finance charges	**1 470 534**	1 429 627
Share of current year earnings of associates and joint ventures	**(100 095)**	92 250
Depreciation and amortisation	**3 639 342**	2 947 696
Share-based payment expense	**224 666**	216 348
Impairment of property, plant and equipment, right-of-use and intangible assets	**80 421**	689 731
Impairment of goodwill	**-**	496 850
Impairment of associates	**77 448**	523 279
Loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**64 722**	279 637
Other non-cash items	**(49 762)**	67 847
Remeasurement of post-retirement obligations	**(6 938)**	(5 015)
Decrease in life assurance fund	**(70 584)**	(32 013)
Working capital changes	**2 394 336**	874 428
Decrease (increase) in inventories	**918 157**	(740 413)
(Increase) decrease in trade and other receivables	**(436 213)**	2 623 679
Decrease (increase) in banking and other advances	**198 852**	(449 541)
Increase (decrease) in trade and other payables and provisions	**1 373 632**	(1 438 571)
Increase in amounts owed to bank depositors	**339 908**	879 274
Cash generated by operations	**13 547 301**	9 055 797

6. Taxation

Income taxation comprises current and deferred tax. An income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated based on the expected taxable income for the year, using the tax rates enacted or substantially enacted at the financial position date, and any adjustment of tax payable for previous years.

Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

6.1. Income tax expense

	2021 R'000	2020 R'000
Current taxation	**1 840 111**	1 303 136
Current year	**1 832 217**	1 303 348
Prior years' under (overprovision)	**7 894**	(212)
Deferred taxation	**(271 727)**	(463 323)
Current year	**(306 979)**	(442 566)
Prior years' under (overprovision) provision	**35 252**	(20 757)
Foreign withholding taxation	**102 390**	11 776
Total taxation per consolidated income statement	**1 670 774**	851 589
Comprising		
South African taxation	**1 464 070**	770 611
Foreign taxation	**206 704**	80 978
	1 670 774	851 589

6.2. Taxation paid

	2021 R'000	2020 R'000
Net amounts receivable at beginning of year	**(112 988)**	(8 195)
Current taxation charge	**(1 942 501)**	(1 314 912)
Businesses acquired and subsidiary recognised	**(37 044)**	(189 652)
Businesses disposed of	**4 258**	(12 580)
Transfer from (to) discontinued operations	**144 257**	(58 441)
Exchange rate adjustments	**15 200**	16 674
Amounts payable at end of year	**482 485**	438 105
Amounts receivable at end of year	**(367 941)**	(325 117)
Taxation paid	**(1 814 274)**	(1 454 118)

The reconciliation of the effective taxation rate with the South African company taxation rate is:	2021 %	2020 %
Taxation for the year as a percentage of profit before taxation	**28,9**	65,7
Withholding tax	**(1,8)**	(0,9)
Net change in impairment of associates	**(0,4)**	(8,4)
Associates	**0,5**	(2,0)
Effective rate excluding associate income	**27,2**	54,4
Dividend and exempt income	**1,2**	5,7
Foreign taxation rate differential	**0,9**	2,2
Impairment of goodwill	**-**	(10,7)
Preference share funding	**(0,8)**	(4,1)
Other non-deductible expenses	**(0,6)**	(9,8)
Changes in recognition of deferred tax assets	**1,0**	(7,5)
Changes in prior years' estimation	**(0,7)**	1,6
Acquisition costs	**(0,2)**	(3,8)
Rate of South African company taxation	**28,0**	28,0

6. Taxation (continued...)

6.3. Deferred taxation

	2021 R'000	2020 R'000
Deferred taxation assets	**1 538 254**	1 588 036
Deferred taxation liabilities	**(3 907 936)**	(3 931 901)
Net deferred taxation liability	**(2 369 682)**	(2 343 865)
Movement in net deferred taxation assets and liabilities		
Balance at beginning of year	**(2 343 865)**	(617 705)
Per consolidated income statement	**271 727**	463 323
Items recognised directly in equity, other comprehensive income	**11 382**	(162 796)
Movement in discontinued operations	**(205 910)**	207 064
On acquisition of businesses and recognition of subsidiary	**(195 096)**	(2 241 570)
On disposal of businesses	**(1 595)**	(852)
Exchange rate adjustments	**93 675**	8 671
Balance at end of year	**(2 369 682)**	(2 343 865)
Estimated tax losses available for offset against future taxable income	**3 008 279**	2 165 831
Utilised in the computation of deferred taxation	**(1 803 827)**	(1 315 440)
Not accounted for in deferred taxation	**1 204 452**	850 391

Deferred taxation assets have not been recognised in respect of certain tax losses as the directors believe it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.

Temporary differences	**2021 Assets R'000**	**2021 Liabilities R'000**	**2021 Net R'000**
Differential between carrying values and tax values of property, plant and equipment	**77 459**	**(943 557)**	**(866 098)**
Differential between carrying values and tax values of intangible assets	**(18 878)**	**(2 947 451)**	**(2 966 329)**
Right-of-use assets	**(999 970)**	**(284 425)**	**(1 284 395)**
Lease liabilities	**1 138 622**	**320 388**	**1 459 010**
Estimated taxation losses	**414 539**	**(6 396)**	**408 143**
Staff related allowances and liabilities	**494 971**	**(34 065)**	**460 906**
Operating lease liabilities	**(3 359)**	**(15 567)**	**(18 926)**
Inventories	**98 820**	**(799)**	**98 021**
Investments	**18 926**	**(169 901)**	**(150 975)**
Trade and other receivables	**25 450**	**1 895**	**27 345**
Trade, other payables and provisions	**291 674**	**171 942**	**463 616**
	1 538 254	**(3 907 936)**	**(2 369 682)**

Temporary differences	2020 Assets R'000	2020 Liabilities R'000	2020 Net R'000
Differential between carrying values and tax values of property, plant and equipment	191 640	(889 275)	(697 635)
Differential between carrying values and tax values of intangible assets	31 995	(2 960 465)	(2 928 470)
Right-of-use assets	(967 185)	(443 595)	(1 410 780)
Lease liabilities	1 104 533	482 482	1 587 015
Estimated taxation losses	349 179	(56 139)	293 039
Staff related allowances and liabilities	344 303	2 923	347 227
Operating lease liabilities	(364)	(11 720)	(12 084)
Inventories	116 419	(7 837)	108 582
Investments	21 267	(234 211)	(212 944)
Trade and other receivables	52 236	(1 676)	50 560
Trade, other payables and provisions	344 013	187 612	531 625
	1 588 036	(3 931 901)	(2 343 865)

Deferred taxation has been provided at rates ranging between 10% - 45% (2020: 10% - 45%). The variance in rates arises as a result of the differing taxation and capital gains taxation rates present in the various countries in which the Group operates.

7. Basic, headline and normalised earnings per share

7.1. Weighted average number of shares in issue

The following weighted averages used for basic earnings per share and headline earnings per share calculations:

	2021	2020
Weighted average number of shares in issue ('000)	**339 847**	339 264
Potential dilutive impact of outstanding staff share appreciation rights and conditional awards ('000)	**249**	464
Number of outstanding staff share appreciation right equivalent shares ('000)	**1 183**	2 326
Number of shares deemed to be issued at fair value ('000)	**(983)**	(1 892)
Contingent issuable shares in terms of conditional share plan to be issued at fair value ('000)	**49**	30
Diluted weighted average number of shares in issue ('000)	**340 096**	339 728

7.2. Attributable earnings

Basic earnings per share and diluted earnings per share are based on:

	2021	2020
Profit attributable to shareholders of the Company from continuing operations (R'000)	**3 840 933**	168 981
Profit attributable to shareholders of the Company from discontinuing operations (R'000)	**3 789**	(632 267)
Profit attributable to shareholders of the Company from Group operations (R'000)	**3 844 722**	(463 286)

7.3. Basic earnings per share

	2021	2020
Basic earnings per share - continuing operations (cents)	**1 130,2**	49,8
Basic earnings per share - discontinued operations (cents)	**1,1**	(186,4)
Basic earnings per share - Group operations (cents)	**1 131,3**	(136,6)
Diluted basic earnings per share - continuing operations (cents)	**1 129,4**	49,7
Diluted basic earnings per share - discontinued operations (cents)	**1,1**	(186,1)
Diluted basic earnings per share - Group operations (cents)	**1 130,5**	(136,4)
Dilution (%) - continuing operations	**0,1**	0,1
Dilution (%) - discontinued operations	**0,1**	0,1
Dilution (%) - Group operations	**0,1**	0,1

7.4. Headline earnings

	2021 R'000	2020 R'000
Profit attributable to shareholders of the Company from continuing operations	**3 840 933**	168 981
Impairment of property plant and equipment, right-of-use assets goodwill and intangible assets	**71 872**	990 164
Property, plant and equipment	**48 976**	222 463
Right-of-use assets	**(12 950)**	145 144
Goodwill	**-**	496 850
Intangible assets	**44 395**	322 124
Taxation effect	**(8 549)**	(141 865)
Non-controlling interest	**-**	(54 552)
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**62 821**	247 181
Loss on disposal and closure	**64 722**	278 944
Taxation effect	**(1 901)**	(18 482)
Non-controlling interest	**-**	(13 281)
Net loss on disposal and impairment of associates	**77 448**	485 711
Net change in shareholding in associates	**-**	693
Impairment of associates	**77 448**	523 279
Taxation effect	**-**	(38 261)
Net profit on disposal of property, plant and equipment and intangible assets	**(2 270)**	(8 963)
Property, plant and equipment	**(8 503)**	29 981
Intangible assets	**6 259**	(30 681)
Taxation effect	**375**	(8 263)
Non-controlling interest	**(401)**	-
Compensation received on loss or impairment of property plant and equipment	**(29 667)**	(11 267)
Compensation received	**(40 684)**	(15 648)
Taxation effect	**11 017**	4 381
Non-headline earnings items included in equity accounted earnings of associated and joint venture companies	**113**	5 121
Headline earnings from continuing operations	**4 021 250**	1 876 928

7. Basic, headline and normalised earnings per share (continued…)

7.4. Headline earnings (continued…)

	2021 R'000	2020 R'000
Headline earnings from continuing operations	**4 021 250**	1 876 928
Profit (loss) attributable to shareholders of the Company from discontinued operations	**3 789**	(632 267)
Loss on disposal of discontinued operations	**85 224**	-
Impairment of property plant and equipment, right-of-use assets goodwill and intangible assets	**(37 478)**	92 094
Property, plant and equipment	**(28 782)**	48 927
Right-of-use assets	**-**	52 790
Intangible assets	**(23 271)**	26 583
Taxation effect	**14 575**	(36 206)
Headline earnings from Group operations	**4 072 785**	1 336 755

7.5. Headline earnings per share

	2021	2020
Headline earnings per share - continuing operations (cents)	**1 183,3**	553,2
Headline earnings per share - Group operations (cents)	**1 198,4**	394,0
Diluted headline earnings per share - continuing operations (cents)	**1 182,4**	552,5
Diluted headline earnings per share - Group (cents)	**1 197,5**	393,5
Dilution (%) - continuing operations	**0,1**	0,1
Dilution (%) - Group operations	**0,1**	0,1

7.6. Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by the chief operating decision maker, Mpumi Madisa and the executive board. The calculation of normalised headline earnings per share excludes acquisition costs, amortisation of acquired customer contracts, the Group's non-cash share of Comair's SAA travel agent incentive scheme settlement (prior year) and COVID-19 pandemic expenses relating to abnormal receivables provisioning, inventory obsolescence, restructuring costs and COVID-19 compliance regulatory costs and is based on the normalised headline earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The presentation of normalised headline earnings is not an IFRS requirement.

	2021 R'000	2020 R'000
Headline earnings from continuing operations	**4 021 250**	1 876 928
Acquisition costs	**33 509**	178 179
Amortisation of acquired customer contracts	**271 516**	70 120
Fair value uplift of Adcock Ingram inventory	**-**	96 930
Non-cash share of Comair's SAA travel agent incentive scheme settlement	**-**	122 191
COVID-19 pandemic expenses (refer *note 4.3. Critical accounting judgements in applying the Group's accounting policies*)	**182 466**	1 200 644
COVID-19 pandemic impact on MIAL investment (refer *note 4.3. Critical accounting judgements in applying…..)*	**-**	351 442
Taxation effect	**(101 433)**	(333 513)
Non-controlling interest	**(16 474)**	(74 193)
Normalised headline earnings from continuing operations	**4 390 834**	3 488 728
Normalised headline earnings from discontinued operations	**51 535**	(540 173)
Normalised headline earnings from Group operations	**4 442 369**	2 948 555
Normalised headline earnings per share - continuing operations (cents)	**1 292,0**	1 028,3
Normalised headline earnings per share - Group (cents)	**1 307,2**	869,1

8. Operating assets and liabilities

8.1. Property, plant and equipment

Property, plant and equipment are reflected at cost to the Group, less accumulated depreciation and accumulated impairment losses. Land is stated at cost. The present value of the estimated cost of dismantling and removing items and restoring the site in which they are located is provided for as part of the cost of the asset. Depreciation is provided for on the straight-line basis over the estimated useful lives of the property, plant and equipment to anticipated residual values. Useful lives have been estimated as follows:

Buildings	Up to 50 years
Leasehold improvements	Over the period of the lease
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 15 years
Vehicles and craft	3 to 15 years
Dispensing and cleaning equipment	over the period of the contract
Full maintenance lease assets	over the period of the contract

Residual values, depreciation method and useful lives are reassessed annually. Where parts of an item of property, plant and equipment have different useful lives to the item itself, these parts are depreciated over their individual estimated useful life.

Carrying value of property, plant and equipment	**2021 R'000**	2020 R'000
Freehold land and buildings	**4 639 918**	4 508 371
Cost	**5 100 032**	4 900 032
Accumulated depreciation and impairments	**(460 114)**	(391 661)
Leasehold improvements	**1 847 715**	1 151 494
Cost	**2 854 600**	2 069 049
Accumulated depreciation and impairments	**(1 006 885)**	(917 555)
Plant and equipment	**3 295 239**	3 000 726
Cost	**7 034 693**	6 652 888
Accumulated depreciation and impairments	**(3 739 454)**	(3 652 162)
Office equipment, furniture and fittings	**1 030 515**	1 157 697
Cost	**4 037 491**	4 453 262
Accumulated depreciation and impairments	**(3 006 976)**	(3 295 565)
Vehicles, vessels and craft	**535 726**	711 258
Cost	**1 738 966**	2 520 894
Accumulated depreciation and impairments	**(1 203 240)**	(1 809 636)
Dispensing and cleaning equipment	**1 068 690**	1 179 386
Cost	**3 104 315**	3 271 003
Accumulated depreciation and impairments	**(2 035 625)**	(2 091 617)
Capitalised leased assets	**-**	9 646
Cost	**-**	31 438
Accumulated depreciation and impairments	**-**	(21 792)
Full maintenance leased assets	**1 203 766**	1 314 254
Cost	**2 022 583**	2 024 270
Accumulated depreciation and impairments	**(818 817)**	(710 016)
Capital work-in-progress	**485 993**	1 392 876
	14 107 562	14 425 708

Property, plant and equipment with an estimated carrying value of Rnil (2020: R105 million) is pledged as security for borrowings of Rnil (2020: R73 million) (refer *note 10.3. Borrowings*).

A register of land and buildings is available for inspection by shareholders at the registered office of the Company.

8. Operating assets and liabilities (continued…)

8.1. Property, plant and equipment (continued…)

Movement in property, plant and equipment	2021 R'000	2020 R'000
Carrying value at beginning of year	**14 425 708**	12 048 736
Capital expenditure	**2 256 491**	2 073 221
Freehold land and buildings	**236 903**	104 203
Leasehold improvements	**857 690**	74 490
Plant and equipment	**732 505**	480 188
Office equipment, furniture and fittings	**325 404**	407 107
Vehicles, vessels and craft	**185 695**	257 953
Dispensing and cleaning equipment	**484 729**	277 721
Capitalised leased assets	**9 824**	8 561
Full maintenance leased assets	**330 586**	182 503
Capital work-in-progress	**(906 845)**	280 495
Expenditure	**256 365**	653 413
Transfers to other categories	**(1 163 210)**	(372 918)
Acquisition of businesses and recognition of subsidiary	**39 069**	2 684 427
Freehold land and buildings	**-**	744 024
Leasehold improvements	**3 853**	107 724
Plant and equipment	**20 256**	575 047
Office equipment, furniture and fittings	**7 353**	167 577
Vehicles and craft	**7 607**	85 386
Dispensing and cleaning equipment	**-**	777 421
Capital work-in-progress	**-**	227 248
Disposals	**(345 034)**	(371 490)
Freehold land and buildings	**(27 243)**	(19 725)
Leasehold improvements	**(552)**	(10 168)
Plant and equipment	**(3 683)**	(18 395)
Office equipment, furniture and fittings	**(29 238)**	(11 640)
Vehicles and craft	**(24 903)**	(81 840)
Dispensing and cleaning equipment	**(35 136)**	(24 855)
Capitalised leased assets	**(353)**	(4 039)
Full maintenance leased assets	**(223 926)**	(200 820)
Capital work-in-progress	**-**	(8)
Disposal and or transfers to discontinued operations	**(152 744)**	(210 418)
Leasehold improvements	**(9 563)**	(26 585)
Plant and equipment	**(7 312)**	(33 276)
Office equipment, furniture and fittings	**(7 063)**	(8 226)
Vehicles, vessels and craft	**(111 565)**	(142 331)
Capitalised leased assets	**(17 241)**	-
Exchange rate adjustments	**(113 759)**	(25 468)
Freehold land and buildings	**(484)**	5 339
Leasehold improvements	**(9 017)**	(2 455)
Plant and equipment	**(17 719)**	11 297
Office equipment, furniture and fittings	**(11 020)**	(5 105)
Vehicles, vessels and craft	**(17 719)**	32 505
Dispensing and cleaning equipment	**(56 595)**	(67 801)
Capitalised leased assets	**(1 167)**	752
Capital work-in-progress	**(38)**	-
Depreciation	**(1 953 194)**	(1 550 837)
Freehold land and buildings	**(23 727)**	(20 955)
Leasehold improvements	**(146 102)**	(100 745)
Plant and equipment	**(420 820)**	(390 721)
Office equipment, furniture and fittings	**(427 520)**	(364 359)
Vehicles and craft	**(213 474)**	(246 196)
Dispensing and cleaning equipment	**(503 694)**	(261 788)
Capitalised leased assets	**(709)**	(245)
Full maintenance leased assets	**(217 148)**	(165 828)
Impairment losses	**(48 976)**	(222 463)
Freehold land and buildings	**(53 903)**	(45 038)
Leasehold improvements	**(87)**	(5 358)
Plant and equipment	**(8 715)**	(3 592)
Office equipment, furniture and fittings	**14 902**	(27 653)
Vehicles and craft	**(1 173)**	(140 824)
Carrying value at end of year	**14 107 561**	14 425 708

8. Operating assets and liabilities (continued…)

8.1. Property, plant and equipment (continued…)

Segmental depreciation	2021 R'000	2020 R'000
Services	**943 949**	592 873
Branded Products	**248 348**	257 697
Freight	**291 793**	262 336
Commercial Products	**106 445**	120 410
Financial Services	**267 803**	219 254
Automotive	**79 757**	73 672
Properties	**7 707**	7 749
Corporate and investments	**7 392**	16 846
	1 953 194	1 550 837
Geographic region		
Southern Africa	**1 451 867**	1 412 603
International	**501 327**	138 234
	1 953 194	1 550 837
Segmental capital expenditure		
Services	**831 997**	643 366
Branded Products	**173 953**	237 730
Freight	**496 107**	746 956
Commercial Products	**118 355**	97 452
Financial Services	**353 326**	207 415
Automotive	**53 770**	82 623
Properties	**221 414**	51 393
Corporate and investments	**7 569**	6 286
	2 256 491	2 073 221
Geographic region		
Southern Africa	**1 870 854**	1 905 717
International	**385 637**	167 504
	2 256 491	2 073 221

8.2. Right-of-use assets and lease liabilities

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of between 3 to 12 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Certain variable lease payments (including, but not limited to, municipal rates and taxes, water, and electricity charges) are not recognised as lease liabilities and are expensed as incurred.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. All the extension and termination options held are exercisable only by the Group and not by the respective lessor.

For leases where the Group is lessee, the Group considers the right-of-use asset and lease liability separately; deferred tax is recognised on any temporary differences that may arise on initial recognition.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability; and
- any initial direct costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The recoverability of the right-of-use asset has been considered for impairment under IAS 36.

Movement in right-of-use assets	2021 R'000	2020 R'000
Opening balance	**5 134 768**	5 002 082
Additions	**625 841**	435 243
On acquisition of businesses	**28 107**	1 219 821
On disposal of businesses	**(42 817)**	(51 011)
Modification to lease terms	**242 820**	(41 262)
Depreciation	**(1 314 134)**	(1 225 089)
Impairment	**12 950**	(145 144)
Foreign exchange adjustment	**(71 910)**	(59 872)
	4 615 625	5 134 768

8. Operating assets and liabilities (continued…)

8.2. Right-of-use assets and lease liabilities (continued…)

Right-of-use assets (continued…)

Classification of right-of-use assets	2021 R'000	2020 R'000
Equipment and vehicles	**298 491**	529 502
Land and buildings	**4 317 134**	4 605 266
	4 615 625	5 134 768
Movement by category		
Opening balance	**5 134 768**	5 002 082
Equipment and vehicles	**529 502**	322 815
Land and buildings	**4 605 266**	4 679 267
Additions	**625 842**	435 243
Equipment and vehicles	**95 963**	7 268
Land and buildings	**529 879**	427 975
On acquisition of businesses	**28 106**	1 219 821
Equipment and vehicles	**6 791**	429 020
Land and buildings	**21 315**	790 801
On disposal of businesses	**(42 817)**	(51 011)
Equipment and vehicles	**(2 489)**	-
Land and buildings	**(40 328)**	(51 011)
Modification to lease terms	**242 820**	(41 262)
Equipment and vehicles	**(515)**	-
Land and buildings	**243 335**	(41 262)
Foreign exchange adjustment	**(71 910)**	(59 872)
Equipment and vehicles	**(28 335)**	(36 604)
Land and buildings	**(43 575)**	(23 268)
Depreciation	**(1 314 134)**	(1 225 089)
Equipment and vehicles	**(302 427)**	(163 654)
Land and buildings	**(1 011 707)**	(1 061 435)
Impairment	**12 950**	(145 144)
Equipment and vehicles	**-**	(29 343)
Land and buildings	**12 950**	(115 801)
	4 615 625	5 134 768
Segmental right-of-use assets depreciation and impairment		
Services	**463 799**	366 777
Branded Products	**177 044**	204 776
Freight	**202 333**	262 762
Commercial Products	**169 306**	166 663
Financial Services	**84 455**	109 876
Automotive	**191 795**	236 552
Properties	**5 073**	-
Corporate and investments	**7 379**	22 827
	1 301 184	1 370 233
Geographic region		
Southern Africa	**1 070 667**	1 276 574
International	**230 517**	93 659
	1 301 184	1 370 233

8. Operating assets and liabilities (continued…)

8.2. Right-of-use assets and lease liabilities (continued…)

Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- Fixed payments; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If the implicit rate cannot be determined, the lessee's incremental borrowing rate is used, which is calculated using the overnight call rate charged to Group treasury by commercial banks as a base and applying it to the ZAR bond yield curve.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Movement in lease liabilities	**2021 R'000**	2020 R'000
Opening balance	**5 668 035**	5 159 037
Additions	**625 457**	435 243
On acquisition of business	**51 702**	1 235 041
On disposal of business	**(45 381)**	(47 991)
Interest paid	**373 235**	375 936
Interest accrued	**55 078**	60 359
Modification to lease terms	**242 820**	(41 262)
Variable lease payment adjustments	**(5 026)**	(57 516)
Lease payments	**(1 668 004)**	(1 393 480)
Foreign exchange adjustment	**(87 521)**	(57 332)
	5 210 395	5 668 035
Nature of lease liabilities		
Long-term portion of lease liabilities	**4 178 419**	4 429 734
Short-term portion of lease liabilities	**1 031 976**	1 238 301
	5 210 395	5 668 035

Short term, low value and lessor lease accounting

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets in terms of IFRS 16 comprise smaller items of equipment.

Short term, low value leases which have fixed determinable escalations are charged to the income statement on a straight-line basis and liabilities are raised for the difference between the actual lease expense and the charge recognised in the income statement. The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the income statement amounts.

Where the Group acts as lessor (in terms of the full maintenance lease assets) these leases are accounted for as operating leases (refer *note 5.1. Revenue*).

	R'000	R'000
Net lease liability arising from short term leases, low value leases and lessor accounting	**(52 449)**	(33 628)
Less short-term portion included in trade and other payables	**(6 537)**	(2 826)
Long-term portion	**(58 986)**	(36 454)

Undiscounted contractual maturities of lease liabilities		
Land and buildings	**7 807 094**	8 119 752
Due in one year	**1 298 199**	1 337 898
Due after one year but within five years	**3 506 285**	3 725 058
Due after five years	**3 002 610**	3 056 796
Equipment and vehicles	**390 251**	664 232
Due in one year	**157 276**	362 245
Due after one year but within five years	**232 975**	296 894
Due after five years	**-**	5 093
	8 197 345	8 783 984
Less amounts raised as liabilities	**(5 157 946)**	(5 634 407)
	3 039 399	3 149 577

8. Operating assets and liabilities (continued…)

8.3. Banking and other advances

For banking advances made by Bidvest Bank Limited (the Bank) the measurement of ECLs is performed using a "three stage" model, as outlined in IFRS 9, based on changes in credit quality since initial recognition. The following methodologies were implemented, where ECLs are calculated using three main components:

Point-in-time probability of default (PD) estimates	Calibration to the Banks existing scorecard / external ratings to a 12- month PD as required for a corporate and SME corporate portfolio. Lifetime PDs for corporate and SME corporate portfolios.
Loss given default (LGD) estimates	An LGD benchmarking approach was used due to limited default and recovery data.
Exposure at default (EAD) estimates	EAD estimates were determined using a combination of external benchmark studies for committed lines and regulatory estimates for financial guarantees.
Stage 1	A financial instrument that is not credit impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Bank.
Stage 2	If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
Stage 3	Calibration to the Banks existing scorecard / external ratings to a 12- month PD as required for a corporate and SME corporate portfolio. Lifetime PDs for corporate and SME corporate portfolios.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. The Bank does not rebut the presumption in IFRS 9 that all financial assets which are more than 30 days past due have experienced a significant increase in credit risk, and accordingly are classified as stage 2 in the calculation of ECL. In addition, the Bank's policy is not to rebut the presumption in IFRS 9 that financial assets which are more than 90 days past due are in default, and accordingly are classified as stage 3 in the ECL calculation.

Categories	**2021 R'000**	2020 R'000
Instalment finance	**1 454 773**	1 389 086
Mortgages	**599 884**	622 272
Call and term loans	**533 961**	541 856
Other advances	**378 966**	594 942
	2 967 584	3 148 156
Expected credit losses	**(61 720)**	(43 440)
	2 905 864	3 104 716
Maturity analysis		
Maturing in one year	**1 203 708**	1 344 550
Maturing after one year but within five years	**1 496 004**	1 529 018
Maturing after five years	**206 152**	231 148
	2 905 864	3 104 716

Interest rates are based on contractual agreements with customers.
Refer *note 11. Risk Management* for further disclosure.

Movement in expected credit loss allowance in respect of banking and other advances

The loss allowance account is an Expected Credit Loss (ECL) account. The measurement of ECLs is performed using a "three stage" model, as outlined in IFRS 9, based on changes in credit quality since initial recognition (refer *note 4.6. Financial Instruments* for further details).

	2021 R'000	2020 R'000
Financial Services		
Balance at 1 July	**43 440**	23 762
Loss allowance raised during the year	**26 349**	23 515
Write-offs	**(8 069)**	(3 837)
Balance at 30 June	**61 720**	43 440

8. Operating assets and liabilities (continued…)

8.3. Banking and other advances (continued…)

Ageing of banking and other advances

	2021			2020		
	Gross banking and other advances R'000	**Expected credit losses R'000**	**Net banking and other advances R'000**	Gross banking and other advances R'000	Expected credit losses R'000	Net banking and other advances R'000
Not past due	**2 906 617**	**(26 997)**	**2 879 620**	3 106 375	(32 382)	3 073 993
Past due	**60 967**	**(34 723)**	**26 244**	41 781	(11 058)	30 723
0 - 30 days	**1 327**	**(1 327)**	**-**	5 216	-	5 216
31 - 180 days	**7 903**	**(7 903)**	**-**	588	(22)	566
181 + days	**51 737**	**(25 493)**	**26 244**	35 977	(11 036)	24 941
Total	**2 967 584**	**(61 720)**	**2 905 864**	3 148 156	(43 440)	3 104 716

Collateral held on past due amounts

	2021		2020	
	Fair value of collateral held R'000	**Banking and other advances net of loss allowance R'000**	Fair value of collateral held R'000	Banking and other advances net of loss allowance R'000
Pledge of assets	**26 244**	**26 244**	30 724	30 724

Expected credit losses at 30 June

	2021					
	Effective interest rate %	**ECL % of Gross value %**	**Gross value R'000**	**Stage 1 R'000**	**Stage 2 R'000**	**Stage 3 R'000**
Instalment finance	**7,9%**	**3,2%**	**1 454 773**	**(14 417)**	**(924)**	**(30 892)**
Mortgages	**6,8%**	**0,2%**	**599 884**	**(909)**	**(268)**	**(56)**
Call and term loans	**5,3%**	**1,2%**	**533 961**	**(1 550)**	**(4 558)**	**(230)**
Negotiable securities	**7,5%**	**9,0%**	**87 572**	**-**	**-**	**(7 916)**
Overdrafts and other advances	**11,4%**	**0,0%**	**291 394**	**-**	**-**	**-**
			2 967 584	**(16 876)**	**(5 750)**	**(39 094)**
Expected losses on banking advances		**2,1%**	**(61 720)**			
Carrying value			**2 905 864**			

	2020					
	Effective interest rate %	ECL % of Gross value %	Gross value R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000
Instalment finance	9,1%	1,1%	1 389 086	(5 156)	(6 882)	(2 743)
Mortgages	6,7%	0,2%	622 272	(604)	(502)	(55)
Call and term loans	7,8%	2,1%	541 856	(1 222)	(10 374)	(3)
Negotiable securities	7,3%	4,4%	266 247	-	-	(11 588)
Overdrafts and other advances	6,4%	1,3%	328 695	(3 420)	(891)	-
			3 148 156	(10 402)	(18 649)	(14 389)
Expected losses on banking advances		1,4%	(43 440)			
Carrying value			3 104 716			

8. Operating assets and liabilities (continued…)

8.4. Amounts owed to bank depositors

	2021 R'000	2020 R'000
Call deposits	**4 558 766**	4 183 890
Fixed and notice deposits	**3 067 905**	3 102 874
	7 626 671	7 286 764

All amounts owed to bank depositors mature within one year.

Effective rates of interest	%	%
Call deposits	**1,3**	1,5
Fixed and notice deposits	**5,6**	7,1

Amounts owed to bank depositors other than fixed and notice deposits are at floating interest rates. Refer *note 11. Risk management* for further disclosure.

8.5. Life assurance fund

Insurance contracts are those contracts under which Bidvest Life Limited (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them.

Bidvest Life Limited defines significant insurance risk as the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.

Insurance contracts are classified into two main categories, depending on the duration of the risk and the type of risk insured, individual life insurance and group life insurance.

Individual life insurance contracts

- . Individual life insurance contracts insure against a comprehensive spectrum of risks, including life, disability, severe illness and income protection cover.
- These contracts are long-term in nature.
- The actuarial value of policyholder liabilities is determined based on a prospective discounted cash flow valuation basis calculated as the difference between the present value of future benefit payments plus expenses and the present value of future premiums. Best estimate assumptions regarding the future expected claims experience, premium income, expenses and commission are used. Where the value of policyholder liabilities is negative in aggregate, this is shown as assets arising from insurance contracts.
- Premiums are recognised as revenue when due. Premiums are shown before deducting reinsurance and commission.
- Acquisition costs for individual life insurance contracts represent commission and other costs that relate to the securing of new contracts and the renewing of existing contracts. The valuation basis for valuing insurance contracts makes implicit allowance for the deferral of acquisition costs and hence no explicit deferred acquisition cost asset is recognised in the statement of financial position. These are expensed in profit or loss.

Group life insurance contracts

- Group life insurance contracts insure against a comprehensive spectrum of protection benefits on a group basis. Life cover, severe illness, disability and income protection benefits are offered.
- These contracts are short-term in nature and are renewable annually.
- Insurance benefits and claims relating to group life insurance contracts are recognised in profit or loss based on the estimated liability for benefits owed to the contract holder. Death, disability and severe illness are accounted for when notified and paid. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.
- Premiums are recognised as revenue when due. Premiums are shown before the deducting reinsurance and commission.
- Acquisition costs for group life insurance contracts comprise all direct costs arising from the sale of insurance contracts. Commissions are expensed as incurred.

Contracts entered into with reinsurers under which Bidvest Life Limited is compensated for insured events on one or more contracts that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Contracts that do not meet these classification requirements are classified as financial assets.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. The amounts Bidvest Life Limited is required to pay under its reinsurance contracts held are recognised as reinsurance liabilities (liabilities arising from reinsurance contracts). Outward reinsurance premiums are recognised as an expense and are accounted for when due under the reinsurance contract.

The amounts due to Bidvest Life Limited under its reinsurance contracts are recognised as reinsurance assets.

The carrying value of the assurance funds agree with the amount of the actuarial values of liabilities under life insurance policies and contracts at that date. Policyholder liabilities are liabilities for insurance contracts.

8. Operating assets and liabilities (continued…)

8.5. Life assurance fund (continued…)

	2021 R'000	2020 R'000
Insurance contract (assets) liabilities	**(146 772)**	(76 188)
Balance at beginning of year	**(76 188)**	(44 175)
Movement during the year	**(70 584)**	(32 013)
Net assurance fund at end of year	**(146 772)**	(76 188)
Gross assurance fund*	**(368 937)**	(242 048)
Reinsurer's share	**222 165**	165 860
Net assurance fund	**(146 772)**	(76 188)

** The insurance liability adequacy test was performed.*

Restatement

In prior periods the net life assurance fund was disclosed on the face of the consolidated statement of financial position. In the current reporting period the gross life assurance fund asset and the gross reinsurer's share have been separately disclosed in non-current assets and non-current liabilities respectively, the prior year comparative has been restated accordingly. The impact on the 2019 financial period was not material.

Insurance contracts

Insurance contracts are predominantly credit life policies sold by motor dealerships and life insurance policies, distributed by independent financial advisors, that provide for death, disability and critical illness benefits.

The insurance contract reserves are established by discounting future expected net claims, net expense and commission outgo less the future net office premiums (if any) on a policy-by-policy basis using the following main assumptions (before the compulsory margins required by SAP104):

- FSB SAM Nominal yield curve is used to determine investment returns;
- inflation curve as derived from the FSB SAM yield curves;
- mortality and disability assumptions are set with reference to standard tables or reinsurance rates where appropriate (mortality and morbidity investigations are conducted annually to confirm assumptions);
- per policy expense assumptions are based on the medium term projected level of expenses and volume of business; and
- lapse rates are based on the most recent lapse experience investigation.

IBNR (incurred but not recorded) provisions have been created for both Individual and Group business. IBNR's are calculated based on the run-off period on claims reported in the last twelve months. A combination of the basic chain ladder method and simplistic deterministic methods are used depending on the product and the statistical significance of data available.

Policyholder reasonable benefit expectations have been allowed for, all contractual obligations have been considered and all business is written on a non-profit sharing basis.

8.6. Investments

The classes for investments are amortised cost, fair value through profit or loss and fair value through other comprehensive income. While investments are also subject to the impairment requirements of IFRS9, the directors' valuation of unlisted investments, was determined using a combination of discounted cash flow, net asset value and price earnings methods. Certain investments are of a long term nature and uncertainty surrounds their valuation, which may result in a significant change in value over time. No material impairments were identified.

Bidvest Bank has made irrevocable elections to measure certain equity investments at fair value through other comprehensive and present subsequent changes in the investments' fair value in other comprehensive income. Dividends are recognised as income in profit or loss unless the dividend represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not recycled through profit or loss.

Bidvest Bank holds debt investments that are measured at fair value through other comprehensive income as the financial asset is held in order to collect contractual cash flows and to be sold, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt Investments are subsequently measured at fair value. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Bidvest Insurance irrevocably designate certain derivative financial instruments included in investments, that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as measured at fair value through profit or loss as doing so significantly reduces an accounting mismatch that would otherwise arise. These financial assets are subsequently measured at fair value and net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Investments are measured as follows:	2021 R'000	2020 R'000
Amortised cost	**163 292**	140 547
Fair value through other comprehensive income	**1 611 766**	78 775
Fair value through profit or loss	**983 624**	2 954 160
	2 758 682	3 173 482
Long-term portion of listed investments	**2 474 685**	1 756 609
Long-term portion of unlisted investments	**283 997**	275 328
Short-term portion of unlisted investments	**-**	1 141 545
	2 758 682	3 173 482

8. Operating assets and liabilities (continued…)

8.6. Investments (continued…)

	2021 R'000	2020 R'000
Fair value hierarchy of investments		
Investments and loans held at cost or amortised cost	**163 292**	140 547
Investments held at fair value as determined on inputs based on:	**2 595 390**	3 032 935
Unadjusted quoted prices in an active market for identical assets (Level 1)	**2 476 182**	1 756 597
Factors that are not based on observable market data (Level 3)	**119 208**	1 276 338
	2 758 682	3 173 482
Analysis of investments at a fair value not determined by observable market data		
Balance at the beginning of year	**1 276 338**	1 311 132
On acquisition of business	**-**	29 627
Purchases and loan advances	**36 815**	41 169
Fair value adjustment recognised through other comprehensive income	**124**	55
Fair value adjustment arising during the year recognised in the income statement	**(3 040)**	(102 831)
Proceeds on disposal, repayment of loans or transfers to other categories	**(1 050 807)**	(3 396)
Profit on disposal of investments	**(140 222)**	-
Exchange rate adjustments	**-**	582
	119 208	1 276 338

Investments measured at fair value through other comprehensive income includes R1 478 million treasury bills, R110 million Government bonds R23 million VISA shares (2020: R23 million VISA shares and R52 million preference shares). These investments are held by the Bank who has irrevocably elected to present the subsequent changes in fair value on these investments through other comprehensive income. It is the intention of the Bank to hold these equity investments over the long term, however these investments may be realised prior to maturity date.

Investments and loans held at amortised cost consists of enterprise development loans in the amount of R47 million (2020: R19 million), and term loans to Makana Investment Corporation of R60 million (2020: R71 million) following the disposal of Renfreight and R21 million (2020: R40 million) to the Sekta Group following the disposal of TMS and a R35 million term loan to the consortium who acquired BidAir (refer *note 9.2 Acquisitions*).

Bidvest Insurance and Bidvest Life hold portfolios of listed investments held for trading, which are measured and classified at fair value through profit or loss of R745 million (2020: R486 million) and unlisted investments held for trading, which are measured and classified at fair value through profit or loss of R84 million (2020: R85 million). The Bank holds listed investments classified at fair value through profit or loss in the amount of Rnil (2020: R919 million). Included in listed investments is Bidcorp of R120 million (2020: R110 million).

Effective 5 February 2021 the Group disposed of its entire remaining interest in the Indian based Mumbai International Airport Private Limited (MIAL) for R1.0 billion (₹cr 505). MIAL was an unlisted investment held at fair value through profit or loss, where the fair value is not based on observable market data (level3). A R140 million loss on disposal was recognised in the current period. The carrying value at 30 June 2020 was R1,1 billion (₹cr 497).

The valuations of all listed investments are considered Level 1 type valuations in accordance with IFRS 13 *Fair Value Measurement* .

A register of investments is available for inspection by shareholders at the registered office of the Company.

8.7. Interest in associates and joint ventures

	2021 R'000	2020 R'000
Listed associates	**-**	-
Net asset value at acquisition	**-**	114 034
Inherent goodwill	**-**	306 707
Impairment allowances	**-**	(420 741)
Unlisted associates and joint ventures	**514 083**	585 376
Net asset value at acquisition	**775 534**	717 823
Inherent goodwill	**307 119**	412
Impairment allowances	**(568 570)**	(132 859)
Investments in associates and joint ventures at cost net of impairment allowances	**514 083**	585 376
Attributable share of post-acquisition reserves of associates and joint ventures	**367 303**	366 767
At beginning of year	**366 767**	1 189 773
Share of current year earnings net of dividend	**2 328**	(216 160)
Share of current year movement in other comprehensive income	**-**	6 014
Reversal of prior year reserves on unbundling, disposal, and or change in shareholding	**(1 792)**	(612 860)
Impairment of post acquisition reserves of associates - listed associates	**-**	(352 974)
Impairment of post acquisition reserves of associates and joint ventures - unlisted associates and joint ventures	**(353 497)**	-
Net advances to associates	**19**	19
Advances to associates	**173 106**	111 151
Impairment allowances	**(173 087)**	(111 132)
	527 908	599 188

8. Operating assets and liabilities (continued…)

8.7. Interest in associates and joint ventures (continued…)

	2021 R'000	2020 R'000
Adcock Ingram Limited (India)	**285 299**	356 772
National Renal Care Proprietary Limited	**204 661**	188 406
Other	**37 948**	54 010
	527 908	599 188

Except for the R173 million advance made to Strait Access Technologies Holdings Proprietary Limited, which attracts interest at the South African prime interest rate 7% (2020 7,25%), all unsecured advances to associates are interest free and have no fixed terms of repayment.

The associates impairment allowances include R421 million impairment of cost and R353 million impairment of post acquisition reserves, which relate to the Comair Limited investment. The Group assessed the carrying value and remeasured the investment to its recoverable amount, Rnil. The impairment follows Comair's commencement, on 4 May 2020, with voluntary business rescue proceedings in terms of Section 129 of the Companies Act and simultaneous suspension of trading in the company's shares on the JSE Limited. The prior year's capital impairment amounted to R241 million and the Group's share of attributable losses was R201 million, no further losses or charges were incurred in the current period.

The same impairment considerations have been applied to other listed investments in associates and joint ventures.

Summarised aggregated financial information of Adcock Ingram India:

	R'000	R'000
Revenue	**733 877**	730 766
Profit for the year	**130 141**	123 952
Total comprehensive income for the year	**130 141**	123 952
Group's share of total comprehensive income (2020: 11 months)	**64 940**	57 825
Dividends received	**81 099**	15 649
Current assets	**471 234**	660 241
Non-current assets	**246 335**	233 568
Current liabilities	**(123 335)**	(157 112)
Non-current liabilities	**(22 491)**	(21 723)
Reconciliation of the above summarised financial information to the carrying amount of Adcock Ingram India recognised in the consolidated financial statements:		
Net assets of Adcock Ingram India	**571 743**	714 974
Proportion of Group's interest	**285 300**	356 772
Carrying value of Group's interest	**285 300**	356 772

Summarised aggregated financial information of National Renal Care Proprietary Limited:

Revenue	**1 214 311**	1 154 287
Profit for the year	**74 914**	73 841
Total comprehensive income for the year	**74 914**	73 841
Group's share of total comprehensive income (2020: 11 months)	**31 256**	32 158
Dividends received	**15 000**	80 000
Current assets	**345 190**	264 300
Non-current assets	**350 107**	412 564
Current liabilities	**(213 496)**	(201 364)
Non-current liabilities	**(17 290)**	(55 283)
Non-controlling interests	**(55 188)**	(43 405)
Reconciliation of the above summarised financial information to the carrying amount of National Renal Care Proprietary Limited recognised in the consolidated financial statements:		
Net assets of National Renal Care Proprietary Limited	**409 323**	376 812
Proportion of Group's interest	**204 662**	188 406
Carrying value of Group's interest	**204 662**	188 406

Summarised aggregated financial information of associates and joint ventures that are not individually material:

The Group's share of profit (loss)	**3 899**	(182 233)
The Group's share of other comprehensive loss	**-**	6 014
The Group's share of total comprehensive income	**3 899**	(176 219)
Aggregate carrying amount of the Group investment in these associates and joint ventures	**37 948**	54 010

8. Operating assets and liabilities (continued…)

8.8. Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials, finished goods, parts and accessories is determined on either the first in, first out or average cost basis. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expenses.

Vehicles and vehicle parts purchased in terms of manufacturers' standard franchise agreements or floorplan facilities are recognised as inventory when received as this is when control has been transferred.

	2021 R'000	2020 R'000
Raw materials	**886 351**	946 687
Work-in-progress	**139 102**	132 050
Finished goods	**5 879 848**	6 245 619
New vehicles and motor cycles	**1 445 825**	1 513 896
Used vehicles	**831 179**	1 122 797
Demonstration vehicles	**618 704**	755 100
Parts and accessories	**305 104**	344 109
	10 106 113	11 060 258
New and used motor vehicle inventory acquired under floorplan arrangements, remains as security to the respective floorplan provider until the purchase price has been paid.		
Amounts included in borrowings relating to these assets (refer *note 10.3. Borrowings*)	**593 819**	939 041
Amounts included in trade and other payables relating to these assets (refer *note 8.10. Trade and other payables*)	**949 180**	622 058
	1 542 999	1 561 099
Write down of inventory to net realisable value charged to the income statement	**353 695**	234 401

8.9. Trade and other receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed by the operational management on the financial condition of the operation's customers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It was noted that the Group's largest exposure to a single customer group, across multiple geographies is R192 million (2020: R200 million). Management, in the various geographies, have assessed the recoverability of these amounts due in their geographies, and believe that the amounts due and not impaired are recoverable in full.

The total number of debtors per reporting division was obtained and the average turnover per trade debtor was calculated for each reporting division. Based on the average turnover per trade debtor in comparison to the Group's total turnover for the year, there was no significant concentration of credit risk to any single trade debtor. The concentration of credit risk is therefore limited due to the customer base being large and independent.

As a result of the decentralised structure, operational management have the responsibility of determining the loss allowances in respect of trade receivables. This is done under the oversight of the Divisional Audit Committees, and ultimately the Group Audit Committee. The operations' average credit period depend on the type of industry in which they operate as well as the credit worthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The largest loss allowance for a specific trade receivable was obtained for each reporting operation and calculated as a percentage of the Group's total loss allowance. It was determined that such percentage did not exceed 2,9% (2020: 4,2%) of the total loss allowance raised at year end for continued operations.

	2021 R'000	2020 R'000
Trade receivables	**11 645 403**	10 459 389
Loss allowances	**(707 391)**	(627 088)
Net trade receivables	**10 938 012**	9 832 301
Forward exchange contracts asset	**6 037**	14 565
Derivative assets	**3 918**	12 410
Receivables relating to customer contracts	**887 419**	436 100
Deposits and prepayments	**812 919**	722 326
Value added tax receivable	**133 536**	136 658
Receivables arising on disposal of subsidiaries and or associates	**51 839**	99 020
Other receivables*	**1 238 341**	1 269 266
	14 072 021	12 522 646

* Other receivables consist of a variety of items which are not individually material. Although these receivables and other non-trade receivables are also subject to impairment requirements of IFRS 9, the impairment loss was not material.

The majority of trade and other receivables are fixed in the subsidiaries' local currency. As trade and other receivables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

Refer *note 11. Risk management* for further disclosure on trade receivables, loss allowances, forward exchange contracts and interest rate swaps.

8. Operating assets and liabilities (continued…)

8.9. Trade and other receivables (continued…)

The Group applies the simplified approach to determine the expected credit losses (ECL) for trade receivables, contract assets and lease receivables (collectively, trade and other receivables). This results in calculating lifetime ECLs for these receivables.

ECLs for trade and other receivables are calculated using a provision matrix. Given the Group's decentralised structure the provision matrix is deployed for each operating entity's trade and other receivables as follows: ECLs are calculated by applying a loss ratio to the aged balance of trade and other receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Trade and other receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward looking information, particularly credit information pertaining to future macro and sectoral economic developments, to determine the ECL for the portfolio of trade and other receivables at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL. Due to the nature of the Group the applicable historic period and forward-looking information varies based on the relevant operating unit and the type of customer.

Movement in expected credit losses in respect of trade receivables	**2021 R'000**	2020 R'000
Balance at 1 July	**627 088**	285 129
Transfer to discontinued operations	**-**	(27 360)
Loss allowance raised during the year	**368 005**	287 708
Services	**190 596**	126 364
Branded Products	**60 851**	51 949
Freight	**5 145**	12 604
Automotive	**6 953**	12 190
Commercial Products	**96 989**	76 401
Financial Services	**986**	5 177
Properties	**-**	1 316
Corporate and investments	**6 485**	1 707
Write-offs during the year	**(123 246)**	(47 727)
Services	**(78 922)**	(6 889)
Branded Products	**(2 955)**	(11 924)
Freight	**(7 347)**	(1 065)
Automotive	**(6 378)**	(2 619)
Commercial Products	**(27 059)**	(22 286)
Properties	**-**	(847)
Corporate and investments	**(585)**	(2 097)
Net acquisition of businesses and recognition of subsidiary	**(12 790)**	176 801
Services	**(13 307)**	148 137
Branded Products	**-**	32 257
Freight	**(819)**	-
Automotive	**1 851**	-
Corporate and investments	**(515)**	(3 593)
Reversal of loss allowance during the year	**(123 910)**	(42 850)
Services	**(49 645)**	(3 871)
Branded Products	**(27 159)**	(12 007)
Freight	**(7 121)**	(2 418)
Automotive	**(5 074)**	(2 064)
Commercial Products	**(31 962)**	(18 843)
Financial Services	**(2 726)**	(798)
Properties	**(223)**	(63)
Corporate and investments	**-**	(2 786)
Exchange rate adjustments	**(27 756)**	(4 613)
Balance at 30 June	**707 391**	627 088

Refer *note 4.6. Financial instruments* for further details on impairments.

8. Operating assets and liabilities (continued…)

8.9. Trade and other receivables (continued…)

	2021		2020	
Collateral held on past due amounts	**collateral**	**receivables**	Fair value of	Trade
	R'000	**R'000**	R'000	R'000
Personal surety	*	**85 532**	*	97 781
Branded Products		**184**		281
Automotive		**5 326**		2 235
Commercial Products		**76 087**		91 407
Financial Services		**3 935**		3 858
Cover by credit insurance	**786 725**	**786 795**	412 841	424 254
Branded Products	**520 178**	**520 178**	111 505	122 918
Freight	**11 677**	**11 677**	1 975	1 975
Automotive	**5 000**	**5 000**	3 000	3 000
Commercial Products	**249 870**	**249 940**	296 361	296 361
Pledge of assets	**7 404**	**7 404**	10 840	10 840
Branded Products	**743**	**743**	406	406
Commercial Products	**6 661**	**6 661**	10 434	10 434
Other	**31 707**	**31 707**	76 814	76 814
Freight	**29 845**	**29 845**	72 354	72 354
Commercial Products	**1 862**	**1 862**	4 121	4 121
Corporate and investments	**-**	**-**	339	339
Total	**825 836**	**911 438**	500 495	609 689

** An accurate fair value cannot be attached to personal surety.*

In certain instances the Group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. Where it is the business of the operation to finance assets, the assets are held as collateral in respect of the outstanding debt. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

8. Operating assets and liabilities (continued…)

8.9. Trade and other receivables (continued…)

Ageing of trade receivables at 30 June

	2021				2020			
	ECL as % of gross receivable %	Gross trade receivables R'000	Expected credit losses R'000	Net trade receivables R'000	*ECL as % of gross receivable* %	Gross trade receivables R'000	Expected credit losses R'000	Net trade receivables R'000
Not past due *	1,2%	6 488 024	(78 536)	6 409 488	1,4%	4 623 339	(63 073)	4 560 266
Services	3,4%	1 920 746	(65 261)	1 855 485	3,6%	1 226 299	(44 533)	1 181 766
Branded Products	0,1%	1 792 191	(2 580)	1 789 611	0,8%	663 310	(5 090)	658 220
Freight	0,4%	1 303 226	(4 583)	1 298 643	0,1%	1 516 836	(1 736)	1 515 100
Automotive	0,0%	282 578	(27)	282 551	0,0%	202 385	-	202 385
Commercial Products	0,5%	983 063	(4 601)	978 462	1,4%	793 872	(11 115)	782 757
Financial Services	0,1%	103 434	(54)	103 380	0,0%	123 697	(10)	123 687
Properties	0,0%	311	-	311	89,8%	127	(114)	13
Corporate and investments	1,4%	102 475	(1 430)	101 045	0,5%	96 813	(475)	96 338
Past due								
0 - 30 days *	1,6%	2 918 076	(47 453)	2 870 623	1,4%	2 597 463	(35 711)	2 561 752
Services	1,6%	1 387 590	(22 244)	1 365 346	2,5%	1 127 037	(27 782)	1 099 255
Branded Products	0,6%	741 131	(4 308)	736 823	0,3%	1 024 859	(3 314)	1 021 545
Freight	1,0%	344 706	(3 537)	341 169	0,1%	175 500	(214)	175 286
Automotive	2,6%	75 367	(1 987)	73 380	0,0%	15 266	-	15 266
Commercial Products	4,6%	335 428	(15 293)	320 135	1,9%	213 997	(4 056)	209 941
Financial Services	0,0%	26 856	(6)	26 850	0,0%	27 274	-	27 274
Properties	0,0%	1	-	1	7,9%	607	(48)	559
Corporate and investments	1,1%	6 997	(78)	6 919	2,3%	12 923	(297)	12 626
31 - 180 days *	11,4%	1 489 503	(170 376)	1 319 127	11,6%	2 556 620	(296 755)	2 259 865
Services	12,2%	896 040	(109 673)	786 367	14,0%	1 162 226	(162 425)	999 801
Branded Products	6,4%	255 856	(16 474)	239 382	6,6%	923 140	(60 807)	862 333
Freight	8,9%	121 258	(10 818)	110 440	17,4%	160 391	(27 857)	132 534
Automotive	22,1%	21 932	(4 847)	17 085	10,2%	72 566	(7 382)	65 184
Commercial Products	12,5%	142 157	(17 715)	124 442	15,7%	207 498	(32 543)	174 955
Financial Services	1,0%	20 898	(200)	20 698	19,7%	20 736	(4 088)	16 648
Properties	0,0%	6	-	6	79,4%	412	(327)	85
Corporate and investments	34,0%	31 356	(10 649)	20 707	13,7%	9 651	(1 326)	8 325
181 + days *	54,8%	749 800	(411 026)	338 774	34,0%	681 967	(231 549)	450 418
Services	51,5%	313 723	(161 645)	152 078	35,2%	287 351	(101 031)	186 320
Branded Products	53,6%	176 410	(94 493)	81 917	23,3%	83 619	(19 488)	64 131
Freight	77,9%	9 444	(7 358)	2 086	59,3%	11 574	(6 864)	4 710
Automotive	96,4%	17 454	(16 820)	634	99,9%	18 969	(18 948)	21
Commercial Products	55,3%	218 727	(120 976)	97 751	28,9%	253 032	(73 152)	179 880
Financial Services	76,7%	12 484	(9 572)	2 912	42,1%	17 746	(7 475)	10 271
Properties	86,6%	187	(162)	25	0,0%	-	-	-
Corporate and investments	0,0%	1 371	-	1 371	47,4%	9 676	(4 591)	5 085
Total	6,1%	11 645 403	(707 391)	10 938 012	6,0%	10 459 389	(627 088)	9 832 301

8. Operating assets and liabilities (continued…)

8.10. Trade and other payables

	2021 R'000	2020 R'000
Trade payables	**7 720 187**	6 277 456
Non-interest bearing floorplan creditors	**949 180**	622 058
Forward exchange contracts liability	**34 360**	9 929
Interest rate swap liabilities	**50 808**	101 785
Derivative liabilities	**8 872**	43 855
Payables relating to customer contracts	**1 391 312**	1 359 502
Value added tax liability	**953 791**	913 203
Salary and wage related accruals	**3 360 612**	2 584 196
Adcock Ingram Black Managers Share Trust cash settled share-based payment scheme	**22 772**	21 382
Adcock Ingram cash settled share-based payment scheme	**20 547**	21 096
Goods in transit and other stock accruals	**658 226**	730 573
Other payables and accrued expenses	**3 117 600**	2 333 814
	18 288 267	15 018 849

The majority of trade and other payables are fixed in the subsidiaries' local currency. Since trade and other payables have limited exposure to exchange rate fluctuations, a currency analysis has not been included. Refer *note 11. Risk Management* for further disclosure.

Trade and other payables by class

	2021 R'000	2020 R'000
Trade payables		
Services	**1 215 037**	867 857
Branded Products	**2 020 251**	1 798 514
Freight	**2 267 147**	1 912 812
Automotive	**551 259**	396 897
Commercial Products	**1 313 665**	987 938
Financial Services	**267 718**	220 438
Properties	**4 896**	1 350
Corporate and investments	**80 214**	91 650
	7 720 187	6 277 456

The Group incurs currency risk as a result of purchases and sales which are denominated in a currency other than the Group entities' functional reporting currency. It is Group policy that Group entities hedge all trade receivables and trade payables denominated in a foreign currency which differs to its functional currency, no hedge accounting is applied to these transactions. At any point in time the entities also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases. The Group entities hedge their foreign currency risk exposure either by taking out forward exchange contracts (FECs) or alternatively by purchasing in advance the foreign currency which will be required to settle the trade payables. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity. It is the Group's policy not to trade in derivative financial instruments for speculative purposes with the exception of Bidvest Bank Limited whose business is to trade in derivatives.

The periods in which the cash flows associated with the forward exchange contracts are expected to occur are detailed below under the heading 'Settlement'. The periods in which the cash flows are expected to impact the income statement are believed to be in the same time frame as when the actual cash flows occur.

8. Operating assets and liabilities (continued…)

8.10. Trade and other payables (continued…)

Forward exchange contracts

2021	Settlement	Contract value Foreign amount 000's	Contract value Rand amount 000's
In respect of forward exchange contracts relating to foreign liabilities as at 30 June 2021			
Japanese yen	July 2021 - October 2021	**(2 401 036)**	**(328 328)**
US dollar	July 2021 - October 2021	**(15 679)**	**(224 216)**
Euro	July 2021 - September 2021	**(2 567)**	**(44 301)**
Sterling	July 2021 - September 2021	**(35)**	**(697)**
Other	July 2021 - September 2021	**(755)**	**(1 534)**
			(599 076)
In respect of forward exchange contracts relating to foreign assets as at 30 June 2021			
US dollar	July 2021 - May 2022	**421**	**5 982**
			5 982
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at 30 June 2021			
US dollar	July 2021 - October 2021	**(5 904)**	**(84 141)**
Euro	July 2021 - December 2021	**(2 692)**	**(46 133)**
Sterling	July 2021 - December 2021	**(164)**	**(3 254)**
Japanese yen	July 2021 - November 2021	**(25 539)**	**(3 370)**
			(136 898)

2020	Settlement	Contract value Foreign amount 000's	Contract value Rand amount 000's
In respect of forward exchange contracts relating to foreign liabilities as at 30 June 2020			
Japanese yen	July 2020 - October 2020	(1 249 922)	(206 705)
US dollar	July 2020 - October 2020	(9 015)	(159 025)
Euro	July 2020 - November 2020	(1 089)	(21 360)
Sterling	July 2020 - August 2020	(9)	(190)
Other	July 2020	(0)	(4)
			(387 284)
In respect of forward exchange contracts relating to foreign assets as at 30 June 2020			
US dollar	July 2020 - May 2021	2 144	37 465
Euro	July 2020	65	1 301
			38 766
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at 30 June 2020			
US dollar	July 2020 - August 2020	(15 054)	(260 909)
Euro	July 2020 - October 2020	(296)	(5 914)
Sterling	July 2020 - November 2020	(173)	(3 762)
Japanese yen	July 2020 - August 2020	(10 230)	(1 596)
			(272 181)

The total value of trade receivables and trade payables whose payment terms are fixed in a foreign currency other than its operational currency are R257 million (2020: R328 million) and R744 million (2020: R750 million), respectively.

8. Operating assets and liabilities (continued…)

8.11. Provisions

	2021 R'000	2020 R'000
Long-term portion	**635 356**	667 672
Short-term portion	**460 634**	820 590
	1 095 990	1 488 262

	Onerous contracts R'000	Business Integration R'000	Insurance liabilities R'000	Legal claims R'000	Other R'000	Total R'000
Balance at 1 July 2019	25 588	-	304 321	323 976	29 285	683 170
Created	120 051	373 947	201 257	187 019	43 385	925 659
Utilised	(21 355)	-	(253 637)	(166 943)	(30 970)	(472 905)
Net acquisition of businesses	24 146	212 533	-	107 596	-	344 275
Exchange rate adjustments	(2 186)	(19 306)	-	29 199	356	8 063
Balance at 30 June 2020	146 244	567 174	251 941	480 847	42 056	1 488 262
Created	**11 463**	**51 966**	**201 217**	**188 786**	**29 488**	**482 920**
Utilised	**(110 874)**	**(340 282)**	**(226 653)**	**(169 536)**	**(24 142)**	**(871 487)**
Net acquisition / disposal of businesses	**-**	**58 611**	**-**	**(2 431)**	**(4 391)**	**51 789**
Exchange rate adjustments	**(2 015)**	**(14 936)**	**-**	**(38 395)**	**(148)**	**(55 494)**
Balance at 30 June 2021	**44 818**	**322 533**	**226 505**	**459 271**	**42 863**	**1 095 990**

Onerous contracts

Onerous contracts are identified through regular reviews of the terms and conditions of contracts as well as on the acquisition of businesses. A provision for onerous contracts is calculated as the present value of the portion which management deem to be onerous in light of the current market conditions, discounted using market-related rates.

Business integration

Provisions raised to restructure and re-align the Group's operations to the reduced demand arising during and post COVID-19 lockdown. Included are provisions for retrenchment arising from s189 (of the Labour Relations Act) notice and consultation processes and other provisions necessary to right-size the business to the new post COVID-19 environment (refer *note 4.3. Accounting estimates and judgements* for consideration and assessment of assumptions).

Insurance liabilities

Insurance liabilities include amounts provided for under IFRS 4 and include: unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year and are calculated on a time proportionate basis; deferred acquisition costs, which are recognised on a basis consistent with the related provisions for unearned premiums; claims, which are calculated on the settlement amount outstanding at year end; and, claims incurred but not reported, for claims arising from events that occurred before the close of the accounting period but which had not been reported to the Group by that date, and are calculated based on the preceding six years' insurance premium revenue multiplied by percentages specified in the Short Term Insurance Act.

Legal claims

Legal claims include provisions raised under IAS37 for the estimated cost of claims not covered by the Group's insurance policies and in certain instances for the cost of claims below the Group's inner deductibles. Legal claims have long lead times and the provision is determined using actuarial assumptions.

Other

Included in other is a provision raised for the estimated cost of honouring warranties on certain products sold where the manufacturers' warranty is inadequate or not available, R29 million (2020: R34 million).

8. Operating assets and liabilities (continued…)

8.12. Segmental operating assets

Operating assets include property, plant and equipment, right-of-use assets, investments, interest in associates and joint ventures, banking and other advances, inventories, trade and other receivables, life assurance funds and defined benefit pension surplus.

	2021 R'000	Restated* 2020 R'000
Services	**9 350 235**	8 928 512
Branded Products	**9 723 479**	10 026 686
Freight	**8 339 044**	8 311 029
Commercial Products	**6 113 905**	6 036 883
Financial Services	**7 786 911**	7 630 831
Automotive	**4 330 847**	4 656 611
Properties	**3 895 019**	3 561 295
Corporate and investments	**797 589**	2 086 390
	50 337 029	51 238 237
Inter-group eliminations	**(622 087)**	(761 094)
	49 714 942	50 477 143
Geographic region		
Southern Africa	**44 333 476**	46 201 208
International	**6 003 553**	5 037 029
	50 337 029	51 238 237

8.13. Segmental operating liabilities

Operating liabilities include post retirement obligations, life assurance funds, trade and other payables and provisions, amounts owed to bank depositors and lease liabilities.

	R'000	Restated* R'000
Services	**8 173 531**	7 306 940
Branded Products	**4 295 126**	4 298 796
Freight	**4 659 191**	4 257 185
Commercial Products	**2 965 766**	2 360 317
Financial Services	**9 344 214**	8 973 342
Automotive	**2 827 663**	2 354 633
Properties	**78 152**	40 877
Corporate and investments	**739 986**	839 395
	33 083 629	30 431 485
Inter-group eliminations	**(622 087)**	(761 094)
	32 461 542	29 670 391
Geographic region		
Southern Africa	**27 299 845**	25 610 101
International	**5 783 784**	4 821 384
	33 083 629	30 431 485

* Refer *note 8.5. Life assurance fund* for further details on the restatement

9. Business combinations, goodwill and intangibles

9.1. Subsidiaries

A list of the Group's significant subsidiaries, their country of incorporation and principal place of business, the Group's percentage shareholding and an indication of their nature of business is included on *Annexure A* of these consolidated financial statements.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interest is initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Contribution to non-controlling interests	**2021 R'000**	2020 R'000
Profit allocated to non-controlling interests		
Adcock Ingram	**269 595**	284 773
Non-controlling interests of Adcock Ingram	**264 946**	279 379
Non-controlling interests of Adcock Ingram subsidiaries	**4 649**	5 394
Other non-controlling interests	**8 400**	(8 390)
Total profit allocated to non-controlling interests	**277 995**	276 383
Accumulated non-controlling interests		
Adcock Ingram	**3 059 003**	3 302 519
Non-controlling interests of Adcock Ingram	**3 058 213**	3 299 800
Non-controlling interests of Adcock Ingram subsidiaries	**790**	2 719
Other non-controlling interests	**193 932**	179 337
Total accumulated non-controlling interests	**3 252 935**	3 481 856

The summarised financial information below of Adcock Ingram represents amounts before intergroup eliminations.

The Group's effective economic interest in Adcock Ingram increased from 53.6% to 57.9% as a result of the following transactions: On 26 October 2020 the Group purchased an additional 4 000 000 shares for R163 million; and during the period Adcock Ingram acquired 5 700 799 of its own shares for R255 million. In addition to the foregoing transactions Adcock Ingram Limited acquired, on 3 June 2021, the remaining 51% of the issued shares of Novartis Ophthalmics (Pty) Ltd (Novartis) for R59 million. These transactions resulted in a R402 million reduction of the non-controlling interests and a R79 million decrease in the equity reserves of the shareholders of the Group.

	R'000	R'000
Statement of financial position items		
Current assets	**3 678 486**	3 820 238
Non-current assets	**3 302 711**	3 317 325
Current liabilities	**(1 910 092)**	(2 149 409)
Non-current liabilities	**(387 998)**	(449 653)
Non-controlling interests	**(760)**	(2 719)
Equity attributable to the owners of the company	**(4 682 347)**	(4 535 782)
Statement of comprehensive income items		
Revenue	**7 776 854**	6 854 928
Expenses	**7 119 392**	6 214 078
Profit attributable to the owners of the company	**662 111**	646 244
Profit attributable to non-controlling interests	**(4 649)**	(5 394)
Profit for the year	**657 462**	640 850
Other comprehensive income attributable to owners of the company (will not subsequently be reclassified to profit or loss)	**(545)**	665
Other comprehensive income attributable to owners of the company (may subsequently be reclassified to profit or loss)	**(60 867)**	50 751
Total comprehensive income for the year	**596 050**	692 266
Dividends paid to non-controlling interests	**6 784**	6 713
Statement of cash flow items		
Cash inflow from operating activities	**329 339**	479 347
Cash (outflow) inflow from investing activities	**(251 263)**	11 670
Cash outflow from financing activities	**(343 640)**	(205 792)
Net cash inflow	**(265 564)**	285 225

9. Business combinations, goodwill and intangibles (continued…)

9.2. Acquisition of businesses, subsidiaries and associates

Restatement of comparatives

As a result of a Purchase Price Allocation (PPA) review finalised in the current year the R11 685 million goodwill provisionally recognised on the acquisition of the PHS Group has been partially derecognised. The PPA review resulted in the recognition at 30 June 2020 of an indefinite life Brand intangible asset in the amount of R2 336 million (£108,8 million), a 15 year definite life Customer Relationships intangible asset in the amount of R2 482 million (£115,6 million) and deferred tax liabilities of R915 million (£42,6 million), a resultant net R 3 903 million (£181,7 million) goodwill has been de-recognised. The comparative condensed consolidated statement of financial position has been restated accordingly, the impact of which is illustrated in the table below. The impact of the PPA on the consolidated income statement and condensed consolidated statement of other comprehensive income was considered immaterial and these statements were not restated.

R000s	De-recognised at acquisition (1 May 2020)	Restated at acquisition (1 May 2020)	Movement in FCTR to 30 June 2020	**Net impact of restatement at 30 June 2020**
Deferred taxation	-	(1 006 737)	91 253	**(915 484)**
Intangible asset - PHS brand (indefinite life)	-	2 569 026	(232 863)	**2 336 163**
Intangible asset - Customer relationships (15 year life)	-	2 729 590	(247 416)	**2 482 174**
Goodwill	(11 685 164)	7 393 285	389 026	**(3 902 853)**
	(11 685 164)	11 685 164	-	**-**

The relief-from-royalty method was used to determine the value of the PHS brand. A royalty rate of 3,5% was applied after considering PHS's market-leading position, profitability levels and licensing transactions for similar entities. The Multi-Period Excess Earnings Method (MPEEM), an income-based valuation method that isolates the cash flow attributable to the customer related intangible asset, was used to value Customer Relationships, which were estimated to have a Remaining Useful Life (RUL) of 15 years. A ratio of 92,5% was applied to forecasted revenues (representing the revenue remaining after removing revenue from new customers) in addition to an existing customer attrition rate of 13,5%. The Weighted Average Cost of Capital (WACC) was calculated as 9,8%, to which a 0,25% intangible asset specific risk premium was added to arrive at the discount rate of 10,05% used in valuation of the identified intangible assets. The residual Goodwill is supported by the identified trained and assembled workforce.

Acquisition of businesses, subsidiaries and associates	**2021 R'000**	Restated* 2020 R'000
Property, plant and equipment	**(39 069)**	(1 150 004)
Right-of-use assets	**(28 107)**	(922 448)
Deferred taxation	**195 096**	957 052
Interest in associates and joint ventures	**(100)**	(1 514)
Investments and advances	**(42)**	(4 728)
Inventories	**(1 479)**	(236 557)
Trade and other receivables	**(1 627 589)**	(1 659 738)
Cash and cash equivalents	**236 855**	(1 281 038)
Borrowings	**20 191**	12 390 274
Trade and other payables and provisions	**1 419 175**	3 124 936
Lease liabilities	**51 702**	907 877
Taxation	**37 044**	189 278
Net fair value of (assets) liabilities	**263 677**	12 313 390
Goodwill	**(401 943)**	(8 116 932)
Intangible assets	**(1 101 334)**	(5 795 482)
Non-controlling interest	**3 106**	-
Total value of acquisitions	**(1 236 494)**	(1 599 024)
Less: Cash and cash equivalents acquired	**(236 855)**	1 281 038
Vendors for acquisition at beginning of year	**(2 611)**	(518 231)
Vendors for acquisition at end of year	**752**	2 611
Costs incurred in respect of acquisitions	**(33 509)**	(178 179)
Net amounts paid	**(1 508 717)**	(1 011 785)

During the current period Bidvest Services' international operations, Noonan Services (UK) and Noonan Services (ROI), made a number of bolt-on acquisitions in the Untied Kingdom and Republic of Ireland, which have been collectively disclosed as the Bidvest Services international acquisitions. The acquired companies specialise in security, cleaning and other facilities management services throughout the United Kingdom and Republic of Ireland in the retail, transport, corporate and warehouse & distribution sectors. The acquisitions substantially add to the Bidvest Services division's facilities management offerings as a whole, and in the UK and ROI. The Group will gain and achieve substantial synergies from these bolt-on acquisitions, which have been funded using the Group's cash resources and existing facilities.

9. Business combinations, goodwill and intangibles (continued…)

9.2. Acquisition of businesses, subsidiaries and associates (continued…)

Acquisition	Effective acquisition date	Net identifiable assets	Goodwill	Cash & cash equivalents acquired	Net purchase price paid
Axis Group Limited (United Kingdom)	01-Feb-21	186 490	200 818	(12 734)	374 574
Cordant Group (United Kingdom)	01-Jun-21	484 309	116 056	292 767	893 132
Lynch Interact (Republic of Ireland)	01-May-21	116 499	64 863	(25 554)	155 808
Amber Cleaning (United Kingdom)	01-May-21	51 824	5 267	(17 300)	39 791
		839 122	387 004	237 179	1 463 305

The Group also made a number of less significant acquisitions during the year. These acquisitions were funded from existing cash resources.

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. The Directors believe that the goodwill of the acquisitions reflects, the expectation that the businesses will continue to generate new customers over time, the acquired workfo+A3137rce (which is not an identifiable asset for financial reporting purposes), and the growth opportunities. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base and geographic reach in the market place.

Trade receivables acquired above are stated net of impairment allowances of R25 million (2020: R151 million). There were no significant contingent liabilities identified in the businesses acquired.

The impact of the above acquisitions on the Group's results can be summarised as follows:

	Bidvest Services international acquisitions			Other	**Total**
	Cordant Group	Axis Group Limited	Other Services int. acquisitions	smaller acquisitions	
	R'000	R'000	R'000	R'000	**R'000**
Identifiable assets and liabilities acquired					
Property, plant and equipment	18 894	8 663	10 875	637	**39 069**
Right-of-use assets	3 109	22 854	2 144	-	**28 107**
Deferred taxation	(110 394)	(57 374)	(25 281)	(2 047)	**(195 096)**
Interest in associates and joint ventures	-	-	-	100	**100**
Investments and advances	-	-	42	-	**42**
Inventories	-	692	-	787	**1 479**
Trade and other receivables	935 228	629 655	60 898	1 808	**1 627 589**
Cash and cash equivalents	(292 767)	12 734	42 854	324	**(236 855)**
Borrowings	-	-	(20 191)	-	**(20 191)**
Trade and other payables and provisions	(609 030)	(717 585)	(79 233)	(13 327)	**(1 419 175)**
Lease liabilities	(9 741)	(39 948)	(2 013)	-	**(51 702)**
Taxation	(32 011)	-	(5 192)	159	**(37 044)**
Intangible assets	581 021	326 799	183 420	10 094	**1 101 334**
	484 309	186 490	168 323	(1 465)	**837 657**
Non-controlling interest	-	-	-	(3 106)	**(3 106)**
Goodwill	116 056	200 818	70 130	14 939	**401 943**
Net assets acquired	600 365	387 308	238 453	10 368	**1 236 494**
Less: Cash and cash equivalents acquired	292 767	(12 734)	(42 854)	(324)	**236 855**
Net consideration	893 132	374 574	195 599	10 044	**1 473 349**
Contribution to results for the year					
Revenue	335 789	1 034 814	41 323	54 030	**1 465 956**
Profit or loss	29 242	52 228	16 581	(1 088)	**96 963**
Contribution to results for the year if the acquisitions had been effective on 1 July 2020					
Revenue	4 226 483	2 605 524	261 814	56 366	**7 150 187**
Profit or loss	191 026	119 147	18 003	(741)	**327 435**

9. Business combinations, goodwill and intangibles (continued…)

9.3. Proceeds on disposal of interest in subsidiaries and associates, and disposal and closure of businesses

	2021 R'000	2020 R'000
Property, plant and equipment	**152 744**	161 376
Right-of-use assets	**42 817**	51 011
Intangibles	**887**	18 205
Goodwill	**22 753**	2 152
Deferred taxation	**1 595**	852
Interest in associates	**2 815**	3 049
Inventories	**13 870**	50 238
Trade and other receivables	**128 453**	274 319
Cash and cash equivalents and bank overdrafts	**(22 083)**	(3 702)
Borrowings	**(18 169)**	(24 289)
Lease liability	**(45 381)**	(47 991)
Trade and other payables and provisions	**(101 189)**	(99 807)
Taxation	**(4 258)**	12 580
Carrying value of net assets	**174 854**	397 993
Non-controlling interest	**227**	1 087
Realisation of foreign currency translation reserves	**52 954**	7 327
Realisation of share-based payments reserves	**1 733**	-
Net loss on disposal of interest in subsidiaries and associates, and disposal and closure of businesses	**(62 821)**	(261 155)
Cash and cash equivalents and bank overdrafts disposed of	**22 083**	3 702
Less: other investments arising on the disposal of subsidiaries and or associates	**(35 000)**	-
Net settlement of other receivables arising on disposal of subsidiaries and associates	**47 181**	(99 020)
Net cash impact	**201 211**	49 934

9. Business combinations, goodwill and intangibles (continued…)

9.3. Proceeds on disposal of interest in subsidiaries and associates, and disposal and closure of businesses (continued…)

On 23 December 2020 the Group disposed of 100% of the share capital and voting rights of Ontime Automotive Limited (Ontime). Ontime is a specialist in vehicle transport services and is Europe's largest enclosed car delivery operator. This disposal follows the prior period disposal of DH Mansfield and completes the divestiture of the Group's Freight interests in the United Kingdom, which are considered non-core because of size, geographical isolation and lack of scalability.

On 4 June 2021 the Group disposed of its entire interest in BidAir Services (Pty) Ltd to National Aviation Services (NAS), Colossal Africa and a consortium comprising the BidAir Services executive management team. BidAir Services provides handling services, including passenger and ramp handling, load control and operations, cleaning, and toilet and water services, at nine South African airports. The decision to sell arose due to the advent of COVID19 and the Group's reassessment of the suitability of this investment within its security and aviation portfolio.

	Ontime Automotive R'000	BidAir Services R'000	Other smaller disposals R'000	**Total R'000**
Identifiable assets and liabilities disposed				
Property, plant and equipment	(140 601)	(66)	(12 077)	**(152 744)**
Right-of-use assets	(42 609)	-	(208)	**(42 817)**
Deferred taxation	(3 305)	(9)	1 719	**(1 595)**
Interest in associates	-	-	(2 815)	**(2 815)**
Inventories	(818)	(672)	(12 380)	**(13 870)**
Trade and other receivables	(74 493)	(45 157)	(8 803)	**(128 453)**
Cash and cash equivalents and bank overdrafts	31 262	(5 537)	(3 642)	**22 083**
Borrowings	18 169	-	-	**18 169**
Lease liability	45 151	-	230	**45 381**
Trade and other payables and provisions	52 965	31 374	16 850	**101 189**
Taxation	(162)	4 618	(198)	**4 258**
Intangible assets	(55)	(717)	(115)	**(887)**
Goodwill	-	(16 983)	(5 770)	**(22 753)**
Non-controlling interest	-	-	(227)	**(227)**
Realisation of foreign currency translation reserve	(62 143)	-	9 189	**(52 954)**
Realisation of share-based payment reserve	-	533	(2 266)	**(1 733)**
Total net assets disposed	(176 639)	(32 616)	(20 513)	**(229 768)**
Settled as follows:				
Cash and cash equivalents and bank overdrafts disposed of	(31 262)	5 537	3 642	**(22 083)**
Net (gain) loss on disposal of operations	96 580	(42 382)	8 623	**62 821**
Raising of other investment arising on disposal of subsidiaries and associates	-	35 000	-	**35 000**
Net receivable reversed on disposal of subsidiaries and associates	51 839	-	(99 020)	**(47 181)**
Net proceeds on disposal of businesses, subsidiaries, associates and investments	(59 482)	(34 461)	(107 268)	**(201 211)**

9. Business combinations, goodwill and intangibles (continued…)

9.4. Intangible assets

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on research, internally generated goodwill and brands is recognised in the income statement as an expense as and when incurred. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are currently:

Patents, trademarks, tradenames and other intangibles	3 to 20 years or indefinite life
Computer software	3 to 8 years

Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Included in patents, trademarks, tradenames and other intangibles arising on the acquisition of businesses in the current year are indefinite life intangibles. There is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the acquired brands and the level of marketing support.

Impairment of intangible assets

The recoverable amounts of the smallest identifiable CGUs or groups of CGUs were determined using the value-in-use method in order to identify impairment of related intangibles. In applying the value-in-use method discounted cash flows calculations were performed over a five year period, net working capital increase were based on expected growth rates in revenue and capex based on maintaining the capital base.

	2021		2020	
	Local	International	Local	International
Terminal rate (range)	2% to 6,5%	3,9% to 4,7%	2,5% to 6,5%	2% to 3,5%
Pre-tax discount rate (range)	15% to 23%	7,9% to 9,4%	7% to 15%	9% to 11%
Growth rate	2% to 10%	3,9% to 8,8%	2% to 7%	2% to 5%

The amortisation and impairment charges are included in operating expenses in the consolidated income statement (refer *note 5.5. Profit before finance charges and associate income)* .

Carrying value of intangible assets	**2021 R'000**	2020 R'000
Patents, trademarks, tradenames and other intangibles	**13 172 907**	12 895 340
Cost	**14 819 204**	14 284 980
Accumulated amortisation and impairments	**(1 646 297)**	(1 389 640)
Computer software	**437 987**	374 937
Cost	**1 311 983**	1 174 030
Accumulated amortisation and impairments	**(873 996)**	(799 093)
Capital work-in-progress	**50 924**	42 880
	13 661 818	13 313 157

9. Business combinations, goodwill and intangibles (continued…)

9.4. Intangible assets (continued…)

Movement in intangible assets

	2021 R'000	2020 R'000
Carrying value at beginning of year	**13 313 157**	3 835 665
Additions	**328 710**	190 109
Patents, trademarks, tradenames and other intangibles	**158 351**	18 801
Computer software	**162 315**	160 115
Capital work-in-progress	**8 044**	11 193
Expenditure	**19 980**	25 185
Transfers to other categories	**(11 936)**	(13 992)
Acquisition of businesses and recognition of subsidiary	**1 101 334**	9 942 038
Patents, trademarks, tradenames and other intangibles	**1 097 053**	9 942 038
Computer software	**4 281**	-
Disposals	**(10 814)**	(18 018)
Patents, trademarks, tradenames and other intangibles	**(150)**	(8 949)
Computer software	**(10 664)**	(9 069)
Disposal and transfer to discontinued operations	**(887)**	(45 747)
Patents, trademarks, tradenames and other intangibles	**(2)**	(18 200)
Computer software	**(885)**	(27 547)
Exchange rate adjustments	**(653 272)**	(96 996)
Patents, trademarks, tradenames and other intangibles	**(651 365)**	(97 921)
Computer software	**(1 907)**	925
Amortisation	**(372 014)**	(171 770)
Patents, trademarks, tradenames and other intangibles	**(277 761)**	(77 704)
Computer software	**(94 253)**	(94 066)
Impairment	**(44 395)**	(322 124)
Patents, trademarks, tradenames and other intangibles	**(48 559)**	(277 328)
Computer software	**4 164**	(44 796)
Carrying value at end of year	**13 661 819**	13 313 157

Segmental intangible assets

	2021 R'000	2020 R'000
Services	**7 982 856**	7 787 295
Branded Products	**4 684 822**	4 583 892
Freight	**97 933**	97 290
Commercial Products	**602 392**	606 695
Financial Services	**240 067**	194 523
Automotive	**3 850**	4 483
Corporate and investments	**49 899**	38 979
	13 661 819	13 313 157

Geographic region

	2021 R'000	2020 R'000
Southern Africa	**6 483 413**	6 346 398
International	**7 178 406**	6 966 759
	13 661 819	13 313 157

9. Business combinations, goodwill and intangibles (continued…)

9.4. Intangible assets (continued...)

Segmental amortisation and impairments of intangible assets	**2021 R'000**	2020 R'000
Services	**296 410**	75 871
Branded Products	**59 325**	188 817
Freight	**17 952**	18 964
Commercial Products	**11 834**	126 642
Financial Services	**24 478**	79 937
Automotive	**633**	3 329
Corporate and investments	**5 777**	334
	416 409	493 894
Geographic region		
Southern Africa	**157 480**	437 370
International	**258 929**	56 524
	416 409	493 894

Indefinite life intangible assets arising on acquisition of subsidiaries and or recognition of subsidiaries:

2021

Cash generating unit	**Opening balance R'000**	**Acquisitions R'000**	**Disposals R'000**	**Impairments R'000**	**Exchange rate adjustments R'000**	**Closing balance R'000**
Bidvest Services	**4 116 094**	**-**	**-**	**(10 100)**	**(268 547)**	**3 837 447**
Bidvest Branded Products	**4 345 195**	**-**	**-**	**(35 904)**	**-**	**4 309 291**
Bidvest Commercial Products	**579 892**	**-**	**-**	**-**	**-**	**579 892**
	9 041 181	**-**	**-**	**(46 004)**	**(268 547)**	**8 726 630**

Impairments of indefinite life intangible assets were identified in Bidvest Services (R10 million) and Bidvest Branded Products (R36 million).

2020 (restated)

Cash generating unit	Opening balance R'000	Acquisitions R'000	Disposals R'000	Impairments R'000	Exchange rate adjustments R'000	Closing balance R'000
Bidvest Services	1 588 050	2 569 026	-	-	(40 982)	4 116 094
Bidvest Branded Products	247 148	4 194 291	-	(96 244)	-	4 345 195
Bidvest Commercial Products	761 618	-	-	(181 726)	-	579 892
	2 596 816	6 763 317	-	(277 970)	(40 982)	9 041 181

Bidvest Branded Products recorded indefinite life brand name and license agreement intangible assets in the amount of R3 353 million and R606 million respectively on recognition of Adcock Ingram as a subsidiary. The Plush acquisition resulted in the recognition of a R235 million indefinite life intangible asset, the Plush brand. Bidvest Services recognised an indefinite life brand name intangible asset in the amount of R2 569 million (refer restatement) on the acquisition of PHS.
Impairments of indefinite life intangible assets were identified in Bidvest Commercial Products (R182 million) and Bidvest Branded Products (R96 million).

Definite life intangible assets arising on acquisition and or recognition of subsidiaries:

2021

Group of cash generating units	**Opening balance R'000**	**Acquisitions R'000**	**Amortisation R'000**	**Impairments R'000**	**Exchange rate adjustments R'000**	**Closing balance R'000**
Bidvest Services	**3 555 878**	**1 095 422**	**(258 198)**	**-**	**(323 424)**	**4 069 678**
Bidvest Branded Products	**178 890**	**-**	**(9 374)**	**-**	**-**	**169 516**
Bidvest Financial Services	**27 625**	**1 631**	**(3 944)**	**(2 555)**	**-**	**22 757**
	3 762 393	**1 097 053**	**(271 516)**	**(2 555)**	**(323 424)**	**4 261 951**

A PPA review of the Bidvest Services international acquisitions (refer *note 9.2 acquisition of business, subsidiaries and associates*) resulted in the identification of definite life Customer Relationship intangible assets in the amount of R1 087 million (£47 million and €9 million). The Multi-Period Excess Earnings Method (MPEEM) using cash flows attributable to the customer related intangible asset was used to value Customer Relationships, which were estimated to have a Remaining Useful Life (RUL) of 20 years An existing customer attrition rate of 5% was applied to forecasted existing customer revenues. A Weighted Average Cost of Capital (WACC) of 11% was used in valuation. The residual Goodwill is supported by the identified trained and assembled workforce. The Bidvest Services division recognised an additional R8,5 million Customer Relationship intangible asset on the acquisition of a hygiene business client list. The Financial Services division recognised a Customer Relationship intangible asset of R1,6 million on acquisition of short-term insurance broker.

In Bidvest Financial Services a customer relationship intangible asset relating to a prior period acquisition was identified as impaired in the amount of R2,6 million.

9. Business combinations, goodwill and intangibles (continued…)

9.4. Intangible assets (continued...)

Definite life intangible assets arising on acquisition and or recognition of subsidiaries (continued…)

2020 (restated)

Group of cash generating units	Opening balance	Acquisitions	Amortisation	Impairments	Exchange rate adjustments	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000
Bidvest Services	681 092	2 990 646	(57 748)	-	(58 112)	3 555 878
Bidvest Branded Products	-	187 483	(8 593)	-	-	178 890
Bidvest Financial Services	31 403	-	(3 779)	-	-	27 624
	712 495	3 178 129	(70 120)	-	(58 112)	3 762 392

Bidvest Services recognised 20 year useful life customer relationships intangible assets in the amount of R2 730 million (refer restatement) on the acquisition of PHS, R236 million on the acquisition of Future Cleaning and R25 million on the acquisition of New Frontiers. On recognition of Adcock Ingram as a subsidiary Bidvest Branded Products raised an definite life intangible asset, license agreements, of R187 million, with an expected life of 20 years.

9.5. Goodwill

	2021	Restated* 2020
	R'000	R'000
Carrying value at beginning of year	**14 058 238**	5 094 959
Exchange rate adjustments	**(758 721)**	(307 386)
Acquisition of businesses and recognition of subsidiary	**401 943**	9 769 667
Disposal of businesses	**(22 753)**	(2 152)
Impairment of goodwill	**-**	(496 850)
Carrying value at end of year	**13 678 707**	14 058 238

* refer *note 9.2. Acquisition of businesses, subsidiaries and associates*

Goodwill acquired through business combinations, is allocated for impairment testing purposes to cash-generating units ("CGU") which reflect how it is monitored for internal management purposes, namely the various segments of the Group. The carrying amount of goodwill was subject to an annual impairment test using the value-in-use method.

The carrying amount of goodwill was allocated to Group segments as follows:

	R'000	R'000
Services	**10 094 371**	10 492 671
Branded Products	**2 322 754**	2 322 754
Freight	**87 885**	87 885
Commercial Products	**892 672**	883 151
Financial Services	**253 828**	244 580
Properties	**27 197**	27 197
	13 678 707	14 058 238
	-	-
Geographic region		
Southern Africa	**5 407 844**	5 416 786
International	**8 270 863**	8 641 452
	13 678 707	14 058 238

The recoverable amounts of the Group segments were determined using the value-in-use method with the following inputs:

2021

Group segment	DCF growth rate	DCF terminal rate	Pre-tax discount rate	Impairment R'000	Reasons	Sensitivity *
Bidvest Services	3,9% to 8,8%	3,9% to 5,8%	7,9% to 17,3%	-	Carry value < recoverable amount	No significant impact
Bidvest Freight	6,4% to 7,6%	6,4%	15,4%	-	Carry value < recoverable amount	No significant impact
Bidvest Branded Products	4,7% to 7,1%	5,8% to 6,4%	15,9% to 21%	-	Carry value < recoverable amount	No significant impact
Bidvest Commercial Products	5,8% to 7,1%	5,8%	22,90%	-	Carry value < recoverable amount	No significant impact
Bidvest Financial Services	4,7% to 5,8%	5,8%	15,00%	-	Carry value < recoverable amount	No significant impact
Bidvest Properties	1,3% to 2,0%	2,0%	15,50%	-	Carry value < recoverable amount	No significant impact

9. Business combinations, goodwill and intangibles (continued…)

9.5. Goodwill (continued…)

The recoverable amounts of the Group segments were determined using the value-in-use method with the following inputs (continued…)

2020

Group segment	DCF growth rate	DCF terminal rate	Pre-tax discount rate	Impairment R'000	Reasons	Sensitivity *
Bidvest Services SA	6,5% to 7,5%	6,5%	15,75%	-	Carry value < recoverable amount	No significant impact
Bidvest Services International	2,0% to 7,8%	2,0% to 3,5%	5,90%	-	Carry value < recoverable amount	No significant impact
Bidvest Freight	4,2% to 5,7%	4,2%	15,34%	-	Carry value < recoverable amount	No significant impact
Bidvest Branded Products	2,5% to 5,5%	2,5% to 4,5%	19,85%	-	Carry value < recoverable amount	No significant impact
Bidvest Commercial Products	4,5% to 5,5%	4,2%	20,42%	-	Carry value < recoverable amount	No significant impact
Bidvest Automotive	5,3% to 5,8%	5,3%	14,47%	426 850	Carry value > recoverable amount	No significant impact
Bidvest Financial Services	6,5% to 7,5%	6,5%	13,15%	-	Carry value < recoverable amount	No significant impact
Bidvest Properties	2,5% to 3,5%	2,5%	12,92%	-	Carry value < recoverable amount	No significant impact
Bidvest Corporate	2,0% to 3,0%	2,5%	15,70%	70 000	Carry value > recoverable amount	No significant impact
Total impairment of goodwill				496 850		

* The impact of 1% change in the five year growth rates, terminal growth rate and discount rate on the recoverable amount.

Restatement of comparatives

As a result of a current period PPA review performed on the prior period PHS Group acquisition R3 903 million was de-recognised and the comparative consolidated statement of financial position has been restated accordingly (for further details refer *note 9.2 Acquisition of businesses, subsidiaries and associates - restatement of comparatives*).

10. Cash and cash equivalents and interest bearing borrowings

10.1. Net finance charges	2021 R'000	2020 R'000
Finance income	**491 109**	669 296
Interest income on banking and other advances	**326 515**	379 753
Interest income on bank balances	**92 243**	170 982
Interest imputed on post-retirement assets	**22 515**	22 232
Interest income on financial instruments held at fair value through other comprehensive income	**49 836**	96 329
Finance charges	**(1 792 071)**	(1 903 390)
Interest expense on amounts owed to bank depositors	**(269 176)**	(407 489)
Interest expense on bank overdrafts	**(61 967)**	(86 106)
Interest expense on listed bonds and commercial paper	**(424 496)**	(358 526)
Interest expense on financed assets	**(2 505)**	(1 301)
Interest on lease liabilities	**(428 313)**	(436 295)
Interest expense on vehicle lease creditors and floorplan creditors	**(37 045)**	(53 292)
Interest expense on other borrowings	**(447 588)**	(475 064)
Interest imputed on post-retirement obligations	**(6 314)**	(5 667)
Unwinding of discount on puttable non-controlling interest liabilities	**(1 922)**	(1 796)
Dividends on preference shares included in borrowings	**(98 797)**	(131 515)
Less borrowing costs capitalised to property, plant and equipment **	**(13 948)**	53 661
	(1 300 962)	(1 234 094)
Less net finance income from banking operations included in operating profit	**(169 572)**	(195 533)
Income	**(433 742)**	(589 043)
Charges	**264 170**	393 510
	(1 470 534)	(1 429 627)

** The applicable weighted average interest rate is used to determine the amount of borrowing costs eligible for capitalisation.

10. Cash and cash equivalents and interest bearing borrowings (continued…)

10.1. Net finance charges (Continued…)

Reconciliation to consolidated cashflow statement	2021 R'000	2020 R'000
Charge per income statement	**(1 527 901)**	(1 509 880)
Unwinding of discount on puttable non-controlling interest liabilities	**1 922**	1 796
Amounts capitalised to borrowings	**4 141**	5 643
Amounts capitalised to lease liabilities	**55 078**	60 359
Amounts capitalised to property, plant and equipment	**13 948**	(53 661)
Amounts paid	**(1 452 812)**	(1 495 743)
Income per income statement	**57 367**	80 253
Accrued interest on retirement fund surplus	**(16 201)**	(16 565)
Amounts received	**41 166**	63 688

10.2. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts and investment in money market instruments, all of which are available for use by the Group unless otherwise stated.

	R'000	R'000
Cash on hand and at bank		
Banking, Insurance and other financial operations	**4 727 265**	4 777 679
Other Group operations	**2 710 808**	5 634 796
Cash on hand and at bank	**7 438 073**	10 412 475
Amounts included in cash on hand and at bank relating to banking and insurance subsidiaries where the balances form part of the reserving requirements as required by the Financial Services Act:		
Banking, Insurance and other financial operations	**305 361**	793 413
Other Group operations	**240 000**	275 306
Total reserving requirements	**545 361**	1 068 719
Amounts included in cash on hand and at bank relating to customer contracts	**1 203**	7 552

The Group conducts business with the following major banks:

	Credit rating	
South African banks	Short-term	Long-term
Standard Bank South Africa	NP	Ba2
Nedbank	NP	Ba2
ABSA Bank	NP	Ba2
FirstRand Bank	NP	Ba2

	Credit rating	
International banks	Short-term	Long-term
HSBC Bank	A1	P-1
National Westminster Bank	A1	P-1
Barclays Bank	A1	P-1
Standard Charter Bank	A1	P-1

10. Cash and cash equivalents and interest bearing borrowings (continued…)

10.3. Borrowings

	2021 R'000	2020 R'000
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements (refer *note 8.1. Property, plant and equipment*)	**-**	9 284
Unsecured borrowings	**18 521 602**	24 365 515
Bonds	**8 421 000**	4 421 000
Cumulative redeemable preference shares	**2 080 000**	2 080 000
Syndicated EURO facility	**5 488 141**	6 151 655
Syndicated GBP bridge facility	**1 185 526**	11 055 619
Other borrowings	**1 346 935**	657 241
Floorplan creditors secured by pledge of inventories (refer *note 8.8. Inventories*)	**593 819**	939 041
Borrowings	**19 115 421**	25 313 840
Bank overdrafts	**1 619 944**	4 322 049
Total borrowings	**20 735 365**	29 635 889
Less short-term portion of borrowings	**(5 380 263)**	(6 752 335)
Long-term portion of borrowings	**15 355 102**	22 883 554

Schedule of repayment of borrowings

	2021	2020
Year to June 2021	**-**	2 430 286
Year to June 2022	**3 760 319**	12 552 748
Year to June 2023	**8 331 569**	8 005 806
Year to June 2024	**3 787 000**	1 407 000
Year to June 2025	**2 418 000**	-
Thereafter	**818 533**	918 000
	19 115 421	25 313 840

Financial debt covenants

The Group is required to ensure that for each measurement period which occurs prior to the Interim Discharge Date: The Net Debt to EBITDA ratio shall be less than 3:1 (three to one); and the Net Interest Cover Ratio shall be greater than 3,5:1 (three comma five to one).

Total borrowings comprise

	R'000	R'000
Borrowings	**19 115 421**	25 313 840
Local subsidiaries	**12 321 948**	7 954 648
Foreign subsidiaries	**6 793 473**	17 359 192
Overdrafts	**1 619 944**	4 322 049
Local subsidiaries	**1 250 553**	4 103 844
Foreign subsidiaries	**369 391**	218 205
	20 735 365	29 635 889

Effective weighted average rate of interest on	%	%
Local borrowings excluding overdrafts	**5,7%**	6,0%
Foreign borrowings excluding overdrafts	**2,4%**	1,5%

10. Cash and cash equivalents and interest bearing borrowings (continued…)

10.3. Borrowings (continued…)

Fair value of borrowings

The fair value of borrowings, together with the carrying amounts shown in the statement of financial position, classified by geographical location, are as follows:

	2021 Carrying amount R'000	**2021** Fair value R'000	2020 Carrying amount R'000	2020 Fair value R'000
Southern Africa	**13 691 616**	**13 752 665**	12 182 649	12 160 894
Unsecured loans	**11 846 946**	**11 907 995**	7 139 764	7 118 009
Floor plan creditors secured by pledge of inventories	**593 819**	**593 819**	939 041	939 041
Bank overdrafts	**1 250 851**	**1 250 851**	4 103 844	4 103 844
United Kingdom and Europe	**7 043 749**	**7 043 749**	17 453 240	17 309 380
Loans secured by lien over certain property, plant and equipment in terms of financial leases	**-**	**-**	9 284	9 284
Unsecured loans	**6 674 656**	**6 674 656**	17 225 751	17 081 890
Bank overdrafts	**369 093**	**369 093**	218 205	218 205
	20 735 365	**20 796 414**	29 635 889	29 470 274
Unrecognised (loss) gain	**(61 049)**		165 615	

The methods used to estimate the fair values of financial instruments are discussed in *note 4.4. Determination of fair values* .

The interest rates used to discount cash flows, in order to determine fair values, are based on market related rates at 30 June 2021 plus an adequate constant credit spread, and range from 2,18% to 10,72% (2020: 1,14% to 10,72%).

Terms and debt repayment schedule	**Currency**	**2021** Nominal interest rate %	**2021** Financial year of maturity	**2021** Carrying value R'000	2020 Carrying value R'000
Terms and conditions of outstanding loans were:					
Borrowings of local subsidiaries				**12 321 948**	7 954 648
Bonds	**ZAR**	**5,5 - 9,6**	**2022 - 2025**	**8 421 000**	4 421 000
Cumulative redeemable preference shares	**ZAR**	**4,6 - 4,8**	**2023 - 2024**	**2 080 000**	2 080 000
Other unsecured borrowings	**ZAR**	**3,5 - 10,7**	**2022 - 2027**	**1 345 946**	638 764
Floorplan creditors secured by pledge of inventories and property bonds	**ZAR**	**5,5 - 6,0**	**2022**	**475 002**	814 884
Borrowings of foreign subsidiaries				**6 793 473**	17 359 192
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**GBP**			**-**	9 284
Floorplan creditors secured by pledge of inventories and/or property	**ZAR**	**8,5**	**2022**	**70 394**	63 290
	NAD	**5,5 - 7,5**	**2022**	**48 423**	60 867
Other borrowings	**GBP**	**3,3**	**2022**	**1 185 526**	11 060 019
	EUR	**2,0 - 2,2**	**2023**	**5 488 141**	6 161 407
	USD			**-**	3 336
	NAD		**2022**	**989**	989
Total interest bearing borrowings				**19 115 421**	25 313 840
The expected maturity dates are not expected to differ from the contractual maturity dates.				-	-

10. Cash and cash equivalents and interest bearing borrowings (continued…)

10.3. Borrowings (continued…)

Undrawn facilities

	2021 R'000	2020 R'000
The Group has the following undrawn facilities at its disposal to further reduce liquidity risk:		
Unsecured bank overdraft facility, reviewed annually	**11 468 237**	14 546 633
Utilised	**1 619 944**	4 322 049
Unutilised	**9 848 293**	10 224 584
Unsecured loan facility with various maturity dates through to 2026 and which may be extended by mutual agreement	**12 718 382**	20 770 295
Utilised	**10 100 602**	19 944 515
Unutilised	**2 617 780**	825 780
Secured loan facilities with various maturity dates through to 2022 and which may be extended by mutual agreement	**3 076 531**	3 115 277
Utilised	**593 819**	948 325
Unutilised	**2 482 712**	2 166 952
Other banking facilities	**3 457 794**	3 318 908
Utilised	**1 775**	25 134
Unutilised	**3 456 019**	3 293 774
Unsecured Domestic Medium Term Notes Programme	**12 000 000**	9 000 000
Utilised	**8 421 000**	4 421 000
Unutilised	**3 579 000**	4 579 000
Total facilities	**42 720 944**	50 751 113
Utilised	**20 737 140**	29 661 023
Unutilised	**21 983 804**	21 090 090

10.4. Net debt reconciliation

	2021 R'000	2020 R'000
Cash and cash equivalents	**7 438 073**	10 412 475
Borrowings	**(19 115 421)**	(25 313 840)
Bonds	**(8 421 000)**	(4 421 000)
Cumulative redeemable preference shares	**(2 080 000)**	(2 080 000)
Syndicated EURO facility	**(5 488 141)**	(6 151 655)
Syndicated GBP bridge facility	**(1 185 526)**	(11 055 619)
Other borrowings including unsecured, call accounts and asset backed	**(1 346 935)**	(666 525)
Interest bearing floor plan creditors	**(593 819)**	(939 041)
Overdraft facilities	**(1 619 944)**	(4 322 049)
Net borrowings	**(13 297 292)**	(19 223 414)
Cash and cash equivalents	**7 438 073**	10 412 475
Gross borrowings at fixed interest rates	**(1 639 402)**	(1 774 189)
Gross borrowings at variable interest rates	**(19 095 963)**	(27 861 700)
Net borrowings	**(13 297 292)**	(19 223 414)
	-	-

Movement in gross borrowings

	2021 R'000	2020 R'000
Opening balance	**(25 313 840)**	(9 861 712)
Cash outflow	**10 372 402**	16 774 408
Cash inflow	**(5 424 273)**	(19 954 763)
Capitalised interest	**(4 141)**	(5 643)
Net acquisitions	**(2 022)**	(12 365 985)
Foreign exchange adjustment	**1 256 453**	99 855
Closing balance	**(19 115 421)**	(25 313 840)

10. Cash and cash equivalents and interest bearing borrowings (continued…)

10.5. Puttable non-controlling interest liabilities

Put options held by non-controlling interests in the Group's subsidiaries entitle the non-controlling interest to sell their interest in the subsidiary to the Group at pre-determined values and on contracted dates. In such cases the Group consolidates the non-controlling interests' share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is de-recognised and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity.

The unwinding of the present value discount on these liabilities is recorded within finance charges in the income statement using the effective interest rate method. The financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded directly in retained earnings in the statement of changes in equity.

The acquisition of certain subsidiaries in prior years, resulted in put options being agreed with certain of the non-controlling shareholders. No new put options were entered into during the period.

	2021 R'000	2020 R'000
The affect of granting these put options on the Group's results can be summarised as follows:		
Balance at beginning of the year	**22 002**	82 317
Fair value adjustments recorded directly in retained income	**-**	(1 266)
Unwinding of present value discount recognised in the income statement	**1 922**	1 796
Put options settled	**-**	(57 050)
Dividends paid	**(3 035)**	(3 795)
	20 889	22 002
Discount rate	**7,0%**	7,0%
Expected settlement dates	**1 July 2022**	1 July 2022

11. Risk management

11.1. Risk management overview

The Group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; foreign currency risk; interest rate risk and market price risk.

This note presents information about the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. IFRS 7 requires certain disclosures by class of instrument which the Group has determined would be the segments as disclosed in the notes accompanying these financial statements.

The Group's major financial risks are mitigated in the way that it operates firstly through diversification of industry and secondly through decentralisation. Bidvest is an international group with operations in South Africa, United Kingdom, Republic of Ireland, Spain and Namibia, and various other Southern African countries. The Group also comprises a variety of businesses within the services, trading and distribution industries. As a result of this diversification in terms of industry, the Group is exposed to a range of financial risks, each managed in appropriate ways. However, the impact of any one particular financial risk within any of these industries, is not considered to be material to the Group.

The Group's philosophy has always been to empower management through a decentralised structure thereby making them responsible for the management and performance of their operations, including managing the financial risks of the operation. The operational management report to divisional management who in turn report to the Group's Board of Directors. The divisional management are also held responsible for managing financial risks of the operations within the divisions. Operational management's remuneration is based on their operation's performance and divisional management based on their division's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the Group, the Group Risk Committee has implemented guidelines of acceptable practices and basic procedures to be followed by divisional and operational management. The information provided below for each financial risk has been collated for disclosure based on the manner in which the business is managed and what is believed to be useful information for shareholders.

The total process of risk management in the Bidvest Group, which includes the related system of control, is the responsibility of the Board of Directors. The Group Risk Committee has been constituted as a committee of the Group Board of Directors in the discharge of its duties and responsibilities in this regard. The Group Risk Committee has a charter and reports regularly to the Board of Directors on its activities.

The primary purposes of the Group Risk Committee are:

- To establish and maintain a common understanding of the risk universe (framework), which needs to be addressed in order to meet Bidvest Corporate objectives;
- to identify the risk profile and agree the risk appetite of the Group;
- to satisfy the risk management reporting requirements;
- to coordinate the Group's risk management and assurance efforts;
- to report to the Board of Directors on the risk management work undertaken and the extent of any action taken by management to address areas identified for improvement; and
- to report to the Board of Directors on the company's process for monitoring compliance with laws and regulations.

The Group Risk Committee has documented a formal policy framework in order to achieve the following:

- to place accountability on management for designing, implementing and monitoring the process of risk management;
- to place responsibility on management for integrating the risk management process into the day-to-day activities and operations of the Group; and
- to ensure that the risk strategy is communicated to all stakeholders so that it may be incorporated into the culture of the Group.

11. Risk management (continued…)

11.1. Risk management overview (continued…)

The Group has operations trading in the banking, short-term insurance and life assurance industries (Financial Services segment). These operations are exposed to financial risks which are unique to these industries and differ significantly to the remainder of the Group's operations operating within the services, trading and distribution sectors. Whilst the financial risks to which these particular operations are exposed could have a significant effect on the individual operations, they would not have a significant impact on the Group. For this reason, the information provided below mainly provides qualitative and quantitative information regarding the management and exposure to financial risks to which the trading operations of the Group are exposed based on what is believed to be useful to shareholders. Bidvest Bank Limited is a public company for which financial statements are prepared including detailed disclosure in accordance with the requirements of IFRS 7.

The Bidvest Group has, due to the diversity of its operations in nature and geography, determined that it would be better to develop an in-house strategy, as opposed to adopting a recognised strategy and forcing its operations to adapt to the constraints of the strategy selected. The Group has determined that utilising a common framework for the identification of risk would assist the divisions to reduce the implementation time and cost and would give some assurance that all inherent risks have been considered. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

To assist the Group Risk Committee in discharging its responsibilities, it has:

- Assigned risk management responsibilities to Divisional / Operational Risk Committees; and
- determined that each division should appoint risk / compliance officers on a divisional (operational) level as nominated by the Divisional Risk Committees.

The role of the risk officer is to develop, communicate, co-ordinate and monitor the enterprise-wide risk management.

Through the Divisional Risk Committees, each division has a forum for the discussion and identification of risks relevant to the particular division. Only risk matters that affect the Group as a whole are escalated to the Group Risk Committee. The minutes of the Divisional Risk Committees are submitted to the Group Risk Committee.

Each division has its own Audit Committee, which subscribes to the same philosophies and practices as the Group Audit Committee . The Divisional Audit Committees report to both the Divisional Board and the Group Audit Committee. The Group Audit Committee reviews the Divisional Audit Committee reports. The Divisional Audit Committees oversee how divisional management monitors compliance with the Group's policies and guidelines in respect of the financial reporting process, the system of internal control, the management of financial risks, the audit process (both internal and external) and code of business conduct. The Divisional Audit Committees are assisted in their oversight role by the Group's internal audit department. Divisional internal audit undertakes both regular and ad hoc reviews of financial and operational risk management controls and procedures, the results of which are reported to the relevant Divisional Audit Committee.

11.2. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, banking advances, investments and guarantees.

The Group Risk Committee with the assistance of internal audit has implemented a "Delegation of authority matrix" which provides guidelines by division, as to the level of authorisation required for various types of transactions.

Except as detailed below in respect of guarantees issued, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk after taking into account the value of any collateral obtained. The carrying values, net of loss allowances, amount to R10 938 million (2020: R9 832 million) for trade receivables (refer *note 8.9. Trade and other receivables*), R2 906 million (2020: R3 105 million) for banking and other advances (refer *note 8.3. Banking and other advances*).

The loss allowance account in respect of trade receivables and banking advances are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount which is considered irrecoverable is written off directly against the respective assets.

Impairments of investments classified at amortised cost, and at fair value through other comprehensive income; and at fair value through profit or loss are written off against the investment directly and an impairment loss allowance account is not utilised.

The Group has a general credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In accordance with the decentralised structure, the operational management, under the guidance of the divisional management, are responsible for implementation of policies to meet the above objective. This includes credit policies under which new customers are analysed for credit worthiness before the operation's standard payment and delivery terms and conditions are offered, determining whether collateral is required, and if so the type of collateral to be obtained, and setting of credit limits for individual customers based on their references and credit ratings. Certain operations in the Group have a policy of taking out credit insurance to cover a portion of their risk. Operational management are also held responsible for monitoring the operations' credit exposure.

11.3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its borrowings centrally for each of the following countries and regions: South Africa; United Kingdom; Europe and Namibia. The divisions within each region are therefore not responsible for the management of liquidity risk but rather senior management for each of these regions are responsible for implementing procedures to manage the regional liquidity risk.

11. Risk management (continued…)

11.3. Liquidity risk (continued…)

Contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements

		Undiscounted contractual cash flows				
2021	**Carrying amount R'000**	**Total R'000**	**0 - 12 months R'000**	**1 -2 years R'000**	**2 - 5 years R'000**	**More than 5 years R'000**
Puttable non-controlling liabilities (refer *note 10.5.*)	**20 889**	**22 352**	**-**	**22 352**	**-**	**-**
Borrowings (refer *note 10.3.*)						
Unsecured loans	**18 521 602**	**20 220 637**	**3 823 189**	**8 945 515**	**7 451 933**	**-**
Floorplan creditors secured by pledge of inventories and bonded property	**593 819**	**593 819**	**593 819**	**-**	**-**	**-**
Bank overdrafts*	**1 619 944**	**1 619 944**	**1 619 944**	**-**	**-**	**-**
	20 735 365	**22 434 400**	**6 036 952**	**8 945 515**	**7 451 933**	**-**
Trade and other payables (refer *note 8.10.*)						
Trade and other payables (excluding forward exchange contracts)	**18 253 907**	**18 253 907**	**18 253 907**	**-**	**-**	**-**
	18 253 907	**18 253 907**	**18 253 907**	**-**	**-**	**-**
Amounts owed to bank depositors (refer *note 8.4.*)						
Call deposits	**4 558 766**	**4 558 936**	**4 558 936**	**-**	**-**	**-**
Fixed and notice deposits	**3 067 905**	**3 147 104**	**3 147 104**	**-**	**-**	**-**
	7 626 671	**7 706 040**	**7 706 040**	**-**	**-**	**-**

** Bank overdrafts are repayable on demand and are integral to the entities cash management. The bank overdraft balance often fluctuates from being positive to overdrawn.*

		Undiscounted contractual cash flows				
2020	Carrying amount R'000	Total R'000	0 - 12 months R'000	1 -2 years R'000	2 - 5 years R'000	More than 5 years R'000
Puttable non-controlling liabilities (refer *note 10.5.*)	22 002	25 191	-	-	25 191	-
Borrowings (refer note 10.3.)						
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	9 284	10 069	3 492	3 492	3 085	-
Unsecured loans	24 365 515	25 828 749	2 119 747	13 059 075	10 649 927	-
Floorplan creditors secured by pledge of inventories	939 041	939 041	939 041	-	-	-
Bank overdrafts	4 322 049	4 322 049	4 322 049	-	-	-
	29 635 889	31 099 908	7 384 329	13 062 567	10 653 012	-
Trade and other payables (refer *note 8.10.*)						
Trade and other payables (excluding forward exchange contracts)	15 008 920	15 008 920	15 008 920	-	-	-
	15 008 920	15 008 920	15 008 920	-	-	-
Amounts owed to bank depositors (refer *note 8.4.*)						
Call deposits	4 183 890	4 324 623	4 324 623	-	-	-
Fixed and notice deposits	3 102 874	3 195 458	3 195 458	-	-	-
	7 286 764	7 520 081	7 520 081	-	-	-

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above.
There were no defaults or breaches of any of the borrowing terms or conditions.

11. Risk management (continued…)

11.4. Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group's financial instruments are not significantly exposed to currency risk for the reasons provided below. A sensitivity analysis has therefore not been performed.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies (in relation to the operations' functional currency) and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the forward exchange contracts and the foreign exchange gains and losses relating to the monetary items are recognised in operating profit (refer *note 5.5. Profit before finance charges and associate income*).

Borrowings are matched to the same foreign currency as the division raising the loan thereby limiting the divisions' exposure to changes in a foreign currency which differs to their functional currency. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying divisions of the Group thereby providing an economic hedge for each class of borrowing.

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating borrowings and by the use of interest rate swap contracts. The Group's investments in listed bonds, accounted for as fair value through other comprehensive income and fair value through profit or loss financial assets, banking advances and liabilities are exposed to a risk of change in fair value due to movements in interest rates. Investments in equity securities accounted for as held for trading financial assets and trade receivables and payables are not exposed to interest rate risk.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:	**2021** **R'000**	2020 R'000
Fixed rate instruments		
Financial assets		
Fair value through other comprehensive income equity / debt instruments	**1 611 766**	51 822
Fair value through profit or loss debt instruments	**881 710**	919 217
Fair value through profit or loss bonds	**101 914**	156 683
Banking and other advances	**141 737**	200 790
Financial liabilities		
Borrowings	**(1 639 402)**	(1 774 189)
Amounts owed to bank depositors	**(3 067 905)**	(2 584 125)
Derivative instruments in designated hedge accounting relationships	**(50 808)**	(101 785)
Variable rate instruments		
Financial assets		
Cash and cash equivalents	**7 438 073**	10 412 475
Banking and other advances	**2 764 127**	2 903 926
Financial liabilities		
Borrowings	**(17 476 019)**	(23 539 651)
Puttable non-controlling interest liabilities	**(20 889)**	(22 002)
Amounts owed to bank depositors	**(4 558 766)**	(4 702 639)
Overdrafts	**(1 619 944)**	(4 322 049)

The Group's exposure to interest rates on financial assets and liabilities are detailed in the various notes within the financial statements.

The variable rates are influenced by movements in the prime borrowing rates.

Sensitivity analysis

The effect of a change in interest rate on the fair value of the listed bonds accounted for at amortised cost and fair value through profit or loss is not believed to have a significant effect on the Group's profit for the year and equity.

It is estimated that 0,5% (2020: 0,5%) increase in interest rates would decrease profit after tax by R64 million (2020: R48 million). This sensitivity analysis has been prepared using the average net borrowings for the financial year as the actual net borrowings at 30 June are not representative of the net borrowings during the year. This analyses assumes that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2020. A decrease in interest rates would have an equal and opposite effect on profit after taxation.

11. Risk management (continued…)

11.4. Market risk

Interest rate swap contracts

The Group has entered into interest rate swap contracts, in order to fix the interest rates on variable rate corporate bonds and loans as summarised below:

Bonds - The variable 3 month JIBAR interest rate plus a spread specific to each bond has been fixed using fixed for floating interest rate swaps at rates set out below. The swap contracts match the duration and expiry dates of the bonds. The difference between the fixed and floating interest rates are settled on a quarterly basis simultaneously with the payment of interest to bondholders. The interest rate swap contracts have enabled the Group to mitigate the risk of fluctuating interest rates on the fair value of the bonds issued. The interest rate swaps have been designated as hedging instruments and accounted for as a cash flow hedge. The fair value of the bond linked interest rate swaps at the reporting date, is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the contract, resulting in a fair value liability of R50,8 million (2020: R101,8 million) (refer *note 8.10. Trade and other payables*).

Hedged items - 3 year bonds/stock code	BID09
Principal Bond and Swap notional value - R'000	568 000
Bond issue date, swap start date	15 May 2019
Bond redemption date, swap termination date	15 November 2021
Spread (bps) above 3 month JIBAR	123
Fixed swap rate, including spread	8,35%
Interest settlement periods	Quarterly

Hedged items - 5 year bonds/stock code	BID08	BID10
Principal Bond and Swap notional value - R'000	300 000	543 000
Bond issue date, swap start date	1 April 2019	15 May 2019
Bond redemption date, swap termination date	30 June 2022	15 November 2023
Spread (bps) above 3 month JIBAR	180	140
Fixed swap rate, including spread	9,00%	8,78%
Interest settlement periods	Quarterly	Quarterly

Market price risk

Equity price risk arises from investments classified as fair value through profit or loss and fair value through other comprehensive income (refer *note 8.6. Investments*). Fair value through other comprehensive income financial assets includes an irrevocable election of equity investments in VISA shares R24 million (2020: R24 million), preference shares Rnil (R52 million), treasury bills R1 449 million and government bonds R107 million. Fair value through profit or loss investments comprise listed share portfolios whose performance is monitored closely by senior management and the Group actively trades in these shares. The Group's subsidiary, Bidvest Insurance Limited holds investment portfolios with a fair value of R681 million (2020: R573 million) to be utilised to cover liabilities arising from insurance contracts. These portfolios comprise domestic and international equity investments and money market funds. Unlisted investments comprise unlisted shares and loans which are classified as fair value through profit or loss and fair value through other comprehensive income, and are valued at fair value using a price earnings ("PE") model.

Fair value

The carrying amounts of all financial assets and liabilities approximate their fair values, with the exception of borrowings which have been accounted for at amortised cost.

12. Staff remuneration

12.1. Share-based payments

The Bidvest Share Incentive Scheme (BIS) grants options to employees of the Group to acquire shares in the Company. The share options scheme has been classified as equity-settled schemes, and therefore an equity-settled share-based payment reserve has been recognised.
The Bidvest Group Share Appreciation Rights (SARs) Plan was adopted, in 2016, to replaced the BIS and has been classified as an equity-settled scheme, therefore an equity-settled share-based payment reserve has been recognised. Executive directors do not participate in the SARs Plan.
A Conditional Share Plan (CSP), which awards executive directors with a conditional right to receive shares in the Company, free of any cost, is also operated by the Group. As it is anticipated that the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised.

Replacement rights scheme (previously share option scheme)

Following the unbundling of Bidcorp (30 May 2016), Bidvest option holders exchanged each one of their existing options for one right over one Bidcorp share and one Bidvest share (replacement right). In terms of the amended scheme rules, the original option price was not adjusted, but on exercise of the replacement right, the original option price will be deducted from the combined value of the Bidcorp share and the Bidvest share. The vesting date and lapse dates of the replacement rights will be the same as those of the original options.
The terms and conditions of the replacement rights are:

- Replacement right holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the Board of the Company to the Trustees of the Bidvest Share Incentive Trust;
- replacement right holders may exercise the rights at such times as the right holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an option; and
- all rights must be exercised no later than the 10th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

The number and weighted average exercise prices of replacement rights are:

	2021		2020	
	Number	**Average price R**	Number	Average price R
Beginning of the year	**1 259 102**	**262,10**	2 009 755	258,67
Lapsed	**(107 813)**	**266,31**	(34 345)	280,83
Exercised	**(428 205)**	**259,88**	(716 308)	251,59
End of the year	**723 084**	**262,78**	1 259 102	262,10
The replacement rights outstanding at 30 June 2021 have an award price in the range of R134,56 to R301,54 (2020: R134,56 to R301,54) and a weighted average contractual life of 0,4 to 4,4 (2020: 0,4 to 5,4) years. The average combined value of the Bidvest and Bidcorp shares during the year was R434,30 (2020: R462,75).				
Replacement rights outstanding at 30 June by year of grant are:				
2011	**-**	**135,00**	26 515	135,00
2012	**46 250**	**134,56**	68 500	134,56
2013	**44 500**	**208,91**	89 750	208,91
2014	**136 173**	**235,92**	217 173	235,59
2015	**142 972**	**250,84**	220 260	250,80
2016	**353 189**	**301,54**	636 904	301,54
	723 084	**262,78**	1 259 102	262,10

The fair value of services received in return for shares allotted is measured based on a modified Black Scholes model. The contractual life of the replacement right is used as an input into this model.

12. Staff remuneration (continued…)

12.1. Share-based payments (continued…)

Share Appreciation Rights Plan

The terms and conditions of the SARs Plan are:

- SAR holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the Board of the Company to the Trustees of the Bidvest Share Incentive Trust.
- SAR holders in the Scheme may exercise the SARs at such times as the holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an appreciation right; and
- all SARs must be exercised no later than the 7th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

The number and weighted average exercise prices of share appreciation rights are:

	2021		2020	
	Number	**Average price R**	Number	Average price R
Beginning of the year	**14 011 376**	**169,26**	11 107 675	166,27
Granted	**4 695 000**	**148,75**	4 069 000	173,43
Lapsed	**(1 274 399)**	**167,56**	(536 366)	165,21
Exercised	**(744 657)**	**152,76**	(628 933)	146,74
End of the year	**16 687 320**	**164,25**	14 011 376	169,26
Share appreciation rights outstanding at 30 June by year of grant are:				
2017	**1 916 926**	**146,53**	2 490 959	146,53
2018	**2 702 889**	**158,75**	3 474 567	158,75
2019	**3 551 710**	**188,42**	3 976 850	188,42
2020	**3 847 295**	**173,43**	4 069 000	173,43
2021	**4 668 500**	**148,75**	-	-
	16 687 320	**164,25**	14 011 376	169,26

The SARs outstanding at 30 June 2021 have an award price in the range of R138,48 to R188,42 (2020: R138,48 to R188,42) and a weighted average contractual life of 2,4 to 6,4 (2020: 3,4 to 6,4) years. The average value of the Bidvest share during the year was R157,58 (2020: R177,68).

The fair value of services received in return for shares allotted is measured based on a modified Black Scholes model. The contractual life of the SARs is used as an input into this model.

The fair value of the SARs allotted during the current year and the assumptions used are:

	2021	2020
Fair value at measurement date (Rand)	**165,28**	192,70
Exercise price (Rand)	**148,75**	173,43
Expected volatility (%)	**33,50**	28,35
Option life (years)	**4,00-6,00**	4,00-6,00
Distribution yield (%)	**3,00**	3,20
Risk-free interest rate (based on the ZAR Bond static yield curve) (%)	**5,63**	7,22

The volatility is based on the recent historic volatility.

Conditional share plan

In terms of the CSP scheme, a conditional right to a share is awarded to executive directors and officers subject to performance and vesting conditions. The vesting period is as follows: 75% of total number of awards vest at the expiry of three years and 25% of total number of awards vest at the expiry of four years from the date of the award, unless otherwise determined by the Board. These share awards do not carry voting rights attributable to ordinary shareholders.

The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows. A total number of 737 397 (2020: 375 619) of the 964 915 (2020: 767 682) shares are expected to vest, taking into account the performance of the Group to date and forecasts to the end of the performance period, against the targets set at the time of the award. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R129,45 (2020: R172,44) per share. These awards will vest in the next three years.

12. Staff remuneration (continued…)

12.1. Share-based payments (continued…)

Conditional share plan (continued...)

79 520 (2020: 25 950) conditional share awards were forfeited as a result of performance conditions not being met, 180 000 (2020: 53 504) conditional share awards were forfeited as a result of accelerated vesting.

The number of conditional share awards in terms of the conditional share plan are:

	2021 Number	2020 Number
Beginning of the year	**767 682**	711 280
Allotted during the year	**560 550**	335 000
Awarded during the year	**(103 784)**	(155 648)
Awarded during the year as result of accelerated vesting	**-**	(43 496)
Forfeited during the year	**(259 533)**	(79 454)
End of the year	**964 915**	767 682

The maximum number of shares which may be allocated at any one time under the SAR and existing Conditional Share Plan shall not exceed 16 750 000 shares (5% of shares in issue). Based on the closing price the Bidvest and Bidcorp share prices at 30 June 2021, it is estimated that 3 200 000 (2020: 1 825 000) Bidvest ordinary shares would be required to settle the Group's share-based payment obligations.

The 57,9% subsidiary, Adcock Ingram, has share option plans, which have been designated as equity settled and include an ordinary equity scheme, a B-BBEE scheme and a performance based long-term incentive scheme (PBLTIS). The Group's proportionate share of Adcock Ingram's share-based payment reserves since recognition is a credit balance of R7,4 million (2020: R2,3 million debit balance), which comprises a charge to share-based payment expenses of R28,4 million (2020: R11,4 million) less settlement of R16 million (2020: R15,7 million), with R5 million (2020: R2 million) of the reserve attributable to non-controlling interests.

In addition to the above Adcock Ingram has an ordinary and a B-BBEE equity based incentive scheme, which have been designated as cash settled. The liabilities relating to these incentive schemes have been disclosed in note *8.10. Trade and other payables* and in aggregate amount to R43 million (2020: R42 million). An amount of R1 million (2020: R13,9 million) was credited to share-based payment expenses during the year for these cash settled incentive schemes.

12. Staff remuneration (continued…)

12.2. Directors' remuneration

The remuneration paid to executive directors while in office of the Company during the year ended 30 June 2021 is analysed as follows:

Director	Basic remuneration R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives R'000	Benefit arising from the exercise of replacement rights R'000	Total emoluments R'000
NT Madisa	**8 099**	**589**	**183**	**13 935**	**2 181**	**24 987**
GC McMahon	**3 176**	**315**	**192**	**5 292**	**1 153**	**10 128**
LP Ralphs [1]	**6 207**	**522**	**459**	**-**	**11 241**	**18 429**
MJ Steyn	**4 174**	**266**	**222**	**6 626**	**-**	**11 288**
	21 656	**1 692**	**1 056**	**25 853**	**14 575**	**64 832**

For comparative purposes the remuneration paid to executive directors, while in office of the Company during the year ended 30 June 2020, is analysed as follows:

Director	Basic remuneration [2] R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives [3] R'000	Benefit arising from the exercise of replacement rights R'000	Total emoluments R'000
AW Dawe [4]	2 340	110	241	-	16 232	18 923
NT Madisa	4 271	340	254	3 912	5 597	14 374
GC McMahon	2 899	321	211	2 808	1 626	7 865
LP Ralphs	11 153	946	904	11 668	23 621	48 292
MJ Steyn	3 817	258	228	3 560	-	7 863
	24 480	1 975	1 838	21 948	47 076	97 317

[1] Retired 30 September 2020. [2] A 30% salary and fee sacrifice was agreed to for the fourth quarter. [3] A provision for FY20 short term incentives had been made in FY20, based on the performance testing outcome. The payment of the incentives were deferred to November 2020. [4] Retired 28 November 2019

Certain executive directors serve as non-executive directors of companies outside of the Group. Directors' fees in this regard are paid to the Group.

	2021			2020
Directors	**Directors' fees R'000**	**As directors of subsidiary companies and other services R'000**	**Total emoluments R'000**	Total R'000
L Boyce [5]	**232**		**232**	
EK Diack [6]	**1 114**	**-**	**1 114**	1 802
AK Maditse [6]	**654**	**-**	**654**	931
S Mabaso-Konyana [5]	**272**		**272**	
S Masinga	**745**	**-**	**745**	863
BF Mohale	**1 664**	**-**	**1 664**	1 135
RK Mokate	**801**	**155**	**956**	1 527
NG Payne [7]	**-**	**1 766**	**1 766**	2 052
MD Ruck [8]	**496**	**-**	**496**	368
N Siyotula	**692**	**-**	**692**	534
T Slabbert [9]	**-**	**-**	**-**	405
NW Thomson	**846**	**-**	**846**	905
2021 total	**7 516**	**1 921**	**9 437**	10 522
2020 total	8 079	2 443	10 522	-

[5] Appointed 12 March 2021. [6] Retired 1 April 2021. [7] Retired from The Bidvest Group board with effect from 28 November 2019, however remains a director of Bidvest Bank Holdings Limited. Disclosed remuneration is for the 12-months ended 30 June 2021. [8] Resigned 30 June 2021. [9] Retired 28 November 2019.

12. Staff remuneration (continued...)

12.2. Directors' remuneration (continued...)

Prescribed officers

Due to the nature and structure of the Group and the number of executive directors on the board of the Company, the directors have concluded that there are no prescribed officers of the Company.

Directors' long-term incentives

Details of the directors and officers' outstanding replacement rights [7] are as follows:

	Replacement rights at 30 June 2020		Replacement rights exercised during the year		Replacement rights lapsed during the year		**Replacement rights at 30 June 2021**	
Directors	Number	Average price R	Number	Market price	Number	Market price	**Number**	**Average price R**
NT Madisa	26 250	286,30	-	-	-	-	**26 250**	**286,30**
GC McMahon	20 000	288,84	-	-	-	-	**20 000**	**288,84**
MJ Steyn	11 250	284,60	-	-	-	-	**11 250**	**284,60**
	57 500	286,85		-	-	-	**57 500**	**286,85**

A share appreciation right (SAR) [7] is a right awarded subject to the appreciation of the Company's shares.

	SAR at 30 June 2020		SAR granted during the year		SAR lapsed during the year		**SARs at 30 June 2021**	
Directors	Number	Average price R	Number	Average price R	Number	Market price	**Number**	**Average price R**
MJ Steyn	80 000	152,68	-	-	-	-	**80 000**	**152,68**

These SARs are exercisable over the period 1 July 2021 to 31 December 2024. A detailed register of SARs outstanding by tranche is available for inspection at the Company's register office.

A grant in terms of the conditional share plan (CSP) [7] is a right to a share, which is awarded subject to performance and vesting conditions.

Director	Balance at 30 June 2020 Number	New award Number	Forfeited Number	Shares vested Number	Accelerated vested shares Number	**Closing balance 30 June 2021 Number**
NT Madisa	149 429	134 000	(15 197)	(15 532)	-	**252 700**
GC McMahon	97 657	46 000	(7 599)	(8 208)	-	**127 850**
LP Ralphs	420 596	-	(236 737)	(80 044)	-	**103 815**
MJ Steyn	100 000	57 000	-	-	-	**157 000**
	767 682	237 000	(259 533)	(103 784)	-	**641 365**

Share-based payment expense	**2021 R'000**	2020 R'000
AW Dawe	**-**	1 479
NT Madisa	**9 872**	2 373
GC McMahon	**5 462**	1 639
LP Ralphs	**5 320**	6 807
MJ Steyn	**6 210**	2 709
	26 864	15 007

[7] Refer *note 12.1. Share-based payments* for further details.

12. Staff remuneration (continued…)

12.3. Post-retirement obligations

The Group's liability for post-retirement benefits, accruing to past and current employees in terms of defined benefit schemes, is actuarially calculated. Where the plan is funded, the obligation is reduced by the fair value of the plan assets. Unfunded obligations are recognised as a liability in the financial statements. Contributions to defined contribution schemes are recognised as an expense in the income statement as incurred.

The projected unit-credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable, past service cost. Actuarial gains or losses in respect of defined benefit plans are recognised in other comprehensive income. However, when the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

The Group's obligation for post-retirement medical aid to past and current employees is actuarially determined and provided for in full.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the market yields at the statement of financial position date on high quality bonds with terms that most closely match the terms of maturity of the related liabilities.

	2021 R'000	2020 R'000
Post-retirement assets		
Defined benefit pension surplus	**(252 230)**	(214 329)
Post-retirement obligations		
Post-retirement medical aid obligations	**77 040**	79 075
	(175 190)	(135 254)

Pension and provident funds

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories and defined contribution provident funds or other appropriate industry funds.

The PHS Group operates a defined benefit scheme, which is closed to new members. The assets of the scheme are measured using closing market values. The scheme liabilities are measured using the projected unit method discounted at rates of return of a high quality bond of equivalent term and currency to the liability. The summarised details of the *Warner Howard Limited Pension and Life Assurance Plan* are included below:

There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.

The Group operates a defined benefit fund through The Bidvest South Africa Pension Fund.

Employer contributions to defined contribution funds are set out in *note 5.5. Profit before finance charges and associate income* .

Summarised details of the defined benefit pension funds

Defined benefit pension obligations (assets) of the fund	Warner Howard Limited Pension Plan		The Bidvest South Africa Pension Fund	
	2021 R'000	2020 R'000	**2021 R'000**	2020 R'000
Defined benefit pension obligations (assets) of the fund	**-**	-	**(252 230)**	(214 329)
	-	-	**(252 230)**	(214 329)
Contributions to the fund				
Employee contributions	**-**	-	**170**	338
Total pension fund asset				
Fair value of plan assets	**250 736**	272 073	**637 473**	587 143
Actuarial present value of defined benefit obligations	**(217 584)**	(240 939)	**(384 498)**	(363 155)
Net surplus in the plans	**33 152**	31 134	**252 975**	223 988
Amounts not recognised due to ceiling adjustments and other limitations	**(33 152)**	(31 134)	**(745)**	(9 659)
	-	-	**252 230**	214 329
Movement in the liability for defined benefit obligations				
Balance at beginning of year	**(240 939)**	-	**(363 155)**	(381 253)
Benefits paid	**10 126**	1 378	**31 095**	27 797
Risk premiums and expenses	**-**	-	**817**	990
Current service costs	**-**	-	**(1 923)**	(2 338)
Transfers in for the benefit of pensioners	**-**	-	**-**	(1 399)
Interest expense	**(3 230)**	(1 072)	**(37 402)**	(34 580)
Member contributions	**-**	-	**(170)**	(338)
Actuarial gains	**(2 588)**	(30 774)	**(13 760)**	27 966
Acquisition of businesses	**-**	(232 062)	**-**	-
Exchange rate adjustments on foreign plans	**19 047**	21 591	**-**	-
Balance at end of year	**(217 584)**	(240 939)	**(384 498)**	(363 155)

12. Staff remuneration (continued…)

12.3. Post-retirement obligations (continued…)

Pension and provident funds (continued...)

Summarised details of the defined benefit pension funds (continued...)	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Movement in the plans' assets				
Balance at beginning of year	**272 073**	-	**587 143**	625 295
Transfer in*	**-**	-	**-**	2 797
Contributions paid into the plans	**-**	-	**170**	338
Benefits paid	**(10 126)**	(1 378)	**(31 095)**	(27 797)
Risk premiums and expenses	**-**	-	**(817)**	(990)
Interest income	**3 665**	1 247	**60 941**	57 059
Return on plan assets in excess of interest income	**6 875**	28 937	**21 131**	(69 559)
Acquisition of businesses	**-**	268 095	**-**	-
Exchange rate adjustments on foreign plans	**(21 751)**	(24 828)	**-**	-
Balance at end of year	**250 736**	272 073	**637 473**	587 143
** (2020: from the unclaimed benefits reserve)*				
The plans' assets comprise				
Cash	**251**	272	**51 635**	56 366
Equity securities	**-**	92 505	**305 987**	267 737
Bills, bonds and securities	**250 485**	179 296	**107 733**	110 970
Property	**-**	-	**14 662**	21 137
International	**-**	-	**142 156**	124 474
Other	**-**	-	**15 300**	6 459
	250 736	272 073	**637 473**	587 143
Amounts recognised in the income statement				
Current service costs	**-**	-	**1 923**	2 338
Interest on obligations	**3 230**	1 072	**37 402**	34 580
Interest income on plan assets	**(3 665)**	(1 247)	**(60 941)**	(57 059)
Ceiling adjustments and other limitations	**435**	175	**1 024**	247
	-	-	**(20 592)**	(19 894)
Amounts recognised in other comprehensive income				
Return on plan assets in excess of interest income	**(6 875)**	(28 937)	**(21 131)**	69 559
Actuarial (gains) losses	**2 588**	30 774	**13 760**	(27 966)
Transfers in	**-**	-	**-**	(1 398)
Ceiling adjustments and other limitations	**4 287**	(1 837)	**(9 938)**	6 760
	-	-	**(17 309)**	46 955
Key actuarial assumptions used in the actuarial valuations:				
The Bidvest South Africa Pension Fund				
Number of in service members 30 June	**-**	-	**8**	15
Number of pensioners 30 June	**138**	143	**486**	530
Discount rate (%)	**1,75**	1,4	**9,8**	10,6
Inflation rate (%)	**3,65**	3,3	**5,8**	5,6
Salary increase (%)	**-**	-	**6,8**	6,6
Pension increase allowance (%)	**3,45**	3,2	**4,1**	3,9
Date of valuation of all funds	**30 June 2021**	30 June 2020	**30 June 2021**	30 June 2020

Assumptions regarding future mortality are based on published statistics and mortality tables.

12. Staff remuneration (continued…)

12.3. Post-retirement obligations (continued…)

Pension and provident funds (continued...)

Summarised details of the defined benefit pension funds (continued...)

Sensitivity analysis

The table below summarises the impact that a reasonably possible change in the respective assumption, occurring at the end of the year, would have, by increasing (decreasing) the net surplus in the plan, while holding all the other assumptions constant.

	2021 Impact of an increase in assumption R'000	2020 Impact of an increase in assumption R'000	**2021** Impact of an increase in assumption R'000	2020 Impact of an increase in assumption R'000
The Bidvest South Africa Pension Fund				
Discount rate - 1%	**(7 764)**	28 773	**3 309**	4 346
Pension increase - target 100% of inflation (assumption 50%)	**(11 696)**	(10 886)	**(6 316)**	(14 343)
Salary increase - 1%	**-**	-	**(1 759)**	(1 284)

The sensitivity analyses presented above may not be representative of the actual change in the net surplus in the plans as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Post-retirement medical aid obligations

The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.

Provision for post-retirement medical aid obligations	**2021 R'000**	2020 R'000
Opening provision raised against unfunded obligation	**79 075**	74 317
Current service costs (relief)	**(572)**	369
Interest expense	**6 314**	5 667
Benefits paid	**(8 288)**	(7 722)
Actuarial adjustments recognised in other comprehensive income	**511**	(8 226)
Acquisition of businesses	**-**	15 660
Disposal of businesses and transfer to discontinued operations	**-**	(990)
Closing provision raised against unfunded obligation	**77 040**	79 075
	%	%
Key actuarial assumptions		
Discount rate	**9,0**	9,0
Inflation rate (CPI)	**4,4**	4,4
Health care cost inflation	**6,4**	6,4
Date of valuation	**30 June 2021**	30 June 2020

A change in the medical inflation rates will not have a significant impact on the post-retirement medical aid cost and related obligations.

12.4. Segmental employees, benefits and remuneration

	Employees		**Employee Benefits and remuneration**	
	2021 Number	2020 Number	**2021 R'000**	2020 R'000
Services	**95 555**	103 213	**17 292 289**	13 076 649
Branded Products	**7 670**	9 458	**2 794 743**	2 984 888
Freight	**4 689**	5 290	**1 573 780**	1 666 968
Commercial Products	**7 921**	8 074	**1 926 375**	1 797 802
Financial Services	**1 359**	1 708	**711 776**	752 051
Automotive	**3 495**	4 501	**1 644 860**	1 606 807
Properties	**14**	14	**18 839**	16 088
Corporate and investments	**641**	612	**246 767**	406 845
	121 344	132 870	**26 209 429**	22 308 098
Share-based payment expense	**-**	-	**246 096**	202 494
	121 344	132 870	**26 455 525**	22 510 592
Geographic region				
Southern Africa	**91 513**	112 064	**15 509 919**	16 014 727
International	**29 830**	20 807	**10 699 509**	6 293 371
	121 343	132 870	**26 209 428**	22 308 098

13. Equity, distributions and group information

13.1. Capital and reserves attributable to shareholders of the Company

Shares in the Company, held by its subsidiaries, The Bidvest Incentive Scheme and The Bidvest Education Trust are classified in the Group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

	2021 R'000	2020 R'000
Share capital		
Issued share capital	**17 014**	17 014
Share premium	**1 367 796**	1 367 796
Reserves	**23 473 543**	21 109 491
Foreign currency translation reserve	**(166 446)**	400 927
Hedging reserve	**(38 619)**	(65 284)
Equity-settled share-based payment reserve	**(326 401)**	(437 247)
Retained earnings	**24 005 009**	21 211 095
Shares held by subsidiary as treasury shares	**679 478**	664 746
Share capital	**(25)**	(25)
Share premium	**679 503**	664 771
Capital and reserves attributable to shareholders of the Company	**25 537 831**	23 159 047
Reserves comprise		
Company and subsidiaries	**23 106 240**	21 095 698
Associates	**367 303**	13 793
	23 473 543	21 109 491
Share capital		
Authorised		
540 000 000 (2020: 540 000 000) ordinary shares of 5 cents each	**27 000**	27 000
	Number	Number
Issued		
Number of shares in issue	**340 274 346**	340 274 346
Balance at beginning of year	**340 274 346**	338 961 976
Issued in settlement share incentive scheme obligations	**-**	1 312 370
Less: shares held by subsidiary as treasury shares	**(386 604)**	(504 837)
Balance at beginning of year	**(504 837)**	(579 939)
Purchase of shares	**(605 570)**	-
Replenishment where borrowed in settlement of share incentive obligations	**-**	(116 686)
Sale of shares by subsidiary to staff in terms of share incentive scheme	**723 803**	191 788
Net shares in issue	**339 887 742**	339 769 509

17 000 000 (2020: 16 900 000) of the unissued ordinary shares are under the control of the directors until the next annual general meeting.

In order to facilitate the settlement of its equity settled share incentive obligations the Group via its subsidiary, Bidvest Industrial Holdings (Pty) Ltd, acquires The Bidvest Group Limited ordinary shares on the open market. In prior periods the share incentive obligations were settled by issuing new ordinary shares.

Foreign currency translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve represents the effective portion of gains or losses arising on changes in fair value of hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the hedging reserve will be reclassified to profit or loss when the hedged transaction takes place. Where the hedged transaction is for the acquisition of non-monetary assets, the relevant hedging reserve will be offset against the acquisition cost.

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve includes the fair value of the share appreciation rights granted and conditional share awards made to staff and executive directors, which have been recognised over the vesting period at fair value with a corresponding expense recognised in the income statement.

13. Equity, distributions and group information (continued…)

13.2. Dividends per share

	2021 cents	2020 cents
Dividend paid to shareholders on 29 March 2021 (2020: Dividend paid to shareholders on 30 March 2020)	**290,0**	282,0
Dividend paid to shareholders on 4 October 2021	**310,0**	-
	600,0	282,0

Distributions to shareholders are accounted for once they have been approved by the board of directors.	**R'000**	R'000
Reconciliation to consolidated cashflow statement		
Dividends paid to shareholders	**(986 796)**	(2 037 844)
Dividends received by subsidiaries on treasury shares	**1 121**	3 893
Dividends paid to non-controlling interests	**(80 024)**	(229 818)
Dividends paid to put-call option holders	**(3 035)**	(3 795)
Amounts paid	**(1 068 734)**	(2 267 564)

13.3. Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, supplier and market confidence, whilst also being able to sustain future development of the businesses. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding minority interests and the level of distributions to ordinary shareholders. The Group's objective is to maintain a distribution cover of approximately two and a quarter times normalised headline earnings for the foreseeable future. The methods of distribution include dividends, return of share premium, capitalisation issues as well as share buy-backs in lieu of distributions. The level of cover of distributions takes into account prevailing market conditions, future cash requirements of the businesses, Group liquidity requirements, as well as capital adequacy ratios.

In the early days of the Group, acquisition activity was generally funded via the raising of equity capital however over the past five years, far more favourable credit markets have enabled the use of debt as a far more effective tool of capital. The current credit markets have been extremely volatile, increasing the cost of debt in the weighted average cost of capital for the Group thereby enabling a potential return to tapping the equity markets to fund future growth.

From time-to-time the Group purchases its own shares on the market, the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Bidvest Share Incentive Scheme, Conditional Share Plan or the Share Appreciation Rights Plan (refer *note 12.1. Share-based payments*). The maximum number of shares which can be allocated under the Share Appreciation Rights Plan and the Conditional Share Plan is limited to 16 750 000 shares. The Group does not have a defined share buy-back plan. These shares are currently held as treasury shares.

There were no changes in the Group's approach to capital management during the year.

13.4. Commitments

	2021 R'000	2020 R'000
Capital expenditure approved		
Contracted for	**170 003**	502 517
Not contracted for	**431 109**	440 553
	601 112	943 070

Capital expenditure amounting to R527 million (2020: R862 million) is in respect of property, plant and equipment and the remaining balance is in respect of computer software. It is anticipated that capital expenditure will be financed out of existing cash resources.

Bidvest Properties has committed R195 million to build two Gauteng distribution centres for operations within the Bidvest Commercial Products division. The estimated completion date for the distribution centre project is 30 November 2021.

13.5. Contingent liabilities

The Group has outstanding legal and other claims arising out of its normal ongoing operating activities which have to be resolved. None of these claims are significant.

13.6. Related parties

Identification of related parties

The Group has a related party relationship with its subsidiaries, associates and joint ventures. Key management personnel has been defined as the executive and non-executive directors of the Company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependents of the individual or the individual's domestic partner.

13. Equity, distributions and group information (continued…)

13.6. Related parties (continued…)

Transactions with key management personnel

Independent non-executive directors do not participate in the Group's share appreciation rights schemes or conditional share awards.

Details pertaining to executive and non-executive directors' compensations are set out in *note 12.2. Directors' remuneration* in total is included in *note 5.5. Profit before finance charges and associate income* .

The Group encourages its employees to purchase goods and services from Group companies. These transactions are generally conducted on terms no more favourable than those entered into with third parties on an arm's-length basis, although in some cases nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key management personnel during the year, nor have they resulted in any non-performing debts at the year end.

Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at the Group level.

Certain of the directors of the Group are also non-executive directors of other public companies which may transact with the Group. The relevant directors do not believe they have significant influence over the financial or operational policies of those companies. Those companies are thus not regarded as related parties.

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries of the Group and key management personnel (as defined above) and/or organisations in which key management personnel have significant influence:

	2021 R'000	2020 R'000
Transactions with associates		
Sales and services provided by the Group	**969**	1 073
Purchases	**72 315**	7 103
Outstanding amounts due to the Group at year end included in advances to associates	**19**	19
Outstanding amounts due to the Group at year end included in trade receivables	**-**	78

Details of effective interest, investments and loans to associates are disclosed in *note 8.7. Interest in associates and joint ventures* .

	2021 R'000	2020 R'000
Transactions with partly held subsidiaries		
Sales and services provided by the Group	**91 549**	125 028

13.7. Subsequent event

Subsequent to the year end the Group executed a new 3 year banking facility dated 8 July 2021 with a Syndicate of 7 international and local banks for a total facility amounting to £400 million. The facility comprises a Term loan of £160 million and a committed Revolving Credit Facility ('RCF') of £240 million. The facility can be drawn in multi-currencies and has the potential to be upsized to an aggregate of £460 million upon request by the Company. £345 million of the facility was drawn down on 14th July 2021 and used to repay in full the €320 million Term Facility (due for repayment in September 2022) and the remaining £60 million balance of the PHS Bridge facility (due for repayment in December 2021). Both repaid facilities have been terminated. The facility adds further available liquidity to the group in terms of the undrawn portion of the RCF and lengthens the loan maturity to July 2024. The company has the option to extend the facility by a further 2 years upon request to the lenders.

13.8. Foreign currency exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions at 30 June

	2021	2020
Rand/Sterling		
Closing rate	**19,76**	21,47
Average rate	**20,71**	19,73
Rand/Euro		
Closing rate	**16,96**	19,50
Average rate	**18,36**	17,33
Rand/US Dollar		
Closing rate	**14,31**	17,36
Average rate	**15,41**	15,68
Rand/Japanese Yen		
Closing rate	**0,129**	0,161
Average rate	**0,145**	0,145

14. Discontinued operations

Results of the discontinued operation included in the Group's results for the year ended 30 June are detailed as follows:	2021 R'000	2020 R'000
Revenue	**536 819**	1 057 525
Cost of revenue	**(291 257)**	(840 519)
Gross profit	**245 562**	217 006
Operating expenses	**(7 135)**	(716 538)
Other Income	**-**	1 063
Trading (loss) profit	**238 427**	(498 469)
Share-based payment expense	**1 427**	(1 324)
Impairment of property, plant and equipment and right of use assets	**52 051**	(128 300)
Loss on disposal of discontinued operations	**(85 224)**	-
Operating (loss) profit	**206 681**	(628 093)
Net finance charges	**(77 931)**	(210 151)
Finance income	**31 815**	5 151
Finance charges	**(109 746)**	(215 302)
Operating loss before taxation	**128 750**	(838 244)
Taxation	**(124 961)**	205 977
Loss for the year from discontinued operations	**3 789**	(632 267)
Basic earnings per share (cents) - discontinued operations	**1,1**	(186,4)
Diluted basic earnings per share (cents) - discontinued operations	**1,1**	(186,1)
Headline earnings per share (cents) - discontinued operations	**15,2**	(159,2)
Diluted headline earnings per share (cents) - discontinued operations	**15,2**	(159,0)

Effect of the discontinued operation on the Group's consolidated statement of financial position	R'000	R'000
Assets of disposal group held for sale	**-**	1 806 855
Vehicle rental fleet	**-**	1 561 338
Inventories	**-**	1 600
Trade and other receivables	**-**	168 694
Current tax asset	**-**	58 335
Cash and cash equivalents	**-**	16 888
Liabilities of disposal group held for sale	**-**	1 639 219
Post retirement medical aid obligations	**-**	1 123
Lease liabilities	**-**	78 096
Trade and other payables	**-**	195 325
Provisions for discontinuation	**-**	255 233
Interest bearing borrowings	**-**	345 993
Cash and cash equivalents (overdrafts)	**-**	763 449

Cash flows from discontinued operations		
Net operating cash flows from discontinued operations	**393 293**	232 661
Net investing cash flows from discontinued operations	**1 440 186**	(653 016)
Net financing cash flows from discontinued operations	**(358 982)**	290 223
Net (decrease) increase in cash and cash equivalents	**1 474 497**	(130 132)

Analysis of discontinued net assets sold and consideration received		
Assets of disposal group sold	**864 757**	-
Liabilities of disposal group sold	**(54 533)**	-
Net assets sold	**810 224**	-
Loss on disposal	**(85 224)**	-
Gross consideration received	**725 000**	-
Cash and cash equivalents included in net assets of disposal group sold	**(24 206)**	-
Net consideration received	**700 794**	-

Bidvest Car Rental (BCR) is a motor vehicle rental business operating in South Africa, Botswana and Namibia. As a result of declining international and domestic travel brought on by the COVID-19 pandemic and a slow anticipated mid-term recovery, management took the decision to exit the business. The BCR business is an identifiable component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group. BCR represents a separate major line of business in the geographical area of Southern Africa. The relevant requirements of IFRS 5 were met for this operation to be classified as a disposal group held for sale and a discontinued operation as at 30 June 2020. BCR is a separate and major business component of the Automotive segment.

Effective 29 June 2021 the Group disposed of its entire interest in BCR for the gross consideration of R725 million (net R701 million) to the Thesele Consortium, lead by the 100% black-owned Thesele Group. The balance of the discontinued operation's net assets were disposed on the open market.

Interest in subsidiaries and associates

as at 30 June

Annexure A

	Country of incorporation if not SA	Note	Effective holdings 2021 %	Effective holdings 2020 %
Significant subsidiaries				
Bidvest Automotive [(A)]				
Autohaus Centurion Pty Ltd			**50**	50
Bidvest Car Rental (Botswana) Pty Ltd	2		**100**	100
Bidvest Car Rental (Namibia) Pty Ltd	10		**100**	100
Bidvest Car Rental Pty Ltd*			**-**	100
Bidvest McCarthy Brands Pty Ltd			**100**	100
Bidvest Namibia Automotive Otjiwarongo Pty Ltd	10		**100**	100
Bidvest Namibia Automotive Pty Ltd	10		**100**	100
Carheim Investments Pty Ltd	10		**100**	100
Diroyal Motor (SWA) Pty Ltd	10		**100**	100
Kunene Motor Holdings Limited			**64**	64
McCarthy Investments Pty Ltd			**100**	100
McCarthy Pty Ltd			**100**	100
Bidvest Branded Products [(F,G,M,N)]				
Adcock Ingram Holdings Limited			**58**	54
Airport Retail and Luggage Repairs (Coastal) Pty Ltd			**70**	70
Aluminium Foil Converters Pty Ltd			**100**	100
Amalgamated Appliances Pty Ltd			**100**	100
Bartrans Pty Ltd			**100**	100
Bidoffice Furniture Manufacturing Pty Ltd			**100**	100
Bidvest Branded Products Holdings Pty Ltd			**100**	100
Bidvest Monitoring Solutions Pty Ltd			**100**	100
Bidvest Office Pty Ltd			**100**	100
Bidvest Paperplus Pty Ltd			**100**	100
Blesston Printing and Associates Pty Ltd			**100**	100
Brandcorp Hong Kong Limited	3		**100**	100
Brandcorp Transformation Corporation Pty Ltd			**100**	100
Business Forms Properties Pty Ltd			**100**	100
Cecil Nurse Namibia Pty Ltd	10		**100**	100
Dauphin Office Seating S.A. Pty Ltd			**71**	71
Email Connection Pty Ltd			**100**	100
Globe Stationery Manufacturing Company Pty Ltd			**100**	100
Home of Living Brands Group Limited			**100**	100
Home of Living Brands Pty Ltd			**100**	100
Kolok (Namibia) Pty Ltd	10		**100**	100
Kolok Pty Ltd			**100**	100
Lamobyte Pty Ltd			**100**	100
Lithotech Afric Mail Cape Pty Ltd			**100**	100
Lithotech Afric Mail JHB Pty Ltd			**100**	100
Lithotech Corporate Pty Ltd		*1*	**49**	49
Lithotech Group Services Pty Ltd			**100**	100
Lithotech International Limited	17		**100**	100
Lithotech Mailing Services Pty Ltd			**100**	100
Lithotech Manufacturing Pinetown Pty Ltd			**100**	100
Lithotech Sales Cape Pty Ltd			**100**	100
Lithotech Sales Johannesburg Pty Ltd			**100**	100
Lufil Packaging Pty Ltd			**100**	100
Main Street 573 Pty Ltd			**100**	70
MakeMeMobile Pty Ltd			**100**	100
Minolco (Namibia) Pty Ltd	10		**100**	100
Mocobe Properties Pty Ltd			**100**	100
Offurn Clearance House Pty Ltd			**100**	100
Paragon Business Communications Limited			**100**	100
Phakama Print Pty Ltd			**100**	100

Interest in subsidiaries and associates

as at 30 June

Annexure A

	Country of incorporation if not SA	Note	Effective holdings 2021 %	Effective holdings 2020 %
Significant subsidiaries				
Bidvest Branded Products [F,G,M,N] *(continued)*				
R Giese Printing Pty Ltd			**100**	100
Rotolabel (Tvl) Pty Ltd			**100**	100
S&N Labels Pty Ltd			**100**	100
Silveray Statmark Company Pty Ltd			**100**	100
SMC Sales Logistics Pty Ltd			**100**	100
Tedelex Manufacturing Pty Ltd			**100**	100
Tedelex Properties (Atlantis) Pty Ltd			**100**	100
Tension Envelope Pty Ltd			**100**	100
Waltons Namibia Pty Ltd	10		**100**	100
Whitebord Pty Ltd			**100**	100
Zonke Monitoring Systems Pty Ltd			**74**	74
Bidvest Commercial [B,E,K]				
Academy Brushware Pty Ltd#			**100**	100
Afcom Group Limited			**100**	100
B M O Food Services Pty Ltd			**100**	100
Bellco Electrical Pty Ltd			**100**	100
Berzack Brothers Pty Ltd#			**100**	100
Bidvest Afcom Pty Ltd#			**100**	100
Bidvest Buffalo Tapes Pty Ltd#			**100**	100
Bidvest Commercial Products Holdings Pty Ltd			**100**	100
Bidvest Commercial Products Pty Ltd			**100**	100
Bidvest Industrial Pty Ltd			**100**	100
Bidvest Industrial Supplies Zambia Limited	17		**100**	100
Bidvest Materials Handling Pty Ltd#			**100**	100
Bidvest Namibia Plumblink Pty Ltd	10		**100**	100
Bloch & Levitan Pty Ltd#			**100**	100
Brandcorp Holdings Pty Ltd			**100**	100
Brandcorp Pty Ltd			**100**	100
Brookfield Investments 315 Pty Ltd			**100**	100
Clockwork Giant Clothing Pty Ltd	14		**100**	100
Eagle Lighting Pty Ltd			**100**	100
Eagle Lighting George Pty Ltd			**100**	100
EMS Invirotel Energy Management Pty Ltd			**100**	100
G Fox Pty Ltd#			**100**	100
G Fox Swaziland Pty Ltd	14		**75**	75
King Pie Holdings Pty Ltd			**100**	100
Mubelo Electrical Pty Ltd	8		**80**	80
Plumblink (SA) Pty Ltd			**100**	100
Ram Fasteners Pty Ltd#			**100**	100
Renttech Holdings Pty Ltd			**100**	100
Renttech South Africa Pty Ltd			**100**	100
Renttech Trading Pty Ltd			**100**	100
Sellotape Pty Ltd			**100**	100
Solid State Power Pty Ltd			**50**	50
Southern African Welding and Industrial Supplies Pty Ltd	10		**100**	100
Technilamp Pty Ltd			**100**	100
Tuning Fork Pty Ltd t/a Yamaha			**100**	100
Versalec Cables Pty Ltd			**100**	100
Voltex Botswana Pty Ltd	2		**70**	70
Voltex Holdings Pty Ltd			**100**	100
Voltex MVLV Solutions Pty Ltd			**90**	90
Voltex Namibia Pty Ltd	10		**100**	100
Voltex Pty Ltd			**100**	100
Vulcan Catering Supplies Pty Ltd			**100**	100

Interest in subsidiaries and associates

as at 30 June

Annexure A

	Country of incorporation if not SA	Note	Effective holdings 2021 %	Effective holdings 2020 %
Significant subsidiaries				
Bidvest Financial Services [(C)]				
Bid Finserv Capital Pty Ltd			**100**	100
Bidvest Asset Management Pty Ltd			**100**	100
Bidvest Bank Holdings Limited			**100**	100
Bidvest Bank Limited			**100**	100
Bidvest Cash Axcess Pty Ltd			**100**	100
Bidvest Insurance Brokers Pty Ltd			**100**	100
Bidvest Insurance Group Pty Ltd			**100**	100
Bidvest Insurance Limited			**100**	100
Bidvest Leasing Pty Ltd			**100**	100
Bidvest Life Limited			**100**	100
Bidvest Merchant Services Pty Ltd			**100**	100
Bidvest Wealth and Employee Benefits Pty Ltd			**100**	100
Cannon Asset Managers Pty Ltd			**100**	100
Cignet Administration Services Pty Ltd			**100**	100
Compendium Group Investment Holdings Pty Ltd			**100**	100
Compendium Insurance Brokers Pty Ltd		*1*	**91**	89
Compendium Insurance Brokers Pietermaritzburg Pty Ltd			**95**	95
Edge Insurance Brokers Pty Ltd			**100**	100
Financial Management International Pty Ltd			**100**	100
FinGlobal Australia Limited	1		**70**	70
FinGlobal Finance Pty Ltd			**70**	70
FinGlobal Holdings Pty Ltd			**70**	70
FinGlobal Migration Pty Ltd			**70**	70
FinGlobal Tax Pty Ltd			**70**	70
Genesis Insurance Brokers (KZN) (Pty) Ltd			**70**	-
GL Broking Enterprises Pty Ltd			**100**	100
Lwendo Fleet Solutions Pty Ltd			**100**	100
Master Currency Pty Ltd			**100**	100
McCarthy Retail Finance Pty Ltd			**100**	100
Namibia Bureau de Change Pty Ltd	10		**-**	100
Portdem Pty Ltd			**100**	100
Rennies Foreign Exchange (Botswana) Pty Ltd	2		**-**	51
Swift Auto Brokers Pty Ltd			**100**	100
Taxi and Transport Brokers Pty Ltd			**100**	100
Tradeflow Pty Ltd			**50**	50
Viamax Fleet Solutions Pty Ltd			**100**	100
Viamax Pty Ltd			**100**	100
Bidvest Freight [(D)]				
African Shipping Limited			**100**	100
Bid Services Division (UK) Limited	16		**100**	100
Bidfreight Intermodal Pty Ltd			**100**	100
Bidfreight Port Operations Pty Ltd			**100**	100
Bidvest Freight Management Services Pty Ltd			**100**	100
Bidvest Freight Pty Ltd			**100**	100
Bidvest Freight Terminals Pty Ltd			**100**	100
Bidvest Freight UK Limited	16		**100**	100
Bidvest Outsourced Services Limited	16		**100**	100
Bidvest Property Limited	16		**100**	100
Brentwood Technical Services Limited	16		**100**	100
Bulk Connections Pty Ltd			**100**	100
Cape Container Terminal Leasing Pty Ltd			**100**	100
Durban Coal Terminals Company Pty Ltd			**100**	100
Ensimbini Terminals Pty Ltd			**50**	50
Freightbulk Pty Ltd			**100**	100
Island View Storage Limited t/a Bidvest Tank Terminals			**100**	100

Interest in subsidiaries and associates

as at 30 June

Annexure A

	Country of incorporation if not SA	Note	Effective holdings 2021 %	Effective holdings 2020 %
Significant subsidiaries				
Bidvest Freight [(D)] *(continued)*				
Lubes Specialists Pty Ltd	2		**100**	100
Lubrication Specialists Pty Ltd	10		**100**	100
Luderitz Bay Shipping & Forwarding Pty Ltd	10		**100**	100
Makana Bid Properties Pty Ltd			**100**	100
Manica Group Namibia Pty Ltd	10		**100**	100
Mobinav - Empresa de Moveis, Lda	9		**100**	100
Monjasa Namibia Pty Ltd	10		**57**	57
Mozambique Freight Services, Lda	9		**100**	100
Namtank Management Services Pty Ltd	10		**100**	100
Naval Servicos A Navegacao LTDA	9		**100**	100
Ontime Automotive Limited*	16		**-**	100
Ontime Global Automotive Transport Services Limited*	16		**-**	100
Orca Marine Service Pty Ltd	10		**60**	60
P & I Associates Pty Ltd			**100**	100
Rennie Murray and Company Pty Ltd			**100**	100
Rennies Ships Agency Mozambique Limitada	9		**100**	100
Rennies Ships Agency Pty Ltd			**100**	100
Safcor Freight Pty Ltd (t/a Bidvest International Logistics)			**100**	100
Sebenza Forwarding & Shipping Pty Ltd			**100**	100
Skillion Limited	17		**100**	100
South African Bulk Terminals Pty Ltd			**100**	100
South African Container Depots Pty Ltd			**100**	100
South African Container Stevedores Pty Ltd			**100**	100
South African Stevedores Pty Ltd			**100**	100
Walvis Bay Airport Services Pty Ltd	10		**100**	100
Walvis Bay Stevedoring Company Pty Ltd	10		**55**	55
Woker Freight Services Pty Ltd	10		**100**	100
Bidvest Services [(H,I,J)]				
Airport Handling Services Pty Ltd			**100**	100
Amber Support Solutions Limited^	16		**100**	-
Aquazania Africa Pty Ltd			**100**	100
Aquazania Pty Ltd			**100**	100
Axis Cleaning and Support Services Limited^	16		**100**	-
Axis Group Integrated Services Limited^	16		**100**	-
Axis Security Services Limited^	16		**100**	-
Bidair Cargo Pty Ltd			**100**	100
Bidair Group Pty Ltd			**100**	100
Bidair Services Pty Ltd*			**-**	100
Bidshelf 85 Pty Ltd			**100**	100
Bidshelf 94 Pty Ltd (previously Bidtrack Pty Ltd)			**100**	100
Bidtrack Pty Ltd (previously Commuter Handling Services Pty Ltd)			**100**	100
Bidtravel Pty Ltd			**100**	100
Bidvest (Zambia) Pty Ltd	17		**100**	100
Bidvest Catering Services Pty Ltd			**100**	100
Bidvest Cleaning Pty Ltd			**100**	100
Bidvest Create Pty Ltd			**-**	100
Bidvest Facilities Management Pty Ltd			**100**	100
Bidvest Magnum Pty Ltd			**100**	100
Bidvest Media Pty Ltd*			**-**	50
Bidvest Noonan (ROI) Limited	11		**100**	100
Bidvest Noonan (UK) Limited	16		**100**	100
Bidvest Prestige Cleaning Pty Ltd	10		**100**	100
Bidvest Protea Coin Assets In Transit And Armed Reaction Pty Ltd			**100**	100
Bidvest Protea Coin Cargo Protection Pty Ltd			**100**	100

Interest in subsidiaries and associates

as at 30 June

Annexure A

	Country of incorporation if not SA	Note	Effective holdings 2021 %	Effective holdings 2020 %
Significant subsidiaries				
Bidvest Services [H,I,J] (continued)				
Bidvest Protea Coin Fencing Pty Ltd			**100**	100
Bidvest Protea Coin Pty Ltd			**100**	100
Bidvest Protea Coin Technical And Physical Security Pty Ltd			**100**	100
Bidvest Services (ROI) Limited	11		**100**	100
Bidvest Services (UK) Limited	16		**100**	100
Bidvest Services Group (UK) Limited	16		**100**	100
Bidvest Services Holdings Pty Ltd			**100**	100
Bidvest Services Pty Ltd			**100**	100
Bidvest Steiner Namibia division of Bidvest Namibia Commercial Holdings (Pty) Ltd	10		**100**	100
Bidvest Steripic and Promosachets Pty Ltd			**100**	100
Bidvest Travel Holdings Pty Ltd			**100**	100
Bosnandi Laundry Pty Ltd			**51**	51
Bushbreaks & More Pty Ltd			**100**	100
CI Services Pty Ltd	8		**100**	100
ClickOn Communications Pty Ltd			**100**	100
CLM Safety Limited	16		**100**	100
Coin Aviation Security Pty Ltd			**100**	100
Connex Travel Holdings Pty Ltd			**100**	100
Connex Travel Pty Ltd			**100**	100
Cordant Cleaning Limited^	16		**100**	-
Cordant Security Limited^	16		**100**	-
Cordant Thistle Limited^	16		**100**	-
Crane Midco Limited	17		**100**	100
Cruises International SA Pty Ltd			**100**	100
Cudha SARL	8		**100**	100
Dinatla Property Services Pty Ltd			**100**	100
Dinosi Cleaning Services Pty Ltd			**55**	55
Direct365Online Limited	16		**100**	100
EAS Kenya Limited	6		**100**	100
EAS Zimbabwe Pvt Ltd	18		**70**	70
Epsilon Test Services Limited	16		**100**	100
Execuflora Pty Ltd			**100**	100
Express Air Services (Namibia) Pty Ltd	10		**100**	100
Express Air Services Pty Ltd			**100**	100
Express Air Services Uganda Limited	15		**100**	100
Express Air Services Zambia Limited	17		**60**	60
First Garment Rental Pty Ltd			**100**	100
Future Carpet Cleaning Services Limited	16		**100**	100
Future Cleaning (Southwest) Limited	16		**100**	100
Future Cleaning FCS Limited	16		**100**	100
Future Cleaning Services Limited	16		**100**	100
Global Payment Technologies Pty Ltd			**100**	100
Harvey World Travel Southern Africa Pty Ltd			**100**	100
Hotel Amenities Suppliers Pty Ltd			**100**	100
Hygiene Matters Limited	11		**100**	100
Ikhayelihle Royalserve Cleaning Services Pty Ltd			**100**	100
Industro-Clean Botswana Pty Ltd	2		**100**	100
International Payment Systems Pty Ltd			**100**	100
Ithabeleng Food Services Pty Ltd			**100**	100
Karmarton Limited	11		**100**	100
L. Lynch (H20) Solutions Limitedv^	11		**100**	-
L. Lynch Interact Limited^	11		**100**	-
Lehlangene Facilities Management Pty Ltd			**100**	100
LPM Acquisitions Limited^	16		**100**	-
LTP Mast and Infrastructure Services Pty Ltd			**100**	100

Interest in subsidiaries and associates

as at 30 June

Annexure A

	Country of incorporation if not SA	Note	Effective holdings 2021 %	Effective holdings 2020 %
Significant subsidiaries				
Bidvest Services (H,I,J) (continued)				
Macardo Lodge Pty Ltd t/a Travelwise	2		**51**	51
Masterguard Fabric Protection Africa Pty Ltd			**100**	100
Mediguard WIC Cleaning Services (Lesotho) Pty Ltd	7		**51**	51
MSCSPORTS Sponsorships Pty Ltd*			**-**	100
Mymarketdot Com Pty Ltd			**100**	100
New Frontiers Tours Pty Ltd			**100**	100
Nomtsalane Property Services Pty Ltd			**86**	86
Noonan Topco Limited	16		**100**	100
Personnel Hygiene Services Limited	16		**100**	100
PHS Bidco Limited	16		**100**	100
PHS Compliance Limited	16		**100**	100
PHS Group Limited	16		**100**	100
PHS Holdings Limited	16		**100**	100
PHS Investments Limited	16		**100**	100
PHS Services Limited	16		**100**	100
PHS Washrooms Limited	16		**100**	100
PHS Western Limited	16		**100**	100
Prestige Cleaning Services Pty Ltd			**100**	100
Promo Sachets Pty Ltd			**100**	100
Protea Aviation Pty Ltd			**100**	100
Protea Security Services (West Rand) Pty Ltd			**100**	100
Pureau Fresh Water Company Pty Ltd			**100**	100
QMS Consulting Pty Ltd			**100**	100
Quadrel Travel Manangement Pty Ltd t/a CWT			**90**	90
Rebserve Facilities Management Pty Ltd			**80**	80
Rennies Travel (Namibia) Pty Ltd	10		**100**	100
Rennies Travel Pty Ltd t/a Rennies BCD Travel			**100**	100
Resource Support Services (IOM) Limited	5		**100**	100
RMI SA Pty Ltd			**100**	100
Royal Mozambique Ltda	9		**60**	60
Royalmnandi Duduza Pty Ltd			**60**	60
Royalmnandi Events Pty Ltd			**100**	100
Royalmnandi Food Services Pty Ltd			**100**	100
Seebeck 133 Limited^	16		**100**	-
Servicios de Contenedores Higienicos Santarios S.A	13		**100**	100
Steiner Environmental Solutions Pty Ltd			**100**	100
Steiner Hygiene Pty Ltd			**100**	100
Steiner Hygiene Swaziland Pty Ltd	14		**100**	100
Taemane Cleaning Services Pty Ltd			**100**	100
Teacrate Limited	16		**100**	100
Teacrate Rentals Limited	16		**100**	100
Test Monetary Systems Pty Ltd			**100**	100
TFMC FM Services Pty Ltd			**100**	100
TFMC Holdings Pty Ltd			**100**	100
Top Turf Botswana Pty Ltd	2		**100**	100
Top Turf Group Pty Ltd			**100**	100
Top Turf Lesotho Pty Ltd	7		**100**	100
Top Turf Mauritius Pty Ltd	8		**100**	100
Top Turf Seychelles Pty Ltd	12		**100**	100
Top Turf Swaziland Pty Ltd	14		**100**	100
Travel Connections Pty Ltd			**100**	100
UAV and Drone Solutions Pty Ltd			**100**	100
Umoja Property Solutions Pty Ltd			**51**	51
Uniworld Travel Pty Ltd			**100**	100
Velocity Road Rehabilitation Holdings Pty Ltd			**100**	100

Interest in subsidiaries and associates

as at 30 June

Annexure A

	Country of incorporation if not SA	Note	Effective holdings 2021 %	Effective holdings 2020 %
Significant subsidiaries				
Bidvest Services (H,I,J) (continued)				
Vericon Outsourcing Pty Ltd			**100**	100
Workwear Rental Services Pty Ltd			**100**	100
World Travel Pty Ltd			**100**	100
WTH Investment Holdings Pty Ltd			**100**	100
Zanihold Pty Ltd			**100**	100
Bidvest Properties (O)				
Airport Logistics Property Holdings Pty Ltd			**50**	50
Bidvest Namibia Industrial Properties Pty Ltd	10		**100**	100
Bidvest Namibia Property Holdings Pty Ltd	10		**100**	100
Bidvest Namibia United Properties Pty Ltd	10		**100**	100
Bidvest Properties Holdings Pty Ltd			**100**	100
Bidvest Properties Pty Ltd			**100**	100
Elzet Development Pty Ltd	10		**100**	100
Lenkow Pty Ltd	10		**100**	100
Mercland Pty Ltd			**50**	50
Micawber 239 Pty Ltd			**50**	50
Micawber 240 Pty Ltd			**53**	53
T&C Properties Namibia Pty Ltd	10		**100**	100
Bidvest Corporate (L)				
BB Investment Company Pty Ltd#			**100**	100
Bid Services Division (IOM) Limited	5		**100**	100
Bid Services Division (Mauritius) Limited	8		**100**	100
Bid Services Division Pty Ltd			**100**	100
Bidvest Advisory Services Pty Ltd			**100**	100
Bidvest Corporate Services Pty Ltd #			**100**	100
Bidvest Industrial Holdings Pty Ltd			**100**	100
Bidvest Namibia Commercial and Industrial Services and Products Pty Ltd	10		**100**	100
Bidvest Namibia Commercial Holdings Pty Ltd	10		**100**	100
Bidvest Namibia Information Technology Pty Ltd	10		**-**	100
Bidvest Namibia Limited	10		**100**	100
Bidvest Namibia Management Services Pty Ltd	10		**100**	100
Bidvest Procurement Pty Ltd#			**100**	100
Bidvest South Africa Pty Ltd#			**100**	100
Bidvest Treasury Services Pty Ltd			**100**	100
Bidvest Wits University Football Club Pty Ltd			**100**	100
Bidvestco Limited			**100**	100
Caterplus Namibia Pty Ltd	10		**100**	100
Duiker 2019 Pty Ltd (previosly Ovanhu Investments Pty Ltd)	10		**100**	100
Duiker Investments 2020 Pty Ltd (previosly Endeni Investments Pty Ltd)	10		**100**	100
GSA Trading Namibia Pty Ltd	10		**100**	100
Matador Enterprises Pty Ltd	10		**100**	100
Rennies Logistics Pty Ltd	10		**100**	100
Shelfco Investments One Seven Zero Pty Ltd	10		**100**	100
T&C Trading Pty Ltd	10		**100**	100
Taeuber & Corssen SWA Pty Ltd	10		**100**	100
The Bidvest Education Trust			**100**	100
The Bidvest Group (UK) Limited	16		**100**	100
The Bidvest Incentive Scheme Trust			**100**	100

Interest in subsidiaries and associates

as at 30 June

Annexure A

	Country of incorporation if not SA	Note	Effective holdings 2021 %	Effective holdings 2020 %
Significant associates and joint ventures				
Adcock Ingram Limited (India) (JV) (N)	4		**50**	50
"K" Line Shipping (South Africa) Pty Ltd (D)			**49**	49
Comair Limited (J)			**-**	27
Experience Delivery Company Pty Ltd (Q)			**-**	48
Ilembe Aiport Construction Services Pty Ltd (P)			**20**	20
National Renal Care Pty Ltd (JV) (N)			**50**	50
Ocean Network Express Pty Ltd (D)*			**-**	33
Strait Access Technologies Pty Ltd (N)			**50**	50
Watersure Pty Ltd (C)			**25**	13

Footnotes

^ acquired during 2021
** disposed during 2021*
 # trading as an agent

Country of incorporation if not South Africa

1 Australia
2 Botswana
3 Hong Kong
4 India
5 Isle of Man
6 Kenya
7 Lesotho
8 Mauritius
9 Mozambique
10 Namibia
11 Republic of Ireland
12 Seychelles
13 Spain
14 Swaziland
15 Uganda
16 United Kingdom
17 Zambia
18 Zimbabwe

Additional Notes

1 The Group has power over this subsidiary as it has the ability to direct the relevant activities of the subsidiary unilaterally.
JV Joint venture

Nature of business

(A) *Motor vehicle retailing and related services*
(B) *Manufacturer and distributor of electrical products and services*
(C) *Banking products and services, foreign exchange and insurance*
(D) *Freight, forwarding, clearing, distribution, warehousing and allied activities*
(E) *Distributor of forklifts, power and marine products, music and sound equipment, packaging closures and catering equipment*
(F) *Distributor of office stationery; furniture and office automation products and related services*
(G) *Manufacturer, supplier and distributor of commercial office products, printer products, services, stationery and packaging products*
(H) *Rental hygiene equipment, garments and water coolers; suppliers of consumables, specialised clothing and laundry services*
(I) *Cleaning, hygiene, security, and interior and exterior landscaping services*
(J) *Travel management services, aviation services and car rental*
(K) *Catering supplies, food and allied products*
(L) *Group services and investment*
(M) *Distributor of electrical appliances*
(N) *Manufacturer, marketer and distributor of healthcare products*
(O) Property holding
(P) Construction
(Q) Public private partnership

The Bidvest Group Limited
Audited Consolidated Annual Financial Statements for the year ended 30 June 2020

Independent auditor's report

To the Shareholders of The Bidvest Group Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Bidvest Group Limited and its subsidiaries (together the Group) as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act of South Africa.

What we have audited

The Bidvest Group Limited's consolidated financial statements set out on pages 15 to 119 comprise:

- the consolidated statement of financial position at 30 June 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the accounting policies;
- the notes to the consolidated financial statements; and
- Annexure A – Interests in subsidiaries and associates
- Annexure B – Directors' remuneration

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Independent auditor's report (continued)

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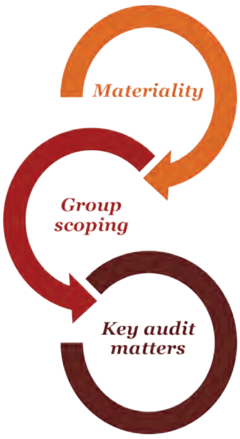
Our audit approach

Overview



Overall group materiality

- Overall group materiality: **R205 000 000**, which represents 5% of t**he adjusted consolidated profit before tax**.

Group audit scope

- We have performed full scope audits over 25 components.
- The group engagement team performed analytical review procedures on components not in audit scope.

Key audit matters

- Acquisition of Adcock Ingram Holdings Limited and identification and valuation of intangible assets; and
- Impairment assessment of indefinite useful life intangible assets and goodwill.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R205 000 000.
How we determined it	5% of adjusted consolidated profit before tax.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. The adjustments made to consolidated profit before tax relate to COVID-19 expenses and impairments, impairments of goodwill and intangible assets, and the impairment of the investment in the associates Adcock Ingram Holdings Limited and Comair Limited. These adjustments are once-off, non-recurring expenses that are added back to obtain a benchmark more reflective of the performance of the Group. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Every component that contributed significantly to the consolidated revenue, consolidated operating profit, consolidated total assets or consolidated total liabilities of the Group was subject to a full scope audit. We performed full scope audits over 25 components based on their financial significance and to obtain coverage across the Group. In order to obtain audit evidence in respect of other components not subject to Group reporting, the Group engagement team performed analytical review procedures of these components.

Detailed Group audit instructions were communicated to all components in scope for Group reporting. These components were audited by component audit teams, who reported the results of procedures performed to the Group engagement team. We had various interactions with our component audit teams in which we discussed and evaluated recent developments, the scope of audits, audit risks, materiality and audit approaches and also reviewed selected component working papers. We discussed the reports of the component teams, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report (continued)

Key audit matter	How our audit addressed the key audit matter
Acquisition of Adcock Ingram Holdings Limited and the identification and valuation of Intangible Assets **Refer to the accounting policies for business combinations and to notes 28 to the consolidated financial statements** During the current year, the Group obtained a controlling stake in Adcock Ingram Holdings Limited ("Adcock Ingram"), due to the increase in the Group's equity stake to 51.4% with effect from 1 August 2019 as a result of the termination of the Adcock Ingram Broad-based Black Economic Empowerment (B-BBEE) scheme. With the assistance of an independent expert appointed by the Board of Directors, the Group recognised separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in Adcock Ingram in accordance with IFRS 3: Business Combinations ("IFRS 3"). This resulted in the Group recognising indefinite useful life intangible assets in the form of brands and licensing agreements and goodwill amounting to R4 146 million and R1 653 million, respectively, and non-controlling interest amounting to R3 388 million. No consideration was transferred as part of the acquisition. The identification and valuation of the indefinite useful life intangible assets acquired are considered to be complex in nature and involved a significant level of management judgement and estimation uncertainty. The identification and valuation of intangible assets is considered to be a matter of most significance in our audit of the current year as it is based on significant estimates and judgements and has a direct bearing on the amount of goodwill and indefinite and definite useful life intangible assets recognised at acquisition date by the Group.	We assessed whether the effective date of the acquisition was in compliance with IFRS 3: Business Combinations ("IFRS 3") per inspection of the salient terms and conditions of the purchase agreement. Making use of our valuations expertise, we performed an independent assessment of the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date, specifically relating to the valuation and identification of intangible assets and the resultant goodwill recognised. This independent assessment was evaluated against the directors' expert's assessment by performing the following procedures: • We assessed the competence, capabilities and objectivity of the directors' independent expert by evaluating their qualifications, experience and independence through inspection of their qualifications and memberships. We noted no aspects in this regard requiring further consideration. • We discussed the scope of work with the directors' experts to determine that there were no matters affecting their independence and objectivity and that no scope limitations were imposed upon them in performing their work. We noted no aspects in this regard requiring further consideration. • We evaluated the valuation techniques used against industry norms, and based on our assessment, accepted the valuation techniques used. • We tested that identifiable assets acquired and liabilities assumed were appropriately valued, in all material respects, by applying an appropriate independent valuation method. Independent assumptions were determined, including the discount rate and attrition rate. Our results did not identify material exceptions. We assessed the directors' judgement that there is no foreseeable limit to the period over which the identified indefinite useful life intangibles will generate cash flows, by considering the intangible assets individually, taking into account agreements, existing licenses and evolution indices. We also assessed the useful lives and residual values assigned to definite lived intangible assets by considering the agreements in place relating to these intangible assets. • We assessed the Weighted Average Cost of Capital ("WACC")/ discount rate utilised in the valuation technique by re-performing the WACC calculation for Adcock Ingram using PwC's standard calculation methodologies. No material differences noted. • We assessed the forecasts used by the directors' experts by comparing forecasts to historical results and applying appropriate industry growth and terminal rates. • We assessed whether the goodwill and intangible assets recognised as a result of the allocation were appropriate in accordance with the requirements of IFRS 3 by inspecting customer and license agreements, considering exclusivity rights and information available in the industry. • We assessed the disclosures included in note 28 against the relevant IFRS disclosure requirements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of indefinite useful life intangible assets and goodwill. **Refer to the accounting policies for Goodwill, Intangibles and Impairments of non-financial assets and to notes 17 and 18 to the consolidated financial statements.** As at 30 June 2020, the Group's consolidated statement of financial position included goodwill with a closing carrying value of R17.96 billion, and brands with a closing carrying value of R6.5 billion, which have been classified as indefinite useful life intangible assets. The Automotive segment's operations in particular were the most exposed to economic uncertainty as a result of the COVID-19 pandemic which commenced during the 2020 financial year, and significant judgement was required in assessing the goodwill impairment calculation. Assets that are not subject to amortisation, such as goodwill and indefinite life intangible assets, are required to be assessed for impairment annually, or more frequently if there is an indicator of impairment in accordance with IAS 36: Impairment of assets ("IAS 36"). Management performed their annual impairment assessment for goodwill and indefinite useful life intangible assets. The recoverable amount, as determined for the purpose of the impairment calculation, is calculated as the higher of the fair value less costs of disposal and the value-in-use. Management estimated the recoverable amount of the indefinite useful life intangible assets, as well as the recoverable amount of goodwill, using the value-in-use method. Management's assessment of the Automotive segment indicated that goodwill may be impaired. The Group's impairment assessment of the indefinite useful life intangible assets and goodwill as it relates to the Automotive segment is considered to be a matter of most significance to the current year audit due to: • the significant judgements and estimates made by management with regards to projected annualised earnings, given the current economic environment; and • the significant judgments and estimates made by management in determining the values which have been assigned to the key assumptions used in the value-in-use calculation i.e. the discount rate, the perpetual growth rate and projected future cash flow forecasts.	We evaluated management's allocation of assets to cash-generating units (CGU's) for testing goodwill and indefinite useful life intangible assets against the requirements of IAS 36. Based on our assessment, we accepted management's allocation. Making use of our valuations expertise, we assessed the valuation methodology applied by management against generally accepted valuation methods and IAS 36, noting no exceptions. We independently calculated a WACC discount rate, taking into account independently obtained data such as the cost of debt after taking into account the contribution of IFRS 16 discount rates to the cost of debt, the risk free rate, market risk premiums, debt/equity ratios as well as the beta of comparable companies. The calculated WACC was then compared to the discount rate applied by management. The discount rate adopted by management was marginally lower. This difference in rates was included in our stress testing to assess the impact on the valuation results. The use of our independently calculated discount rates in management's assessment would not have resulted in a material additional impairment charge. In testing for impairment of goodwill, we performed an independent discounted cash flow calculation using our own assumptions as applicable to the relevant CGU. Whilst our range of cash flows for the CGU differed from those applied by management, due to use of our own assumptions, we accepted the outcome that no further impairments were required. For the value-in-use calculations performed, we obtained management's cash flow forecasts and: • Agreed these forecasts to approved budgets. • Assessed the reliability of the forecasts by comparing current year actual results with the prior year budgeted results. • Compared the growth projections applied by management to historically achieved growth rates. • Compared the perpetual growth rates used by management to long-term consensus inflation rates obtained from independent sources. Based on our assessment, we accepted the cash flows to be within a reasonable range. In addition, for the Automotive Segment where the value-in-use ("VIU") calculation indicated impairment, we performed a fair value less cost to sell ("FVLCTS") assessment. When we compared the results of the FVLCTS assessment to the results of the VIU calculation, no material differences were noted. We performed sensitivity analyses on the key assumptions included in management's value-in-use calculations to determine the degree by which the key assumptions needed to change in order to trigger an impairment and considering the likelihood of the assumptions changing to such a degree. In addition, where impairment indicators were noted based on the sensitivities performed, we performed a FVLCTS calculation to determine if any impairment may be required. Based on this assessment, we accepted management's assessment that no further impairments were required.

Independent auditor's report (continued)

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Other information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "The Bidvest Group Limited Audited Consolidated Annual Financial Statements 2020", which includes the Declaration by company secretary, directors' report and the audit committee's report, as required by the Companies Act of South Africa and "The Bidvest Group Limited Audited Annual Financial Statements" which we obtained prior to the date of this auditor's report, and the other sections of the document titled "The Bidvest Group Limited Integrated Report 2020", which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of The Bidvest Group Limited for two years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Craig West
Registered Auditor
4 Lisbon Road
Waterfall City

11 September 2020

The above auditor's report is the original auditor's report that was issued on 11 September 2020 with respect to the consolidated financial statements for the year ended 30 June 2020 (pages F-98 to F-202 in the Offering Memorandum).

Furthermore, the above auditor's report refers to other information included in the documents titled "The Bidvest Group Limited Audited Consolidated Annual Financial Statements 2020", which includes the Declaration by company secretary, directors' report and the audit committee's report, as required by the Companies Act of South Africa,"The Bidvest Group Limited Audited Annual Financial Statements" and the other sections of the document titled "The Bidvest Group Limited Integrated Report 2020" which are not included in the Offering Memorandum.

Accounting policies

The consolidated financial statements (financial statements) have been prepared in accordance with IFRS, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and in terms of the requirements of the Companies Act of South Africa.

1. Basis of preparation

The consolidated financial statements are prepared on the historical cost basis, other than certain financial instruments, which are carried at their fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the board of directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances (the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources), the actual outcome may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in the application of IFRS that have influenced the financial statements and estimates with a risk of adjustment in the next year are discussed in note 43 of the notes to the financial statements.

Except as detailed below, the accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements are presented in South African Rands, which is also the Group's functional currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

The principal accounting policies set out below apply to the financial statements.

2. New and revised accounting standards

The Group has adopted one new accounting standard (IFRS) and one accounting standard interpretation (IFRIC) issued by the IASB, which were effective for the Group from 1 July 2019:

IFRS16: Leases

In transitioning to IFRS 16 the Group used a modified retrospective approach where the right-of-use asset is recognised at the date of initial application (1 July 2019) as an amount equal to the lease liability, using the entity's prevailing incremental borrowing rate at the date of initial application, adjusted for any prepaid or accrued lease payments relating to that lease that were recognised in the statement of financial position immediately before the date of initial application.

The Group has applied the following practical expedients allowed under IFRS 16:

- reliance on onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption;
- elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease;
- accounting for leases with remaining lease terms of less than 12 months as at 1 July 2019 as short-term leases;
- the low value expedient;
- the use of single discount rates for portfolios of leases with reasonably similar characteristics; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group recognised right-of-use assets of R5 billion and lease liabilities of R6 billion, during the year. Lease liabilities at 1 July 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rates of between 4.25% and 9.28%, due to the Group's geographic spread and variation in lease terms.

The impact of IFRS 16 on the consolidated income statement and consolidated statement of cash flows is as follows:

R000s	2020
Continuing operations	
Operating expense	**203 154**
Net finance charges	**(436 295)**
Net capital items	**(145 144)**
Taxation	**89 568**
Share of (loss) profit of associates	**5 800**
Loss for the period	**(282 917)**
Non-controlling interest	**7 399**
Attributable to shareholders	**(275 518)**
Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets	**114 936**
Right-of-use assets	**145 144**
Taxation effect	**(30 208)**
Headline loss	**(160 582)**
Impact of cash flows	
Cash flows from operating activities	**(1 052 307)**
Loss before finance charges and associate income	**(58 010)**
Depreciation and amortisation	**(1 225 089)**
Impairment of property, plant and equipment and right-of-use assets	**(145 144)**
Net finance charges paid	**375 936**
Cash flows from financing activities	**1 052 307**
Repayment of lease liability	**1 052 307**
Net increase in cash and cash equivalents	**–**
Reconciliation of lease liability raised on adoption of IFRS 16	
Undiscounted contractual maturities as at 30 June 2019	**6 077 086**
Effect of discounting the above	**(1 244 133)**
Impact of option periods excluded from contractual maturities under IAS 17	**326 084**
Adoption/transition balance as at 1 July 2019	**5 159 037**

The incremental borrowing rate was determined using the overnight call rate charged to Group treasury by commercial banks as a base and applying it to the ZAR swap yield curve.

On adoption the Group has elected to raise temporary timing differences between lease liabilities and right-of-use assets and recognise deferred taxation. The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16. In respect of full maintenance leases and property leases the Group acts as lessor and these are classified as operating leases. Full maintenance lease assets relate to vehicles which have been provided to customers as part of full maintenance lease arrangements (refer *note 1 Revenue commissions and fees earned*).

IFRIC 23: Uncertainty over Income Tax Treatments – Interpretation

IFRIC 23 clarifies the recognition and measurement of IAS 12 income taxes when there is uncertainty over income tax treatments. The Group has reassessed the tax treatment of international transactions completed in prior periods and considering the requirements of IFRIC 23 has estimated and recognised an additional R173 million tax liability. In accordance with the transitional provisions allowed in IFRIC 23 the Group elected to account for the additional provision retrospectively without restating comparatives. Accordingly, the R173 million tax liability was recognised in the current period and opening retained earnings was reduced by the same amount.

Details of new standards and interpretations not yet effective and the expected impact on the Group results are contained in the financial statements *note 46 Accounting standards and interpretations not effective at 30 June 2020.*

3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control is achieved when the Company has the power over an investee, is exposed, or has rights, to a variable return from its involvement with an investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the following.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interest is initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between either the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS).

4. Puttable non-controlling interests

Put options held by non-controlling interests in the Group's subsidiaries entitle the non-controlling interest to sell their interest in the subsidiary to the Group at pre-determined values and on contracted dates. In such cases the Group consolidates the non-controlling interests' share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is de-recognised and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity.

The unwinding of the present value discount on these liabilities is recorded within finance charges in the income statement using the effective interest rate method. The financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded directly in retained earnings in the statement of changes in equity.

5. Revenue recognition

The Group principally generates revenue from providing a wide range of goods and services through its six core trading operations, Services, Freight, Commercial Products, Branded Products, Financial Services and Automotive (refer *accounting policy 27*).

IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods and services to a customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it transfers control over products or services to a customer.

The Group satisfies its performance obligations at a point in time or over a short period of time as a result the Group has an immaterial balance of contract assets. The majority of the Group's revenue is generated from point-in-time or month-to-month service contracts, which means the Group has no material revenue contracts for which they have contracted but not satisfied the performance obligations. There is no material or significant financing component to Group revenue and contracts with customers do not include material amounts of variable consideration. Due to the standard nature of the Group's contracts with customers there were no significant areas of judgment required to be applied by the Group. The Group has no complex agent/principal arrangements.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to the terms of the contract.

Given the diverse nature of the business, management believes the segmental revenue analysis read together with the revenue note to the financial statements (refer *note 1 Revenue*) presents the nature and amount of Group revenue streams with sufficiently different characteristics not obscured by insignificant detail, and therefore fulfils the disaggregation disclosure requirements of IFRS 15.

6. Distributions to shareholders

Distributions to shareholders are accounted for once they have been approved by the board of directors.

7. Finance charges

Finance charges comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of lease payments is recognised in the income statement using the effective interest rate method.

8. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts and investment in money market instruments, all of which are available for use by the Group unless otherwise stated.

9. Property, plant and equipment

Property, plant and equipment are reflected at cost to the Group, less accumulated depreciation and accumulated impairment losses. Dispensing and cleaning equipment relates to assets held by the Group which are used as part of the rendering of cleaning services in the Services segment of the business. Land is stated at cost. The present value of the estimated cost of dismantling and removing items and restoring the site in which they are located is provided for as part of the cost of the asset. Depreciation is provided for on the straight-line basis over the estimated useful lives of the property, plant and equipment to anticipated residual values. Estimate useful lives are:

Buildings	Up to 50 years
Leasehold improvements	Over the period of the lease
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 15 years
Vehicles and craft	3 to 15 years
Vessels	28 to 55 years
Dispensing and cleaning equipment	over the period of the contract
Full maintenance lease assets	over the period of the contract
Capitalised leased assets	the shorter of the useful life or the period of the lease

Residual values, depreciation method and useful lives are reassessed annually.

9. Property, plant and equipment (continued)

Where parts of an item of property, plant and equipment have different useful lives to the item itself, these parts are depreciated over their individual estimated useful life.

10. Right-of-use assets and lease liabilities

Lease liabilities are measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease agreement or, if not available, the lessee's incremental borrowing rate. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease (only applicable at adoption date of IFRS 16).

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of between three to twelve years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the end of the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases (refer *accounting policy 11*). From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The recoverability of the right-of-use asset has been considered for impairment under IAS 36.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment and currency with similar terms and conditions.

Certain variable lease payments (including, but not limited to, municipal rates and taxes, water, and electricity charges) are not permitted to be recognised as lease liabilities and are expensed as incurred.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. All the extension and termination options held are exercisable only by the Group and not by the respective lessor.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets in terms of IFRS 16 comprise smaller items of equipment. At implementation date the Group has applied materiality in excluding certain lease premises for which there is not a substantial lease term remaining. Materiality was assessed against the impact these leases would have on the consolidated statement of financial position and consolidated income statement lines. These leases will be reassessed should they be renewed.

Where the Group acts as lessor (in terms of the full maintenance lease assets) these leases are accounted for as operating leases (refer *note 1 Revenue*).

11. IAS 17 Leases

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the statement of financial position. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged to profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.

11. IAS 17 Leases (continued)

Operating leases, which have a fixed determinable escalation, are charged to profit or loss on a straight-line basis. Leases with contingent escalations are expensed as and when incurred.

12. Goodwill

Goodwill arising on acquisition of a business is carried at cost, as established at the date of the acquisition of the business, less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to groups of cash-generating units that are expected to benefit from the synergies of the business combination. Goodwill is monitored at an operating segment level.

13. Intangible assets

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses.

Development cost and other intangible assets acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research, internally generated goodwill and brands is recognised in the income statement as an expense when incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are currently:

Patents, trademarks, tradenames and other intangibles	3 to 20 years or indefinite life
Computer software	3 to 8 years

Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Included in patents, trademarks, tradenames and other intangibles arising on the acquisition of businesses in the current year are indefinite life intangibles. There is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the acquired brands and the level of marketing support.

14. Impairment of non-financial assets

The carrying value of tangible and intangible assets are reviewed annually to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

The recoverable amount of the cash generating unit or groups of cash generating units or segments to which goodwill is allocated is estimated annually. For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date.

Impairment losses are recognised in the income statement.

Impairment losses recognised in respect the cash generating unit or groups of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to groups of cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Groups of cash-generating units for goodwill impairment testing purposes are not larger than any operating segment. (refer *accounting policy 12*).

Impairment losses in respect of goodwill are not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

15. Taxation

Income taxation comprises current and deferred tax. An income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated based on the expected taxable income for the year, using the tax rates enacted or substantially enacted at the financial position date, and any adjustment of tax payable for previous years.

Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

16. Associates

An associate is a company over which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of a company but is not control over those policies.

The equity method of accounting for associates is applied in the consolidated financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became associates and up to the effective dates of disposal. In the event of associates making losses, the Group recognises the losses to the extent of the Group's exposure.

17. Foreign operations

Assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated into South African rand at rates of exchange ruling at the statement of financial position date. Income, expenditure and cash flow items are translated into South African rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity as a foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, and control is lost the relevant amount in the foreign currency translation reserve is transferred to the income statement.

18. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The Group recognises financial assets and financial liabilities at the date when it becomes a party to the contractual provisions of the instrument.

Trade receivables without a significant financing component are initially measured at the transaction price. Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

A financial asset is measured at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost comprise of trade and other receivables, cash and cash equivalents. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

In assessing whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers: contingent events that would change the amount or timing of the cash flows; terms that may adjust the contractual coupon rate, including variable rate features; prepayment and extension features; and terms that limit the Group's claim to cash flows from specified assets.

18. Financial instruments (continued)

Debt investments are measured at fair value through other comprehensive income if the financial asset is held in order to collect contractual cash flows and to be sold, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt investments are subsequently measured at fair value. Interest income, foreign exchange gains and losses and impairment is recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments are measured at fair value through other comprehensive income if the Group irrevocably elects to present subsequent changes in the investments' fair value in other comprehensive income. Dividends are recognised as income in profit or loss unless the dividend represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not recycled through profit or loss.

The above includes investments held by Bidvest Bank, which holds these investments for a longer term and generally measures these investments at fair value through other comprehensive income.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. In certain instances where the business model is not to collect contractual cash flows, nor to sell the asset, the financial asset is held at fair value through profit or loss. These financial assets are subsequently measured at fair value and net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group may at initial recognition irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as measured at fair value through profit or loss if doing so significantly reduces an accounting mismatch that would otherwise arise. Financial assets that are held at fair value through profit or loss comprise of derivative financial instruments.

The above includes investments held by Bidvest Insurance that are measured at fair value to match the related liability through profit or loss.

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost.

A financial liability is classified at fair value through profit or loss if it is held for trading, is a derivative financial instrument or is designated as such on initial recognition. Realised and unrealised gains and losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are included in profit or loss in the period in which they arise.

Other financial liabilities are classified as measured at amortised cost using the effective interest method and comprise of interest-bearing liabilities, bank overdrafts, other long-term financial liabilities and trade payables.

Derecognition

Financial assets are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire, or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which a new financial liability based on the modified terms is recognised at fair value. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it, is recognised in profit or loss.

Impairment

The Group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the original effective interest rate of the financial asset.

18. Financial instruments (continued)

The Group measures loss allowances at an amount equal to the lifetime ECLs, except for bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Group applies the simplified approach to determine the ECL for trade receivables, contract assets and lease receivables (collectively, accounts receivable). This results in calculating lifetime expected credit losses for these receivables.

ECLs for accounts receivable are calculated using a provision matrix. Given the Group's decentralised structure the provision matrix is deployed for each operating entity's accounts receivable as follows: ECLs are calculated by applying a loss ratio to the aged balance of accounts receivable at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Accounts receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward looking information to determine the ECL for the portfolio of accounts receivable at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL. Due to the nature of the Group the applicable historic period and forward-looking information varies based on the relevant operating unit and the type of customer.

The gross carrying amount of the financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures in respect of amounts due.

Financial assets included as part of other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For banking advances made by Bidvest Bank (the Bank) the measurement of ECLs is performed using a "three stage" model, as outlined in IFRS 9, based on changes in credit quality since initial recognition.

The following methodologies were implemented, where ECLs are calculated using three main components; a probability of default (PD); a loss given default (LGD); and the exposure at default (EAD):

Point-in-time PD estimates:
Calibration to the Bank's existing scorecard/external ratings to a 12-month PD as required for a corporate and SME corporate portfolio. Lifetime PDs for corporate and SME corporate portfolios.

LGD estimates:
An LGD benchmarking approach was used due to limited default and recovery data.

EAD estimates:
EAD estimates were determined using a combination of external benchmark studies for committed lines and regulatory estimates for financial guarantees.

Stage 1 – A financial instrument that is not credit impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Bank.

Stage 2 – If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.

Stage 3 – If the financial instrument is credit impaired, the financial instrument is then moved to "Stage 3".

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. The Bank does not rebut the presumption in IFRS 9 that all financial assets which are more than 30 days past are due have experienced a significant increase in credit risk, and accordingly are classified as Stage 2 in the calculation of ECL. In addition, the Bank's policy is not to rebut the presumption in IFRS 9 that financial assets which are more than 90 days past due are in default, and accordingly are classified as Stage 3 in the ECL calculation.

Derivatives and hedging

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date.

The Group uses derivative financial instruments to manage its exposure to foreign exchange risk and interest rate risk. Derivative financial instruments comprise of foreign exchange contracts and interest rate swaps. Derivative financial

18. Financial instruments (continued)

Derivatives and hedging (continued)

instruments are initially measured at fair value and are subsequently re-measured at their fair value with all changes in fair value recognised in profit or loss. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Foreign exchange contracts are entered into mainly to cover import purchases and fair values are determined using foreign exchange market rates. Interest rate swaps are entered into in order to fix interest rates for predetermined periods.

The Group designates interest rate swaps as cash flow hedges. Hedge accounting is used for derivatives designated in this way, provided specific criteria are met. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the non-financial asset or liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Certain of the Group's financial instruments are carried at fair value through profit or loss such as derivative financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The method of determining the fair value of financial instruments is analysed into the following categories:

Level 1 – Unadjusted quoted prices in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques using market observable inputs, including: Using recent arm's length market transactions; reference to the current fair value of similar instruments; and discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

Level 3 – Valuation techniques, as described for Level 2 above, for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as "day one profit or loss", is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

The valuation techniques in Level 2 and Level 3 use inputs such as interest rate yield curves, equity and commodity prices, which are calibrated against industry standards, economic models and against observed transaction prices, where available.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when there is a legally enforceable right to set off the amounts and there is an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments have been grouped into classes for the purpose of financial instrument risk disclosure. The classes are the segments as disclosed in the segmental report as the operations within each segment have similar types of risks.

19. Vehicle rental fleet

The Bidvest Car Rental fleet is stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost of the vehicles to their residual value over their estimated useful life of between nine and twelve months.

20. Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials, finished goods, parts and accessories is determined on either the first in, first out or average cost basis. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expenses.

Vehicles and vehicle parts purchased in terms of manufacturers' standard franchise agreements or floorplan facilities are recognised as inventory when received as this is when control has been transferred.

21. Treasury shares

Shares in the Company, held by its subsidiaries, The Bidvest Incentive Scheme and The Bidvest Education Trust are classified in the Group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

22. Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the settlement or statement of financial position date. Translation differences are recognised in the income statement.

23. Share-based payments

The Bidvest Incentive Scheme grants share appreciation rights to acquire shares in the Company to employees. The fair value of appreciation rights granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the appreciation right is measured using a modified Black Scholes model, taking into account the terms and conditions upon which the appreciation rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of appreciation rights that vest except where staff are unable to meet the scheme's employment requirements.

In terms of the conditional share plan scheme, a conditional right to a share is awarded to executive directors subject to performance and vesting conditions. The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows.

24. Employee benefits

Leave benefits due to employees are recognised as a liability in the financial statements.

The Group's liability for post-retirement benefits, accruing to past and current employees in terms of defined benefit schemes, is actuarially calculated. Where the plan is funded, the obligation is reduced by the fair value of the plan assets. Unfunded obligations are recognised as a liability in the financial statements.

The Group's obligation for post-retirement medical aid to past and current employees is actuarially determined and provided for in full.

The projected unit-credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial gains or losses in respect of defined benefit plans are recognised in other comprehensive income.

However, when the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Past service costs are recognised in the income statement in the period of a plan amendment.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the market yields at the statement of financial position date on high quality bonds with terms that most closely match the terms of maturity of the related liabilities.

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

25. Short-term insurance

Insurance contracts are those contracts under which Bidvest Insurance Limited (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Short-term insurance is provided in terms of benefits under short-term policies which cover motor, property, liability, accident and health, and miscellaneous.

Claims incurred consists of claims paid during the financial year, together with the movement in the provision for outstanding claims and are charged to income as incurred. The provision for outstanding claims comprises Bidvest Insurance Limited's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at statement of financial position date, whether reported or not. A provision for claims arising from events that occurred before the close of the accounting period, but which have not been reported to the company by that date is maintained. The calculation is based on the preceding six years' insurance premium revenue per insurance category multiplied by percentages as specified in the Short-Term Insurance Act. Related anticipated reinsurance recoveries are disclosed separately as assets.

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on a time proportionate basis. Deferred acquisition costs are recognised on a basis consistent with the related provisions for earned premiums.

26. Life assurance

Insurance contracts are those contracts under which Bidvest Life Limited (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them.

Bidvest Life Limited defines significant insurance risk as the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.

Insurance contracts are classified into two main categories, depending on the duration of the risk and the type of risk insured, individual life insurance and group life insurance.

Individual life insurance contracts insure against a comprehensive spectrum of risks, including life, disability, severe illness and income protection cover. These contracts are long-term in nature.

The actuarial value of policyholder liabilities is determined based on a prospective discounted cash flow valuation basis calculated as the difference between the present value of future benefit payments plus expenses and the present value of future premiums. Best estimate assumptions regarding the future expected claims experience, premium income, expenses and commission are used. Where the value of policyholder liabilities is negative in aggregate, this is shown as assets arising from insurance contracts.

For individual life insurance contracts, premiums are recognised as revenue when due. Premiums are shown before deducting reinsurance and commission.

Insurance benefits and claims relating to individual life insurance contracts are recognised in profit or loss based on the estimated liability for benefits owed to the contract holder. Death, disability and severe illness claims are accounted for when notified and paid. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Liabilities are held to reflect incurred but not yet reported (IBNR) claims. The IBNR liabilities are modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Acquisition costs for individual life insurance contracts represent commission and other costs that relate to the securing of new contracts and the renewing of existing contracts. The valuation basis for valuing insurance contracts makes implicit allowance for the deferral of acquisition costs and hence no explicit deferred acquisition cost asset is recognised in the statement of financial position. These are expensed in profit or loss.

Group life insurance contracts insure against a comprehensive spectrum of protection benefits on a group basis. Life cover, severe illness, disability and income protection benefits are offered. These contracts are short-term in nature and are renewable annually.

For Group life insurance contracts, premiums are recognised as revenue when due. Premiums are shown before the deducting reinsurance and commission.

26. Life assurance (continued)

Insurance benefits and claims relating to Group life insurance contracts are recognised in profit or loss based on the estimated liability for benefits owed to the contract holder. Death, disability and severe illness are accounted for when notified and paid. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Acquisition costs for Group life insurance contracts comprise all direct costs arising from the sale of insurance contracts. Commissions are expensed as incurred.

Contracts entered into with reinsurers under which Bidvest Life Limited is compensated for insured events on one or more contracts that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Contracts that do not meet these classification requirements are classified as financial assets.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. The amounts Bidvest Life Limited is required to pay under its reinsurance contracts held are recognised as reinsurance liabilities (liabilities arising from reinsurance contracts). Outward reinsurance premiums are recognised as an expense and are accounted for when due under the reinsurance contract.

The amounts due to Bidvest Life Limited under its reinsurance contracts are recognised as reinsurance assets.

27. Segmental reporting

The reportable segments of the Group have been identified based on the nature of the businesses. This basis is representative of the internal structure for management purposes and as reported to the chief operating decision maker (CODM), Lindsay Ralphs.

The CODM has identified the six reportable segments as follows:

Bidvest Automotive
An industry-leader and innovator, known for setting the national standard in technical training with its rapid adoption of online motor retailing and the development of sophisticated systems to drive customer service. It also operates in the vehicle auctioneering sector.

Bidvest Commercial Products
The industrial grouping of companies includes manufacturing and trading businesses in South Africa, representing global brands which include Hitachi Power Tools, Signode (strapping), Unicarriers (forklifts), Rational Ovens, Tajima (embroidery machines), Juki (sewing machines) and Tesa Tapes, while Plumblink supplies a full range of bathroom and plumbing products, and through the Voltex distribution outlets is a leading distributor of a vast array of electrical cable and allied products servicing the industrial, mining, contractor, construction, engineering and retail sectors. Consumer products include motor vehicle accessories (Moto Quip), camping and outdoor equipment (Leisure Quip).

Bidvest Financial Services
Comprises Bidvest Bank, the Bidvest Insurance Group (which offers both long and short-term insurance offerings), Master Currency Foreign Exchange, Compendium and Bidvest Wealth and Employee Benefits. The segment offers services specialising in fleet management and foreign exchange services, insurance and other financial services for the corporate and business markets.

Bidvest Freight
A leading private sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience, whose primary objective is to handle multiple products across berths and provide capacity to serve current and future demand. Independent businesses focus on terminal operations and support, international clearing and freight forwarding, integrated logistics, supply chain solutions and marine and insurance services. The segment facilitates storage, handling and movement of cargo via ocean freight, air freight, road and rail.

Bidvest Branded Products
Offers a comprehensive suite of services relating to office products, office automation and office furniture, while also meeting all print, packaging, labelling and communication requirements. Offerings include the supply of stationery, paper or printer cartridges, and packaging and data services. The consumer-facing trading and distribution businesses represent local and global brands such as Russell Hobbs, Salton, George Foreman, Maxwell & Williams and prestigious luggage and travel accessories brands such as Cellini amongst others. From 1 August 2019 this segment includes the manufacture, marketing and distribution of a wide range of healthcare products to both the private and public market sectors, through Adcock Ingram.

27. Segmental reporting (continued)

Bidvest Services

Operating across multiple sectors, in South Africa and abroad, Services' comprehensive and diverse range of facilities management service capabilities creates a unique platform for customised solutions. Service offerings include facilities management, security, travel and aviation services.

"Profit before finance charges and associate income" includes revenue and expenses directly relating to a business segment but excludes net finance charges and taxation, which cannot be allocated to any specific segment. Share based payment costs are also excluded from the result as this is not a criterion used in the management of the reportable segments.

"Segmental trading profit" is defined as profit before finance charges and associate income excluding items of a capital nature, acquisitions costs and amortisation of acquired customer contracts and is the basis on which management's performance is assessed.

Segment operating assets and liabilities include property, plant and equipment, right-of-use assets, investments, interest in associates and joint ventures, inventories, trade and other receivables, trade and other payables and provisions, banking assets and liabilities, lease liabilities, insurance funds and post-retirement obligations but excludes goodwill, intangible assets, cash and cash equivalents, borrowings, vendors for acquisition, puttable non-controlling interest liabilities, current taxation, and deferred taxation.

28. Restatement of comparatives

In the current period, a prior year acquisition UAV and Drone Solutions Proprietary Limited (UDS) was subject to a Purchase Price Allocation (PPA) review. The PPA review, which was finalised during the current financial year, resulted in the recognition of an indefinite life intangible asset, beyond visual line of sight license in the amount of R457 million, deferred tax liabilities of R128 million and the de-recognition of goodwill in the amount of R330 million. The prior year comparative consolidated statement of financial position has been restated accordingly.

As a result of an internal reporting restructure, effective 1 July 2019, Bidvest Electrical and Bidvest Commercial Products were merged and reported under the Bidvest Commercial Products segment, the prior year comparative has been restated to reflect the change. Following the rationalisation and restructure of the Group's Namibian investments, the Bidvest Namibia segment has been dissolved with the remaining Namibian operations reported under the Group's six operating segments, the prior period comparatives have been restated. Certain other operations were reclassified between segments and the comparative period's segmental information has been amended to reflect these insignificant changes.

Net impairment losses on financial assets, in accordance with IAS 1, have been disclosed as a separate line item in the consolidated income statement and the comparative period has been restated accordingly.

Consolidated income statement

for the year ended 30 June

	Notes	2020 R'000	2019 Restated R'000
Continuing operations			
Revenue	1	**76 542 581**	76 058 362
Cost of revenue		**(53 101 006)**	(53 511 794)
Gross profit		**23 441 575**	22 546 568
Operating expenses		**(18 079 797)**	(16 501 399)
Net impairment losses on financial assets		**(245 401)**	(54 440)
Other income		**266 807**	308 395
Income from investments		**(43 482)**	368 258
Trading profit		**5 339 702**	6 667 382
Share-based payment expense		**(202 494)**	(188 840)
Acquisition costs and customer contracts amortisation		**(345 229)**	(65 858)
Net capital items	2	**(1 973 149)**	(787 102)
Profit before finance charges and associate income	2	**2 818 830**	5 625 582
Net finance charges	3	**(1 429 627)**	(924 585)
Finance income		**80 253**	238 152
Finance charges		**(1 509 880)**	(1 162 737)
Share of (loss) profit of associates		**(92 250)**	583 198
Current period earnings		**(87 129)**	592 104
Net capital items	6	**(5 121)**	(8 906)
Profit before taxation		**1 296 953**	5 284 195
Taxation	4	**(851 589)**	(1 431 779)
Profit for the year from continuing operations		**445 364**	3 852 416
Discontinued operations			
Loss after taxation from discontinued operations	5	**(632 267)**	(48 486)
(Loss) profit for the year		**(186 903)**	3 803 930
Attributable to			
Shareholders of the Company – continuing operations		**168 981**	3 823 768
Shareholders of the Company – discontinued operations		**(632 267)**	(48 486)
Non-controlling interests		**276 383**	28 648
		(186 903)	3 803 930
Basic earnings per share (cents) – continuing operations	6	**49.8**	1 133.8
Diluted basic earnings per share (cents) – continuing operations	6	**49.7**	1 130.7
Basic earnings per share (cents) – discontinued operations	6	**(186.4)**	(14.4)
Diluted basic earnings per share (cents) – discontinued operations	6	**(186.1)**	(14.3)
Basic earnings per share (cents) – Group	6	**(136.6)**	1 119.4
Diluted basic earnings per share (cents) – Group	6	**(136.4)**	1 116.4
Supplementary Information			
Normalised headline earnings per share (cents) – continuing operations	6	**1 028.3**	1 334.4
Headline earnings per share (cents) – continuing operations	6	**553.2**	1 366.4
Diluted headline earnings per share (cents) – continuing operations	6	**552.5**	1 362.7
Headline earnings per share (cents) – discontinued operations	6	**(159.2)**	(14.4)
Diluted headline earnings per share (cents) – discontinued operations	6	**(159.0)**	(14.3)
Normalised headline earnings per share (cents) – Group	6	**869.1**	1 320.0
Headline earnings per share (cents) – Group	6	**394.0**	1 352.1
Diluted headline earnings per share (cents) – Group	6	**393.5**	1 348.4

Consolidated statement of other comprehensive income

for the year ended 30 June

	Notes	2020 R'000	2019 R'000
(Loss) profit for the year		**(186 903)**	3 803 930
Other comprehensive income (expense) net of taxation			
Items that may be reclassified subsequently to profit or loss		**155 080**	(38 166)
Decrease (increase) in foreign currency translation reserve			
Exchange differences arising during the year		**200 770**	(11 044)
Decrease in fair value of cash flow hedges		**(51 704)**	(12 617)
Fair value loss arising during the year		**(71 811)**	(17 523)
Taxation effect for the year		**20 107**	4 906
Share of other comprehensive income of associates		**6 014**	(14 505)
Other comprehensive income transferred to profit or loss			
Realisation of exchange differences on disposal of subsidiaries and or associates		**7 327**	(42 903)
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of financial assets recognised through other comprehensive income		**(15 865)**	23 849
Share of other comprehensive income of associates		**–**	677
Defined benefit obligations		**(28 030)**	(679)
Net remeasurement of defined benefit obligations during the year		**(38 729)**	(943)
Taxation effect for the year		**10 699**	264
Total comprehensive income for the year		**(68 391)**	3 746 708
Attributable to			
Shareholders of the Company		**(368 125)**	3 718 156
Non-controlling interest		**299 734**	28 552
		(68 391)	3 746 708

Consolidated statement of cash flows

for the year ended 30 June

	Notes	2020 R'000	2019 Restated R'000
Cash flows from operating activities		**4 258 631**	2 580 285
Cash generated by operations	8	**9 179 707**	6 644 021
Finance income	10	**63 688**	238 152
Finance charges	10	**(1 495 743)**	(1 154 860)
Taxation paid	11	**(1 454 118)**	(1 420 857)
Distributions to shareholders	12	**(2 267 564)**	(2 019 277)
Net operating cash flows from discontinued operations	5	**232 661**	293 106
Cash flows from of investment activities		**(3 319 199)**	(3 281 913)
Amounts advanced to associates		**(58 632)**	(52 500)
Proceeds on disposal of investments		**3 964 433**	1 027 405
Investments acquired		**(4 258 585)**	(856 027)
Additions to property, plant and equipment		**(2 019 560)**	(2 497 505)
Additions to intangible assets		**(190 109)**	(151 267)
Proceeds on disposal of property, plant and equipment		**341 509**	318 603
Proceeds on disposal of intangible assets		**48 699**	4 873
Cash and cash equivalents arising on consolidation of Adcock Ingram	28	**467 913**	–
Acquisition of businesses, subsidiaries and associates	13	**(1 011 785)**	(1 344 920)
Proceeds on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	14	**49 934**	545 878
Net investing activities from discontinued operations	5	**(653 016)**	(276 453)
Cash flows from financing activities		**2 041 278**	(766 609)
Part held subsidiary share buy-back from non-controlling interests		**(154 056)**	–
Transactions with non-controlling interests		**(200 650)**	(757 645)
Repayment of lease liabilities	35	**(1 017 544)**	–
Settlement of puttable non-controlling interest liabilities	33	**(57 050)**	(16 500)
Borrowings raised	9	**19 954 763**	3 124 004
Borrowings repaid	9	**(16 774 408)**	(3 116 468)
Net financing activities from discontinued operations	5	**290 223**	–
Net decrease in cash and cash equivalents		**2 980 710**	(1 468 237)
Cash and cash equivalents at beginning of year		**2 034 523**	3 514 398
Effects of exchange rate fluctuations on cash and cash equivalents		**328 632**	(11 638)
Cash and cash equivalents at end of year		**5 343 865**	2 034 523
Cash and cash equivalents comprise			
Cash and cash equivalents – continuing operations	26	**10 412 475**	6 617 075
Cash and cash equivalents – discontinued operations	5	**(746 561)**	–
Bank overdrafts included in short-term portion of borrowings	9	**(4 322 049)**	(4 582 552)
		5 343 865	2 034 523

Consolidated statement of financial position

at 30 June

	Notes	2020 R'000	2019 Restated R'000
ASSETS			
Non-current assets		**52 286 231**	31 139 634
Property, plant and equipment	15	**14 425 708**	12 048 736
Right-of-use assets	16	**5 134 768**	–
Intangible assets	17	**8 494 820**	3 835 665
Goodwill	18	**17 961 091**	5 094 959
Deferred taxation assets	19	**1 588 036**	845 421
Defined benefit pension surplus	32	**214 329**	241 390
Interest in associates and joint ventures	20	**599 188**	5 803 569
Life assurance fund	30	**76 188**	44 175
Investments	21	**2 031 937**	1 732 951
Banking and other advances	22	**1 760 166**	1 492 768
Current assets		**36 806 591**	30 834 644
Vehicle rental fleet	23	**–**	1 277 803
Inventories	24	**11 060 258**	8 558 967
Short-term portion of banking and other advances	22	**1 344 550**	1 162 407
Short-term portion of investments	21	**1 141 545**	1 211 481
Trade and other receivables	25	**12 522 646**	11 724 064
Taxation		**325 117**	282 847
Cash and cash equivalents	26	**10 412 475**	6 617 075
Assets of disposal group held for sale	5	**1 806 855**	–
Total assets		**90 899 677**	61 974 278
EQUITY AND LIABILITIES			
Capital and reserves		**26 640 903**	25 922 832
Capital and reserves attributable to shareholders of the Company	27	**23 159 047**	25 618 212
Non-controlling interests		**3 481 856**	304 620
Non-current liabilities		**31 062 000**	9 074 339
Deferred taxation liabilities	19	**3 016 417**	1 463 126
Long-term portion of borrowings	31	**22 883 554**	7 008 238
Post-retirement obligations	32	**79 075**	74 317
Puttable non-controlling interest liabilities	33	**22 002**	82 317
Long-term portion of provisions	37	**667 672**	350 705
Long-term portion of lease liabilities	35	**4 393 280**	95 636
Current liabilities		**31 557 555**	26 977 107
Trade and other payables	36	**15 018 849**	11 991 853
Short-term portion of provisions	37	**820 590**	332 465
Vendors for acquisition		**2 611**	518 231
Taxation		**438 105**	291 042
Amounts owed to bank depositors	34	**7 286 764**	6 407 490
Short-term portion of borrowings	31	**6 752 335**	7 436 026
Short-term portion of lease liabilities	35	**1 238 301**	–
Liabilities of disposal group held for sale	5	**1 639 219**	–
Total equity and liabilities		**90 899 677**	61 974 278

Consolidated statement of changes in equity

for the year ended 30 June

	2020 R'000	2019 R'000
Equity attributable to shareholders of the Company	**23 159 047**	25 618 212
Share capital	**17 014**	16 948
Balance at beginning of the year	**16 948**	16 873
Shares issued during the year	**66**	75
Share premium	**1 367 796**	1 099 231
Balance at beginning of the year	**1 099 231**	797 717
Shares issued during the year	**268 856**	302 012
Share issue costs	**(291)**	(498)
Foreign currency translation reserve	**400 927**	208 936
Balance at beginning of the year	**208 936**	262 787
Movement during the year	**184 664**	(10 948)
Realisation of reserve on disposal of subsidiaries and associates	**7 327**	(42 903)
Hedging reserve	**(65 284)**	(13 580)
Balance at beginning of the year	**(13 580)**	(963)
Fair value loss arising during the year	**(71 811)**	(17 523)
Taxation recognised directly in reserve	**20 107**	4 906
Equity-settled share-based payment reserve	**(437 247)**	(343 118)
Balance at beginning of year	**(343 118)**	(243 388)
Arising during current year	**219 827**	191 070
Taxation recognised directly in reserve	**(18 093)**	34 289
Utilisation during the year	**(295 863)**	(324 656)
Realisation of reserve on disposal of subsidiaries and associates	**–**	8 049
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**–**	2 734
Transfer to retained earnings	**–**	(11 216)
Movement in retained earnings	**21 211 095**	24 012 732
Balance at beginning of the year	**24 012 732**	22 406 910
IFRS 16 adjustment to balance at beginning of the period (associate)	**(21 064)**	–
IFRIC 23 adjustment to balance at beginning of the period	**(172 800)**	–
Attributable profit	**(463 286)**	3 775 282
Changes in the fair value of financial assets recognised through other comprehensive income	**(15 865)**	23 849
Net remeasurement of defined benefit obligations during the year	**(28 319)**	(679)
Other transactions with subsidiaries	**(154 056)**	–
Net dividends paid	**(2 033 951)**	(1 964 229)
Net remeasurement of put option liability	**1 266**	(7 115)
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	**80 424**	(218 674)
Share of other comprehensive income of associates	**6 014**	(13 828)
Transfer from equity-settled share-based payment reserve	**–**	11 216
Treasury shares	**664 746**	637 063
Balance at beginning of the year	**637 063**	637 063
Shares disposed of in terms of share incentive scheme	**27 683**	–

	2020 R'000	2019 R'000
Equity attributable to non-controlling interests of the Company	**3 481 856**	304 620
Balance at beginning of the year	**304 620**	1 006 609
Total comprehensive income	**299 734**	28 552
Attributable profit	**276 383**	28 648
Movement in foreign currency translation reserve	**16 106**	(96)
Movement in cash hedge fund	**6 936**	–
Changes in the fair value of financial assets recognised through other comprehensive income	**20**	–
Net remeasurement of defined benefit obligations during the year	**289**	–
Dividends paid	**(229 818)**	(51 207)
Movement in equity-settled share-based payment reserve	**(2 155)**	(961)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**–**	(2 734)
Changes in shareholding	**3 189 899**	(894 313)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**(80 424)**	218 674
Total equity	**26 640 903**	25 922 832

Notes to the consolidated financial statements

Consolidated segmental analysis

for the year ended June 30

	2020 R'000	2019 Restated R'000	% change
Segmental revenue			
Services	**22 090 784**	20 648 296	7.0
Branded Products	**17 327 336**	11 857 820	46.1
Freight	**6 308 343**	6 698 225	(5.8)
Commercial Products	**11 943 006**	12 851 008	(7.1)
Financial Services	**2 650 190**	2 700 993	(1.9)
Automotive	**18 263 276**	22 847 747	(20.1)
Properties	**624 292**	615 444	1.4
Corporate and investments	**1 514 587**	1 831 140	(17.3)
	80 721 814	80 050 673	0.8
Inter-group eliminations	**(4 179 233)**	(3 992 311)	
	76 542 581	76 058 362	0.6
Geographic region			
Southern Africa	**71 857 855**	72 378 923	(0.7)
International	**8 863 959**	7 671 750	15.5
	80 721 814	80 050 673	0.8
Segmental trading profit			
Services	**2 133 745**	2 201 208	(3.1)
Branded Products	**1 404 039**	941 028	49.2
Freight	**1 160 543**	1 386 195	(16.3)
Commercial Products	**393 032**	735 534	(46.6)
Financial Services	**304 354**	584 503	(47.9)
Automotive	**177 518**	531 654	(66.6)
Properties	**579 110**	563 395	2.8
Corporate and investments	**(812 639)**	(276 135)	194.3
	5 339 702	6 667 382	(19.9)
Geographic region			
Southern Africa	**4 766 669**	6 360 031	(25.1)
International	**573 033**	307 351	86.4
	5 339 702	6 667 382	(19.9)
Profit before finance charges and associate income			
Services	**1 740 725**	2 037 903	(14.6)
Branded Products	**1 104 385**	896 998	23.1
Freight	**1 139 007**	1 397 847	(18.5)
Commercial Products	**206 740**	735 319	(71.9)
Financial Services	**232 837**	572 141	(59.3)
Automotive	**(305 806)**	498 851	(161.3)
Properties	**539 587**	621 431	(13.2)
Corporate and investments	**(1 636 151)**	(946 068)	72.9
	3 021 324	5 814 422	(48.0)
Share-based payment expense	**(202 494)**	(188 840)	7.2
	2 818 830	5 625 582	(49.9)
Geographic region			
Southern Africa	**2 508 228**	5 548 960	(54.8)
International	**513 096**	265 462	93.3
	3 021 324	5 814 422	(48.0)

Consolidated segmental analysis (continued)

	2020 R'000	2019 Restated R'000	% change
Segmental operating assets			
Services	**8 928 512**	5 183 863	72.2
Branded Products	**10 026 686**	4 161 959	140.9
Freight	**8 311 029**	6 926 154	20.0
Commercial Products	**6 036 883**	5 847 829	3.2
Financial Services	**7 464 971**	6 576 227	13.5
Automotive	**4 656 611**	5 608 219	(17.0)
Properties	**3 561 295**	3 566 788	(0.2)
Corporate and investments	**2 086 390**	8 151 406	(74.4)
	51 072 377	46 022 445	11.0
Inter-group eliminations	**(761 094)**	(724 134)	
	50 311 283	45 298 311	11.1
Geographic region			
Southern Africa	**46 035 348**	44 332 128	3.8
International	**5 037 029**	1 690 317	198.0
	51 072 377	46 022 445	11.0
Segmental operating liabilities			
Services	**7 306 940**	2 876 118	154.1
Branded Products	**4 298 796**	1 720 876	149.8
Freight	**4 257 185**	3 221 981	32.1
Commercial Products	**2 360 317**	1 863 346	26.7
Financial Services	**8 807 482**	7 608 408	15.8
Automotive	**2 354 633**	1 984 441	18.7
Properties	**40 877**	32 377	26.3
Corporate and investments	**839 395**	669 053	25.5
	30 265 625	19 976 600	51.5
Inter-group eliminations	**(761 094)**	(724 134)	
	29 504 531	19 252 466	53.3
Geographic region			
Southern Africa	**25 444 241**	19 060 941	33.5
International	**4 821 384**	915 659	426.5
	30 265 625	19 976 600	51.5
Segmental depreciation			
Services	**592 873**	495 904	19.6
Branded Products	**257 697**	137 481	87.4
Freight	**262 336**	266 408	(1.5)
Commercial Products	**120 410**	130 326	(7.6)
Financial Services	**219 254**	221 003	(0.8)
Automotive	**73 672**	72 576	1.5
Properties	**7 749**	6 839	13.3
Corporate and investments	**16 846**	37 881	(55.5)
	1 550 837	1 368 418	13.3
Geographic region			
Southern Africa	**1 412 603**	1 265 669	11.6
International	**138 234**	102 749	34.5
	1 550 837	1 368 418	13.3

Notes to the consolidated financial statements (continued)

Consolidated segmental analysis (continued)

	2020 R'000	2019 Restated R'000	% change
Segmental capital expenditure			
Services	**643 366**	572 731	12.3
Branded Products	**237 730**	111 042	114.1
Freight	**746 958**	741 693	0.7
Commercial Products	**97 452**	155 903	(37.5)
Financial Services	**207 415**	378 953	(45.3)
Automotive	**82 623**	100 854	(18.1)
Properties	**51 393**	443 307	(88.4)
Corporate and investments	**6 286**	38 200	(83.5)
	2 073 223	2 542 683	(18.5)
Geographic region			
Southern Africa	**1 905 719**	2 412 354	(21.0)
International	**167 504**	130 329	28.5
	2 073 223	2 542 683	(18.5)
Segmental amortisation and impairments on intangible assets			
Services	**75 871**	54 310	39.7
Branded Products	**188 817**	12 832	1 371.5
Freight	**18 964**	15 615	21.4
Commercial Products	**126 642**	17 911	607.1
Financial Services	**79 937**	34 304	133.0
Automotive	**3 329**	4 974	(33.1)
Corporate and investments	**334**	6 984	(95.2)
	493 894	146 930	236.1
Geographic region			
Southern Africa	**437 370**	105 781	313.5
International	**56 524**	41 149	37.4
	493 894	146 930	236.1
Segmental goodwill and intangible assets			
Services	**17 364 482**	5 206 841	233.5
Branded Products	**6 906 646**	640 463	978.4
Freight	**185 175**	183 439	0.9
Commercial Products	**1 489 846**	1 894 579	(21.4)
Financial Services	**439 103**	455 773	(3.7)
Automotive	**4 483**	412 735	(98.9)
Properties	**27 197**	27 197	–
Corporate and investments	**38 979**	109 597	(64.4)
	26 455 911	8 930 624	196.2
Geographic region			
Southern Africa	**11 763 310**	6 107 098	92.6
International	**14 692 601**	2 823 526	420.4
	26 455 911	8 930 624	196.2

Consolidated segmental analysis (continued)

	2020 R'000	2019 Restated R'000	% change
Employee benefits and remuneration			
Services	**13 076 649**	12 249 980	6.7
Branded Products	**2 984 888**	1 794 566	66.3
Freight	**1 666 968**	1 708 268	(2.4)
Commercial Products	**1 797 802**	1 829 626	(1.7)
Financial Services	**752 051**	767 688	(2.0)
Automotive	**1 606 807**	1 815 625	(11.5)
Properties	**16 088**	18 237	(11.8)
Corporate and investments	**406 845**	524 979	(22.5)
	22 308 098	20 708 969	7.7
Share-based payment expense	**202 494**	188 840	7.2
	22 510 592	20 897 809	7.7
Geographic region			
Southern Africa	**16 014 727**	14 955 593	7.1
International	**6 293 371**	5 753 376	9.4
	22 308 098	20 708 969	7.7
Number of employees			
Services	**103 213**	94 094	9.7
Branded Products	**9 458**	7 410	27.6
Freight	**5 290**	5 723	(7.6)
Commercial Products	**8 074**	8 379	(3.6)
Financial Services	**1 708**	1 796	(4.9)
Automotive	**4 501**	4 594	(2.0)
Properties	**14**	14	–
Corporate and investments	**612**	735	(16.7)
	132 870	122 745	8.2
Geographic region			
Southern Africa	**112 064**	108 009	3.8
International	**20 807**	14 736	41.2
	132 870	122 745	8.2

Notes to the consolidated financial statements (continued)

	2020 R'000	2019 Restated R'000
1. Revenue		
Sale of goods [1]	**47 812 696**	47 219 468
Rendering of services [2]	**27 977 794**	27 390 190
Commissions and fees earned [3]	**2 306 642**	2 646 942
Billings relating to clearing and forwarding transactions [4]	**2 112 326**	2 295 850
Insurance [5]	**512 356**	498 223
	80 721 814	80 050 673
Inter-group eliminations	**(4 179 233)**	(3 992 311)
Revenue	**76 542 581**	76 058 362

Included in commissions and fees earned is R1.9 billion (2019: R1.9 billion) which does not relate to revenue from contracts with customers but commissions and fees from rendering financial services. All other categories other than insurance relate to revenue from contracts with customers.

	2020 R'000	2019 Restated R'000
Disaggregation of segmental revenue		
Services [2]	**21 008 073**	19 649 966
Branded Products [1]	**16 298 000**	10 862 420
Freight [2, 4]	**6 054 636**	6 402 323
Commercial Products [1]	**11 287 019**	12 145 446
Financial Services [3, 5]	**2 452 682**	2 502 604
Automotive [1]	**18 028 934**	22 605 629
Properties [2]	**48 059**	55 932
Corporate and investments [1]	**1 365 178**	1 834 042
	76 542 581	76 058 362
Geographic disaggregation of revenue		
Southern Africa	**67 687 640**	68 386 612
International	**8 854 941**	7 671 750
	76 542 581	76 058 362

2. Profit before finance charges and associate income

	2020 R'000	2019 Restated R'000
Determined after charging (crediting)		
Auditor's remuneration (PricewaterhouseCoopers Inc.)	**101 933**	66 857
Audit fees	**97 043**	62 964
Audit related expenses	**659**	86
Consulting fees	**1 569**	2 346
Taxation services	**1 457**	817
Other attest services	**1 205**	644
Accounting services (other audit firms)	**21 750**	15 478
Audit fees	**5 231**	11 728
Audit related expenses	**64**	273
Consulting fees	**11 906**	698
Taxation services	**2 726**	1 814
Other attest services	**1 823**	965
Depreciation of property, plant and equipment	**1 550 837**	1 368 418
Buildings	**20 955**	4 354
Leasehold improvements	**100 745**	87 514
Plant and equipment	**390 721**	321 498
Office equipment, furniture and fittings	**364 359**	301 235
Vehicles, vessels and craft	**246 196**	256 798
Dispensing and cleaning equipment	**261 788**	219 636
Capitalised leased assets	**245**	1 546
Full maintenance lease assets	**165 828**	175 837
Depreciation right-of-use assets	**1 225 089**	–
Land and buildings	**1 061 435**	–
Vehicles and equipment	**163 654**	–
Amortisation of intangible assets	**171 770**	145 282
Patents, trademarks, tradenames and other intangibles	**77 704**	53 779
Computer software	**94 066**	91 503
Impairment of assets	**1 431 982**	65 668
Property, plant and equipment #	**222 463**	9 580
Right-of-use assets – land and buildings #	**115 801**	–
Right-of-use assets – equipment and vehicles #	**29 343**	–
Intangible assets #	**322 124**	1 648
Goodwill #	**496 850**	–
Investments	**1 583**	–
Banking and other advances	**3 837**	3 273
Trade receivables	**239 981**	51 167
Compensation received on scrapping, loss or impairment of property plant and equipment #	**(15 648)**	(16 835)
Impairment of associates #	**523 279**	623 941
Executive directors *	**28 293**	71 598
Basic remuneration	**24 480**	26 006
Retirement and medical benefits	**1 975**	2 078
Other benefits and costs	**1 838**	1 882
Cash incentives	**–**	41 632

2. Profit before finance charges and associate income (continued)

	2020 R'000	2019 Restated R'000
Non-executive directors*	**10 522**	10 827
Fees – Company	**8 079**	8 127
– subsidiaries	**2 443**	2 700
Employer contributions to	**1 363 768**	1 168 801
Defined contribution pension funds	**116 592**	93 009
Provident funds	**774 657**	668 139
Retirement funds	**70 691**	70 296
Social securities	**40 777**	14 114
Medical aids	**361 051**	323 243
Net expense related to post-retirement obligations for current service costs	**3 129**	3 806
Defined benefit pension plans	**2 760**	4 018
Post-retirement medical aid obligations	**369**	(212)
Share-based payment expense cash settled	**(13 854)**	–
Share-based payment expense equity settled	**216 348**	188 840
Staff	**201 341**	152 852
Executive directors	**15 007**	35 988
Fees for administrative, managerial and technical services	**4 850**	4 390
Research and development expenditure	**1 919**	1 407
Foreign exchange gains hedging activities	**(95 898)**	(30 179)
Forward exchange contracts	**(88 199)**	(32 284)
Foreign bank accounts	**(7 699)**	2 105
Other foreign exchange (gains) losses	**(8 019)**	36 209
Realised	**(36 038)**	15 695
Unrealised	**28 019**	20 514
Income from investments	**43 482**	(368 258)
Dividends received from listed investments	**(16 994)**	(20 881)
Dividends received from unlisted investments	**(22 172)**	(50 512)
Profit on disposal	**(25 950)**	(66 930)
Fair value through profit or loss	**108 598**	(229 935)
Net capital loss on disposal#	**278 937**	168 768
Net loss (profit) on disposal of property, plant and equipment	**29 981**	(28 192)
Net loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**279 637**	201 209
Net profit on disposal of intangible assets	**(30 681)**	(4 249)
Low value, short-term leases and variable expense not included in lease liability	**316 442**	–
Land and buildings	**202 497**	–
Equipment and vehicles	**113 945**	–
IAS 17 operating lease charges	**–**	1 613 989
Land and buildings	**–**	1 298 481
Equipment and vehicles	**–**	315 508
# Items above included as capital items on consolidated income statement	**1 973 149**	787 102

* Refer *Annexure B for detailed disclosure*

3. Net finance charges

	2020 R'000	2019 R'000
Finance income	**669 296**	746 127
Interest income on banking and other advances	**379 753**	627 035
Interest income on bank balances	**170 982**	69 831
Interest imputed on post-retirement assets	**22 232**	20 560
Interest income on financial instruments held at fair value through other comprehensive income	**96 329**	28 701
Finance charges	**(1 903 390)**	(1 476 941)
Interest expense on amounts owed to bank depositors	**(407 489)**	(332 927)
Interest expense on bank overdrafts	**(86 106)**	(75 930)
Interest expense on listed bonds and commercial paper	**(358 526)**	(273 195)
Interest expense on financed assets	**(1 301)**	(4 267)
Interest on lease liabilities	**(436 295)**	–
Interest expense on vehicle lease creditors and floorplan creditors	**(53 292)**	(65 331)
Interest expense on other borrowings	**(475 064)**	(590 545)
Interest imputed on post-retirement obligations	**(5 667)**	(6 087)
Unwinding of discount on puttable non-controlling interest liabilities	**(1 796)**	(5 013)
Dividends on preference shares included in borrowings	**(131 515)**	(149 483)
Less borrowing costs capitalised to property, plant and equipment **	**53 661**	25 837
	(1 234 094)	(730 814)
Less net finance income from banking operations included in operating profit	**(195 533)**	(193 771)
Income	**(589 043)**	(507 975)
Charges	**393 510**	314 204
	(1 429 627)	(924 585)

** *The applicable weighted average interest rate is used to determine the amount of borrowing costs eligible for capitalisation.*

Notes to the consolidated financial statements (continued)

4. Taxation

	2020 R'000	2019 R'000
Current taxation	**1 303 136**	1 372 084
Current year	**1 303 348**	1 365 965
Prior years' (overprovision) underprovision	**(212)**	6 119
Deferred taxation	**(463 323)**	54 514
Current year	**(442 566)**	86 969
Prior years' overprovision	**(20 757)**	(32 455)
Foreign withholding taxation	**11 776**	5 181
Total taxation per consolidated income statement	851 589	1 431 779
Comprising		
South African taxation	**770 611**	1 367 392
Foreign taxation	**80 978**	64 387
	851 589	1 431 779

The reconciliation of the effective taxation rate with the South African company taxation rate is:	%	%
Taxation for the year as a percentage of profit before taxation	**65.7**	27.1
Net change in impairment of associates	**(8.4)**	(3.3)
Associates	**(2.0)**	3.1
Effective rate excluding associate income	**55.3**	26.9
Dividend and exempt income	**5.7**	3.2
Foreign taxation rate differential	**2.2**	0.4
Impairment of goodwill	**(10.7)**	–
Preference share funding	**(4.1)**	(0.8)
Other non deductible expenses	**(10.7)**	(2.3)
Changes in recognition of deferred tax assets	**(7.5)**	0.1
Changes in prior years' estimation	**1.6**	0.5
Acquisition costs	**(3.8)**	–
Rate of South African company taxation	**28.0**	28.0

	R'000	R'000
Estimated tax losses available for offset against future taxable income	**2 165 831**	1 621 857
Utilised in the computation of deferred taxation	**(1 315 440)**	(865 369)
Not accounted for in deferred taxation	**850 391**	756 488

Deferred taxation assets have not been recognised in respect of certain tax losses as the directors believe it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.

5. Discontinued operations

Results of the discontinued operation included in the Group's results for the year ended 30 June are detailed as follows:

	2020 R'000	2019 Restated R'000
Revenue	**1 057 525**	1 094 022
Cost of revenue	**(840 519)**	(630 877)
Gross profit	**217 006**	463 145
Operating expenses	**(716 538)**	(396 414)
Other income	**1 063**	1 813
Trading (loss) profit	**(498 469)**	68 544
Share-based payment expense	**(1 324)**	(1 269)
Impairment of property, plant and equipment and right-of-use assets	**(128 300)**	–
Operating (loss) profit	**(628 093)**	67 275
Net finance charges	**(210 151)**	(130 348)
Finance income	**5 151**	7 320
Finance charges	**(215 302)**	(137 668)
Operating loss before taxation	**(838 244)**	(63 073)
Taxation	**205 977**	14 587
Loss for the year from discontinued operations	**(632 267)**	(48 486)
Basic earnings per share (cents) – discontinued operations	**(186.4)**	(14.4)
Diluted basic earnings per share (cents) – discontinued operations	**(186.1)**	(14.3)
Headline earnings per share (cents) – discontinued operations	**(159.2)**	(14.4)
Diluted headline earnings per share (cents) – discontinued operations	**(159.0)**	(14.3)

Effect of the discontinued operation on the Group's consolidated statement of financial position

	2020 R'000	2019 Restated R'000
Assets of disposal group held for sale	**1 806 855**	
Vehicle rental fleet	**1 561 338**	
Inventories	**1 600**	
Trade and other receivables	**168 694**	
Current tax asset	**58 335**	
Cash and cash equivalents	**16 888**	
Liabilities of disposal group held for sale	**1 639 219**	
Post retirement medical aid obligations	**1 123**	
Lease liabilities	**78 096**	
Trade and other payables	**195 325**	
Provisions for discontinuation	**255 233**	
Interest bearing borrowings	**345 993**	
Cash and cash equivalents (overdrafts)	**763 449**	

Cash flows from discontinued operations

	2020 R'000	2019 Restated R'000
Net operating cash flows from discontinued operations	**232 661**	293 106
Net investing cash flows from discontinued operations	**(653 016)**	(276 453)
Net financing cash flows from discontinued operations	**290 223**	–
Net (decrease) increase in cash and cash equivalents	**(130 132)**	16 653

5. Discontinued operations (continued)

Bidvest Car Rental (BCR) is a motor vehicle rental business operating in South Africa, Botswana and Namibia. As a result of declining international and domestic travel brought on by the COVID-19 pandemic and a low prospect of a short-to mid-term recovery, management took the decision to exit the business. The BCR business is an identifiable component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group. BCR represents a separate major line of business in the geographical area of Southern Africa. The relevant requirements of IFRS 5 were met for this operation to be classified as a disposal group held for sale and a discontinued operation as at 30 June 2020. BCR is a separate and major business component of the Automotive segment.

A buyer was engaged during June 2020 and the indicative purchase price remains largely unchanged. COVID-19 restrictions added additional challenges to the transaction execution. Success in obtaining financing is considered to be highly probable and some suspensive conditions exist.

BCR was not previously classified as a disposal group held for sale and as a discontinued operation. The comparative consolidated income statement and consolidated statement of cash flows and financial reporting were restated to show the discontinued operation separately from continuing operations.

6. Earnings per share

	2020	2019
Weighted average number of shares ('000)		
Weighted average number of shares in issue for basic earnings per share and headline earnings per share calculations	**339 264**	337 245
Potential dilutive impact of outstanding staff share appreciation rights and conditional awards	**464**	919
Number of outstanding staff share appreciation right equivalent shares	**2 326**	4 048
Number of shares deemed to be issued at fair value	**(1 892)**	(3 255)
Contingent issuable shares in terms of conditional share plan to be issued at fair value	**30**	126
Weighted average number of shares in issue used for the calculation of diluted earnings and diluted headline earnings per share	**339 728**	338 164
Attributable earnings		
Basic earnings per share and diluted earnings per share are based on profit attributable to shareholders of the Company (R'000) – continuing operations	**168 981**	3 823 768
Basic earnings per share and diluted earnings per share are based on (loss) profit attributable to shareholders of the Company (R'000) – Group	**(463 286)**	3 775 282
Basic earnings per share – continuing operations	**49.8**	1 133.8
Basic earnings per share – Group	**(136.6)**	1 119.4
Diluted basic earnings per share – continuing operations	**49.7**	1 130.7
Diluted basic earnings per share – Group	**(136.4)**	1 116.4
Dilution (%) – continuing operations	**0.1**	0.3
Dilution (%) – Group	**0.1**	0.3
Headline earnings	**R'000**	R'000
Profit attributable to shareholders of the Company – continuing operations	**168 981**	3 823 768
Impairment of property plant and equipment, right-of-use assets goodwill and intangible assets	**990 164**	10 299
Property, plant and equipment	**222 463**	9 580
Right-of-use assets	**145 144**	–
Goodwill	**496 850**	–
Intangible assets	**322 124**	1 648
Taxation effect	**(141 865)**	(196)
Non-controlling interest	**(54 552)**	(733)

	2020	2019
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**247 181**	175 030
Loss on disposal and closure	**278 944**	202 250
Taxation effect	**(18 482)**	(23 947)
Non-controlling interest	**(13 281)**	(3 273)
Net loss on disposal and impairment of associates	**485 711**	622 900
Net change in shareholding in associates	**693**	(1 041)
Impairment of associates	**523 279**	623 941
Taxation effect	**(38 261)**	–
Net gain on disposal of property, plant and equipment and intangible assets	**(8 963)**	(19 016)
Property, plant and equipment	**29 981**	(28 192)
Intangible assets	**(30 681)**	(4 249)
Taxation effect	**(8 263)**	11 554
Non-controlling interest	**–**	1 871
Compensation received on loss or impairment of property plant and equipment	**(11 267)**	(13 630)
Compensation received	**(15 648)**	(16 835)
Taxation effect	**4 381**	3 205
Non-headline earnings items included in equity accounted earnings of associated companies	**5 121**	8 906
Headline earnings – continuing operations	**1 876 928**	4 608 257
Loss attributable to shareholders of the Company – discontinued operations	**(632 267)**	(48 486)
Impairment of property plant and equipment, right-of-use assets goodwill and intangible assets	**92 094**	–
Property, plant and equipment	**48 927**	–
Right-of-use assets	**52 790**	–
Intangible assets	**26 583**	–
Taxation effect	**(36 206)**	–
Headline earnings – Group	**1 336 755**	4 559 771
Headline earnings per share (cents) – continuing operations	**553.2**	1 366.4
Headline earnings per share (cents) – Group	**394.0**	1 352.1
Diluted headline earnings per share (cents) – continuing operations	**552.5**	1 362.7
Diluted headline earnings per share (cents) – Group	**393.5**	1 348.4
Dilution (%) – continuing operations	**0.1**	0.3
Dilution (%) – Group	**0.1**	0.3

Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by the chief operating decision maker, Lindsay Ralphs. The calculation of normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts and is based on the normalised headline earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The Group's non-cash share of Comair's SAA travel agent incentive scheme settlement and COVID-19 pandemic expenses (refer *note 43 Accounting estimates and judgements* for further details) relating to abnormal receivables provisioning, inventory obsolescence, restructuring costs and COVID-19 compliance regulatory costs have been excluded for the first time as a change in policy in the calculation of normalised headline earnings in the current period. The presentation of normalised headline earnings is not an IFRS requirement.

Notes to the consolidated financial statements (continued)

6. Earnings per share (continued)

	2020 R'000	2019 R'000
Headline earnings – continuing operations	**1 876 928**	4 608 257
Acquisition costs	**178 179**	22 940
Amortisation of acquired customer contracts	**70 120**	42 918
Fair value uplift of Adcock Ingram inventory	**96 930**	–
Non-cash share of Comair's SAA travel agent incentive scheme settlement	**122 191**	(167 950)
COVID-19 pandemic expenses (refer *note 43*)	**1 200 644**	–
COVID-19 pandemic impact on MIAL investment (refer *note 43*)	**351 442**	–
Taxation effect	**(333 513)**	(5 883)
Non-controlling interest	**(74 193)**	–
Normalised headline earnings – continuing operations	**3 488 728**	4 500 282
Normalised headline earnings – discontinued operations	**(540 173)**	(48 486)
Normalised headline earnings – Group	**2 948 555**	4 451 796
Normalised headline earnings per share (cents) – continuing operations	**1 028.3**	1 334.4
Normalised headline earnings per share (cents) – Group	**869.1**	1 320.0

7. Dividends per share

Interim distribution (cents)		
Dividend paid to shareholders on 30 March 2020 (2019: Dividend paid to shareholders on 25 March 2019)	**282.0**	282.0
Final dividend (cents)		
Dividend paid to shareholders on 23 September 2019	**–**	318.0
	282.0	600.0

8. Cash generated by operations

	R'000	R'000
Profit before taxation	**1 296 953**	5 284 195
Costs incurred in respect of acquisitions	**178 179**	22 940
Net finance charges	**1 429 627**	924 585
Share of current year earnings of associates	**216 160**	(427 309)
Depreciation and amortisation	**2 947 696**	1 513 700
Share based payment expense	**216 348**	188 840
Impairment of property, plant and equipment, right-of-use and intangible assets	**689 731**	11 228
Impairment of goodwill	**496 850**	–
Impairment of associates	**523 279**	623 941
Loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**279 637**	201 209
Other non-cash items	**67 847**	(373 488)
Remeasurement of post-retirement obligations	**(5 015)**	(20 501)
Decrease in life assurance fund	**(32 013)**	(22 851)
Working capital changes	**874 428**	(1 282 468)
(Increase) decrease in inventories	**(740 413)**	45 211
Decrease (increase) in trade and other receivables	**2 623 679**	(273 472)
Increase in banking and other advances	**(449 541)**	(764 085)
Decrease in trade and other payables and provisions	**(1 438 571)**	(1 076 470)
Increase in amounts owed to bank depositors	**879 274**	786 348
	9 179 707	6 644 021

	2020 R'000	2019 R'000
9. Net debt reconciliation		
Cash and cash equivalents	**10 412 475**	6 617 075
Borrowings	**(25 313 840)**	(9 861 712)
Listed bonds	**(4 421 000)**	(3 339 000)
Cumulative redeemable preference shares	**(2 080 000)**	(2 080 000)
Syndicated EURO facility	**(6 151 655)**	(3 190 563)
Syndicated GBP bridge facility *	**(11 055 619)**	–
Other borrowings including unsecured, call accounts and asset backed	**(666 525)**	(611 060)
Interest bearing floor plan creditors	**(939 041)**	(641 089)
Overdraft facilities	**(4 322 049)**	(4 582 552)
Net borrowings	**(19 223 414)**	(7 827 189)
Cash and cash equivalents	**10 412 475**	6 617 075
Gross borrowings at fixed interest rates	**(1 774 189)**	(2 168 977)
Gross borrowings at variable interest rates	**(27 861 700)**	(12 275 287)
Net borrowings	**(19 223 414)**	(7 827 189)

* refer *note 13 Acquisition of businesses, subsidiaries and associates*

	Borrowings R'000
Borrowings at 30 June 2018	**(9 814 472)**
Cash outflow	**3 116 468**
Cash inflow	**(3 124 004)**
Capitalised interest	**(28 701)**
Net acquisitions	**(15 916)**
Foreign exchange adjustment	**4 913**
Borrowings at 30 June 2019	**(9 861 712)**
Cash outflow	**16 774 408**
Cash inflow	**(19 954 763)**
Capitalised interest	**(5 643)**
Net acquisitions	**(12 365 985)**
Foreign exchange adjustment	**99 855**
Borrowings at 30 June 2020	**(25 313 840)**

Notes to the consolidated financial statements (continued)

	2020 R'000	2019 R'000
10. Finance charges and finance income		
Charge per income statement	**(1 509 880)**	(1 162 737)
Unwinding of discount on puttable non-controlling interest liabilities	**1 796**	5 013
Amounts capitalised to borrowings	**5 643**	28 701
Amounts capitalised to lease liabilities	**60 359**	–
Amounts capitalised to property, plant and equipment	**(53 661)**	(25 837)
Amounts paid	**(1 495 743)**	(1 154 860)
Income per income statement	**80 253**	238 152
Imputed interest	**(16 565)**	–
Amounts received	**63 688**	238 152
11. Taxation paid		
Net amounts receivable at beginning of year	**(8 195)**	(43 735)
Current taxation charge	**(1 314 912)**	(1 377 265)
Businesses acquired and subsidiary recognised	**(189 652)**	(15 082)
Businesses disposed of	**(12 580)**	(14 222)
Transfer to discontinued operations	**(58 441)**	–
Exchange rate adjustments	**16 674**	(168)
Movement in discontinued operations	**–**	21 420
Amounts payable at end of year	**438 105**	291 042
Amounts receivable at end of year	**(325 117)**	(282 847)
	(1 454 118)	(1 420 857)
12. Distributions to shareholders		
Dividends paid to shareholders	**(2 037 844)**	(1 968 272)
Dividends received by subsidiaries on treasury shares	**3 893**	4 043
Dividends paid to non-controlling interests	**(229 818)**	(51 207)
Dividends paid to put-call option holders	**(3 795)**	(3 841)
	(2 267 564)	(2 019 277)

	2020 R'000	2019 Restated * R'000
13. Acquisition of businesses, subsidiaries and associates		
Property, plant and equipment	**(1 150 004)**	(98 586)
Right-of-use assets	**(922 448)**	–
Deferred taxation	**(49 685)**	128 250
Interest in associates and joint ventures	**(1 514)**	(654 033)
Investments and advances	**(4 728)**	(4 167)
Inventories	**(236 557)**	(53 563)
Trade and other receivables	**(1 659 738)**	(254 210)
Cash and cash equivalents	**(1 281 038)**	(73 982)
Borrowings	**12 390 274**	15 916
Trade and other payables and provisions	**3 124 936**	281 676
Lease liabilities	**907 877**	–
Taxation	**189 278**	15 082
Net fair value of liabilities (assets)	**11 306 653**	(697 617)
Goodwill	**(12 408 811)**	(713 777)
Intangible assets	**(496 866)**	(460 128)
Non-controlling interest	**–**	(19 963)
Total value of acquisitions	**(1 599 024)**	(1 891 485)
Less: Cash and cash equivalents acquired	**1 281 038**	73 982
Vendors for acquisition at beginning of year	**(518 231)**	(22 708)
Vendors for acquisition at end of year	**2 611**	518 231
Costs incurred in respect of acquisitions	**(178 179)**	(22 940)
Net amounts paid	**(1 011 785)**	(1 344 920)

* Refer *accounting policies note 27.*

Effective 7 May 2020, the Group acquired 100% of the share capital and voting rights of, and claims on loan accounts against PHS Bidco Limited and PHS Group Limited (PHS Group) via its UK subsidiary, Bidvest Services Group (UK) Limited. The PHS Group are specialists in washroom, healthcare and floorcare hygiene, and are the leading hygiene service provider in the UK, Spain and Ireland. With over 120 000 customers in over 300 000 locations the Group supports, among others, restaurants, offices, hospitals and schools and meets the hygiene needs of up to 100 million people. The acquisition adds significance to the Group's hygiene service offerings as a whole and in the UK and Europe geography. The Group will gain and achieve substantial synergies from this acquisition, which has been funded with a one year sterling bridge facility, with an option to extend for a further one year period.

Effective 1 July 2019, the Group acquired 100% of the share capital and voting rights of Future Cleaning Services Limited (Future Cleaning) via its UK subsidiary, Noonan Services Group (UK) Limited. Future Cleaning, a North Yorkshire company formed in 2003, is an office and commercial cleaning services company operating throughout the UK and Ireland through bespoke packages designed to service any size company and budget providing the best value contracts. Specialist cleaning services include boat, transport and escalator cleaning, jet washing and road sweeping. General cleaning services include, daily contract, commercial, industrial, window and carpet cleaning. This bolt-on acquisition increases the Group's cleaning service footprint and market share in the UK and Ireland and was funded from existing cash resources and facilities.

As at 1 July 2019 the Group acquired 100% of the share capital and voting rights of New Frontiers Tours Proprietary Limited (New Frontiers). New Frontiers is a full service ground handler, specialising in the deluxe end of the market and offering accommodation, safaris, car rental, transfers, day tours, private touring, charter flights and VIP Meet and Greet services throughout Southern Africa. The consulting team is made up of travel professionals who have been in the industry a minimum of seven years and who are driven by passion and creativity to ensure impeccable on the ground service and responses. This inbound travel and tourism acquisition compliments the Group's existing portfolio of internal and out bound travel and tourism offerings. The acquisition was funded from existing cash resources and facilities.

Included in other acquisitions is Plush Professional Leather Care Proprietary Limited (Plush). Adcock Ingram acquired 100% of Plush, a company offering an extensive range of homecare, cleaning and leather care products, which are sold through most major retailers in South Africa and selected Southern African countries. The acquisition of Plush is part of Adcock Ingram's strategy to expand into non-regulated markets, including homecare. Plush was acquired for R322 million.

Notes to the consolidated financial statements (continued)

13. Acquisition of businesses, subsidiaries and associates (continued)

The goodwill, intangible and tangible asset values represented for PHS Group are provisional, as this acquisition was completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

The Group also made a number of less significant acquisitions and disposals during the year. These acquisitions were funded from existing cash resources.

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. The directors believe that the goodwill of the acquisitions reflects, the expectation that the businesses will continue to generate new customers over time, the acquired workforce (which is not an identifiable asset for financial reporting purposes), and the growth opportunities. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base and geographic reach in the market place.

Trade receivables acquired above are stated net of impairment allowances of R151 million (2019: R11.5 million). There were no significant contingent liabilities identified in the businesses acquired.

The impact of these acquisitions on the Group's results can be summarised as follows:

	PHS Group R'000	Future Cleaning R'000	New Frontiers R'000	Other acquisitions R'000	**Total R'000**
Identifiable assets and liabilities acquired					
Property, plant and equipment	1 079 088	60 885	2 291	7 740	**1 150 004**
Right-of-use assets	916 375	4 037	2 036	–	**922 448**
Deferred taxation	166 683	(48 603)	(1 822)	(66 573)	**49 685**
Interest in associates and joint ventures	–	–	617	897	**1 514**
Investments and advances	–	–	4 728	–	**4 728**
Inventories	177 736	147	–	58 674	**236 557**
Trade and other receivables	1 413 900	112 115	93 926	39 797	**1 659 738**
Cash and cash equivalents	1 218 465	9 201	31 720	21 652	**1 281 038**
Borrowings	(12 377 334)	–	–	(12 940)	**(12 390 274)**
Trade and other payables and provisions	(2 891 003)	(100 986)	(83 443)	(49 504)	**(3 124 936)**
Lease liabilities	(901 659)	(4 037)	(2 181)	–	**(907 877)**
Taxation	(186 155)	(5 832)	3 777	(1 068)	**(189 278)**
Intangible assets	–	236 034	25 022	235 810	**496 866**
	(11 383 904)	262 961	76 671	234 485	**(10 809 787)**
Goodwill	11 685 164	296 493	215 715	211 439	**12 408 811**
Net assets acquired	301 260	559 454	292 386	445 924	**1 599 024**
Less: Cash and cash equivalents acquired	(1 218 465)	(9 201)	(31 720)	(21 652)	**(1 281 038)**
Net consideration	(917 205)	550 253	260 666	424 272	**317 986**
Contribution to results for the year					
Revenue	767 204	572 088	1 112 227	177 549	**2 629 068**
Profit or loss	121 040	25 654	41 367	(2 788)	**185 273**
Contribution to results for the year if the acquisitions had been effective on 1 July 2019					
Revenue	5 143 764	572 088	1 112 227	406 549	**7 234 628**
Profit or loss	741 449	25 654	41 367	19 516	**827 986**

14. Proceeds on disposal of interest in subsidiaries and associates, and disposal and closure of businesses

	2020 R'000	2019 R'000
Property, plant and equipment	**161 376**	82 535
Right-of-use assets	**51 011**	–
Intangibles	**18 205**	6 491
Goodwill	**2 152**	66 578
Deferred taxation	**852**	33 122
Interest in associates	**3 049**	32 651
Inventories	**50 238**	4 070
Trade and other receivables	**274 319**	373 016
Cash and cash equivalents and bank overdrafts	**(3 702)**	98 790
Borrowings	**(24 289)**	–
Lease liability	**(47 991)**	–
Trade and other payables and provisions	**(99 807)**	(150 863)
Taxation	**12 580**	14 222
Disposal group assets held for sale	**–**	253 921
Disposal group liabilities held for sale	**–**	(31 785)
Carrying value of net assets	**397 993**	782 748
Non-controlling interest	**1 087**	(116 705)
Realisation of foreign currency translation reserves	**7 327**	(42 903)
Realisation of share-based payments reserves	**–**	8 049
Net loss on disposal of interest in subsidiaries and associates, and disposal and closure of businesses	**(261 155)**	(177 262)
Less: cash and cash equivalents and bank overdrafts disposed of	**3 702**	(98 790)
Settlement of other receivables arising on disposal of subsidiaries and associates	**–**	190 741
Less: other receivables arising on disposal of subsidiaries and associates (refer *note 25*)	**(99 020)**	–
Net cash impact	**49 934**	545 878

In the current period the Group disposed of 100% of the share capital and voting rights of DH Mansfield Group Limited (DH Mansfield). DH Mansfield is a rescue and recovery business operating services centres across the northern, central and southern geographical areas of the UK. The business is considered non-core to the Group because of its size, geographic isolation and lack of scalability.

The Group disposed of the entire share capital of Glenryck South Africa Proprietary Limited (Glenryck) to the African Pioneer Group. Glenryck is a leading South African oil-rich canned fish brand and its disposal is in line with the Group's divestiture of its fishing and associated interests and follows the disposal of fishing interests in 2018 and 2019.

14. Proceeds on disposal of interest in subsidiaries and associates, and disposal and closure of businesses (continued)

	DH Mansfield R'000	Glenryck R'000	Other smaller disposals R'000	**Total R'000**
Identifiable assets and liabilities disposed				
Property, plant and equipment	(136 433)	(531)	(24 412)	**(161 376)**
Right-of-use assets	(51 011)	–	–	**(51 011)**
Deferred taxation	6 361	(25 431)	18 218	**(852)**
Interest in associates	–	–	(3 049)	**(3 049)**
Inventories	(14 611)	(13 827)	(21 800)	**(50 238)**
Trade and other receivables	(95 489)	(48 228)	(130 602)	**(274 319)**
Cash and cash equivalents and bank overdrafts	33 205	(14 143)	(15 360)	**3 702**
Borrowings	24 289	–	–	**24 289**
Lease liability	47 991	–	–	**47 991**
Trade and other payables and provisions	61 381	28 684	9 742	**99 807**
Taxation	(13 479)	–	899	**(12 580)**
Intangible assets	–	(18 205)	–	**(18 205)**
Goodwill	–	–	(2 152)	**(2 152)**
Total net assets disposed	(137 796)	(91 681)	(168 516)	**(397 993)**

15. Property, plant and equipment

	2020 R'000	2019 R'000
Freehold land and buildings	**4 508 371**	3 740 523
Cost	**4 900 032**	3 893 826
Accumulated depreciation and impairments	**(391 661)**	(153 303)
Leasehold improvements	**1 151 494**	1 114 589
Cost	**2 069 049**	1 825 990
Accumulated depreciation and impairments	**(917 555)**	(711 401)
Plant and equipment	**3 000 726**	2 380 179
Cost	**6 652 888**	5 120 726
Accumulated depreciation and impairments	**(3 652 162)**	(2 740 547)
Office equipment, furniture and fittings	**1 157 697**	999 995
Cost	**4 453 262**	3 153 812
Accumulated depreciation and impairments	**(3 295 565)**	(2 153 817)
Vehicles, vessels and craft	**711 258**	946 605
Cost	**2 520 894**	2 572 407
Accumulated depreciation and impairments	**(1 809 636)**	(1 625 802)
Dispensing and cleaning equipment	**1 179 386**	478 689
Cost	**3 271 003**	1 236 809
Accumulated depreciation and impairments	**(2 091 617)**	(758 120)
Capitalised leased assets	**9 646**	4 616
Cost	**31 438**	27 285
Accumulated depreciation and impairments	**(21 792)**	(22 669)
Full maintenance leased assets	**1 314 254**	1 498 399
Cost	**2 024 270**	2 182 898
Accumulated depreciation and impairments	**(710 016)**	(684 499)
Capital work-in-progress	**1 392 876**	885 141
	14 425 708	12 048 736

Property, plant and equipment with an estimated carrying value of R105 million (2019: R140 million) is pledged as security for borrowings of R73 million (2019: R126 million) (refer *note 31 Borrowings*).

A register of land and buildings is available for inspection by shareholders at the registered office of the Company.

Notes to the consolidated financial statements (continued)

15. Property, plant and equipment (continued)

	2020 R'000	2019 R'000
Movement in property, plant and equipment		
Carrying value at beginning of year	**12 048 736**	11 173 458
Capital expenditure	**2 073 221**	2 542 683
Freehold land and buildings	**104 203**	555 625
Leasehold improvements	**74 490**	64 816
Plant and equipment	**480 188**	532 043
Office equipment, furniture and fittings	**407 107**	406 274
Vehicles, vessels and craft	**257 953**	289 985
Dispensing and cleaning equipment	**277 721**	256 511
Capitalised leased assets	**8 561**	5 163
Full maintenance leased assets	**182 503**	81 536
Capital work-in-progress	**280 495**	350 730
Expenditure	**653 413**	517 982
Transfers to other categories	**(372 918)**	(167 252)
Acquisition of businesses and recognition of subsidiary	**2 684 427**	98 586
Freehold land and buildings	**744 024**	56 431
Leasehold improvements	**107 724**	268
Plant and equipment	**575 047**	13 383
Office equipment, furniture and fittings	**167 577**	1 913
Vehicles, vessels and craft	**85 386**	3 933
Dispensing and cleaning equipment	**777 421**	20 324
Capital work-in-progress	**227 248**	2 334
Disposals	**(371 490)**	(290 483)
Freehold land and buildings	**(19 725)**	(74 881)
Leasehold improvements	**(10 168)**	(60 038)
Plant and equipment	**(18 395)**	(2 579)
Office equipment, furniture and fittings	**(11 640)**	(8 955)
Vehicles, vessels and craft	**(81 840)**	(35 476)
Dispensing and cleaning equipment	**(24 855)**	(14 053)
Capitalised leased assets	**(4 039)**	–
Full maintenance leased assets	**(200 820)**	(94 428)
Capital work-in-progress	**(8)**	(73)
Disposal and or transfers to discontinued operations	**(210 418)**	(82 535)
Freehold land and buildings	**–**	(37 282)
Leasehold improvements	**(26 585)**	–
Plant and equipment	**(33 276)**	(40 435)
Office equipment, furniture and fittings	**(8 226)**	(2 773)
Vehicles, vessels and craft	**(142 331)**	(2 045)
Exchange rate adjustments	**(25 468)**	(4 439)
Freehold land and buildings	**5 339**	(139)
Leasehold improvements	**(2 455)**	184
Plant and equipment	**11 297**	(462)
Office equipment, furniture and fittings	**(5 105)**	(120)
Vehicles, vessels and craft	**32 505**	(3 907)
Dispensing and cleaning equipment	**(67 801)**	5
Capitalised leased assets	**752**	–
Depreciation – continuing operations	**(1 550 837)**	(1 368 418)
Depreciation – discontinued operations	**–**	(10 536)
Impairment losses – continuing operations (refer *note 2 Profit before finance charges and associate income*)	**(222 463)**	(9 580)
Carrying value at end of year	**14 425 708**	12 048 736

	2020 R'000	2019 R'000
16. Right-of-use assets		
Movement in right-of-use assets		
Adoption/transition at 1 July 2019	**5 002 082**	–
Additions	**435 243**	–
On acquisition of businesses	**1 219 821**	–
On disposal of businesses	**(51 011)**	–
Modification to lease terms	**(41 262)**	–
Depreciation	**(1 225 089)**	–
Impairment	**(145 144)**	–
Foreign exchange adjustment	**(59 872)**	–
	5 134 768	–
Classification of right-of-use assets		
Equipment and vehicles	**529 502**	–
Land and buildings	**4 605 266**	–
	5 134 768	–
Movement by category		
Adoption/transition at 1 July 2019	**5 002 082**	–
Equipment and vehicles	**322 815**	–
Land and buildings	**4 679 267**	–
Additions	**435 243**	–
Equipment and vehicles	**7 268**	–
Land and buildings	**427 975**	–
On acquisition of businesses	**1 219 821**	–
Equipment and vehicles	**429 020**	–
Land and buildings	**790 801**	–
On disposal of businesses	**(51 011)**	–
Equipment and vehicles	**–**	–
Land and buildings	**(51 011)**	–
Modification to lease terms	**(41 262)**	–
Equipment and vehicles	**–**	–
Land and buildings	**(41 262)**	–
Foreign exchange adjustment	**(59 872)**	–
Equipment and vehicles	**(36 604)**	–
Land and buildings	**(23 268)**	–
Depreciation – continuing operations (refer *note 2 Profit before finance charges and associate income*)	**(1 225 089)**	–
Impairment – continuing operations (refer *note 2 Profit before finance charges and associate income*)	**(145 144)**	–
	5 134 768	–

Notes to the consolidated financial statements (continued)

16. Right-of-use assets (continued)

	Right-of-use asset 2020 R'000	Deprecation and impairment 2020 R'000
Segmental analysis		
Services	**1 245 004**	**366 777**
Branded Products	**534 455**	**204 776**
Freight	**1 588 870**	**262 762**
Commercial Products	**693 461**	**166 663**
Financial Services	**344 359**	**109 876**
Automotive	**707 743**	**236 552**
Corporate and investments	**20 876**	**22 826**
	5 134 768	**1 370 232**
Geographic region		
Southern Africa	**4 240 134**	**1 276 573**
International	**894 634**	**93 659**
	5 134 768	**1 370 232**

17. Intangible assets

	2020 R'000	2019 Restated R'000
Patents, trademarks, tradenames and other intangibles	**8 077 003**	3 414 644
Cost	**9 466 643**	4 337 375
Accumulated amortisation and impairments	**(1 389 640)**	(922 731)
Computer software	**374 937**	389 291
Cost	**1 174 030**	1 098 140
Accumulated amortisation and impairments	**(799 093)**	(708 849)
Capital work-in-progress	**42 880**	31 730
	8 494 820	3 835 665
Movement in intangible assets		
Carrying value at beginning of year	**3 835 665**	3 367 806
Additions	**190 109**	165 118
Patents, trademarks, tradenames and other intangibles	**18 801**	14 581
Computer software	**160 115**	145 953
Capital work-in-progress	**11 193**	4 584
Expenditure	**25 185**	17 293
Transfers to other categories	**(13 992)**	(12 709)
Acquisition of businesses and recognition of subsidiary	**4 643 422**	460 128
Patents, trademarks, tradenames and other intangibles	**4 643 422**	460 018
Computer software	**–**	110

17. Intangible assets (continued)

	2020 R'000	2019 Restated R'000
Disposals	**(18 018)**	(623)
Patents, trademarks, tradenames and other intangibles	**(8 949)**	(8)
Computer software	**(9 069)**	(615)
Disposal and transfer to discontinued operations	**(45 747)**	(6 491)
Patents, trademarks, tradenames and other intangibles	**(18 200)**	–
Computer software	**(27 547)**	(6 491)
Exchange rate adjustments	**383 283**	(709)
Patents, trademarks, tradenames and other intangibles	**382 358**	(679)
Computer software	**925**	(30)
Amortisation – continuing operations (refer *note 2 Profit before finance charges and associate income*)	**(171 770)**	(145 282)
Amortisation – discontinued operations	**–**	(2 634)
Impairment – continuing operations (refer *note 2 Profit before finance charges and associate income*)	**(322 124)**	(1 648)
Carrying value at end of year	**8 494 820**	3 835 665

Indefinite life intangibles

During the current period, the prior year acquisition UDS was subject to a PPA review. The PPA review resulted in the recognition of an indefinite life intangible asset, beyond visual line of sight license in the amount of R457 million and the de-recognition of goodwill, provisionally recognised in the prior year, in the amount of R330 million. Goodwill amounting to R149 million was recognised based on the PPA performed. The prior year comparative consolidated statement of financial position has been restated accordingly. The following key assumptions were applied as part of the PPA process:

- the multi period excess earnings method ("MEEM") has been used to perform the valuation of the intangible assets. MEEM measures the excess after tax cash flows attributable to the intangible asset being valued after providing for the appropriate returns on other identifiable assets;
- revenues attributable to the business were identified and valued with growth rates applied between the range 22% – 28%, based on historical information;
- an average discount rate of 24.2% was assumed in future cash flows;
- net working capital was determined based on historical actual figures and ranged between 8% – 12% of revenue going forward; and
- future capex is assumed to increase by 5.4% of revenue going forward.

During the current financial year, Future Cleaning was purchased with an effective date of 1 July 2019. Management performed a PPA on the date that effective control transferred to the Group. The following key assumptions were applied as part of the PPA process:

- an EBITDA multiple approach was used to determine the enterprise value;
- a discounted cash flow was used to value the intangible asset relating to customer contracts; and
- a revenue growth rate of 2% was applied, with a discount rate of 11% in the discounted cash flow.

At acquisition date and as part of the PPA process, the assets and liabilities were assessed to there fair values which approximated the carrying values. Consideration of R550 million was paid to acquire the business at 1 July 2019. As part of the PPA, intangible assets in the form of customer contracts to the total value of R236 million were identified and valued with a useful life of 20 years. Goodwill amounting to R296 million was recognised based on the PPA performed at acquisition date (refer *note 13 Acquisition of businesses, subsidiaries and associates*).

Notes to the consolidated financial statements (continued)

17. Intangible assets (continued)

The Group recorded indefinite life brand name and license agreement intangible assets in the amount of R3 353 million and R606 million respectively on recognition of Adcock Ingram as a subsidiary (refer *note 28 Subsidiaries*). Indefinite life intangibles arising on previous acquisitions amount to R2 138 million, R762 million relating to Bidvest Commercial Products, R247 million relating to Branded Products and R1 129 million to Bidvest Services. The Plush acquisition (refer *note 13 Acquisition of businesses, subsidiaries and associates*) resulted in the recognition of a R235 million indefinite life intangible asset, the Plush brand. Both the existing indefinite life intangible assets and acquired indefinite life assets were subject to review for impairment at 30 June 2020 using the value-in-use method, which resulted in the Group booking a current year impairment charge of R278 million for indefinite life intangibles acquired in prior periods.

On acquisition and on recognition as a subsidiary definite life intangible assets

On recognition of Adcock Ingram as a subsidiary the Group raised an definite life intangible asset, license agreements, of R188 million, with an expected life of 20 years (refer *note 28 Subsidiaries*). On acquisition of Future Cleaning and New Frontiers the Group recognised definite life intangible assets, customer relationships, in the amount of R236 million and R25 million respectively (refer *note 13 Acquisition of businesses, subsidiaries and associates*).

Impairment of intangible assets

The recoverable amounts of the CGUs were determined using the value-in-use method in order to identify impairment of related intangibles. In applying the value-in-use method the following assumptions were used:

- discounted cash flow performed at a CGU level;
- pre-tax discount rates determined per CGU within the range of 7% – 15%;
- growth rate per CGU within the range of 2% – 7%;
- net working capital increase based on expected growth rates in revenue; and
- capex based on maintaining the capital base.

Impairments of intangible assets were identified in the Bidvest Commercial Products (R183 million), Bidvest Branded Products CGUs (R 95 million) and other (R44 million).

The amortisation and impairment charges are included in operating expenses in the consolidated income statement (refer *note 2 Profit before finance charges and associate income).*

18. Goodwill

	2020 R'000	2019 Restated R'000
Carrying value at beginning of year	**5 094 959**	4 447 769
Exchange rate adjustments	**(696 412)**	(9)
Acquisition of businesses and recognition of subsidiary	**14 061 546**	713 777
Disposal of businesses	**(2 152)**	(66 578)
Impairment of goodwill	**(496 850)**	–
	17 961 091	5 094 959

Goodwill acquired through business combinations is allocated for impairment testing purposes to CGUs which reflect how it is monitored for internal management purposes, namely the various segments of the Group. The carrying amount of goodwill was subject to an annual impairment test using the value-in-use method.

The carrying amount of goodwill was allocated to CGUs as follows:		
Services	**14 395 524**	2 845 373
Branded Products	**2 322 754**	564 997
Freight	**87 885**	87 885
Commercial Products	**883 151**	882 671
Financial Services	**244 580**	238 485
Automotive	**–**	378 270
Properties	**27 197**	27 197
Corporate and investments	**–**	70 081
	17 961 091	5 094 959

The recoverable amounts of the CGUs were determined using the value-in-use method.

18. Goodwill (continued)

Bidvest Services

Southern African projected future cashflows were determined using growth rates of between 6.5% to 7.5% over a five year period with a terminal growth rate of 6.5%, and applying a pre-tax discount rate of 15.75%. International projected future cashflows were determined using growth rates of between 2.0% and 7.8% with terminal rates of 2.0% and 3.5%, and applying a discount rate of 5.9%. The resulting recoverable amount is substantially higher than the carrying value. A 1% change in the five year growth rates, terminal growth rate and discount rate would not have a significant impact on the recoverable amount and would not result in an impairment of the carrying value of goodwill. R11 685 million goodwill was provisionally recognised on the acquisition of the PHS Group (refer *note 13 Acquisition of businesses, subsidiaries and associates*). The goodwill recognised for the PHS Group was tested at 30 June 2020 by applying the value-in-use method using the following inputs: A divisional pre-tax WACC of 9.26%; growth range of between 3.5% and 7.8%; a terminal growth rate of 3.5%; forecasted net working capital increased with estimated growth rates per year; and capital expenditure to maintain current capacity Recoverable value exceeded carrying value and no impairment was recognised (refer *note 13 Acquisition of businesses, subsidiaries and associates*.

Bidvest Freight

Projected future cash flows were calculated using growth rates of between 4.2% and 5.7% over a five year period with a terminal growth rate of 4.2% and applying a pre-tax discount rate of 15.34% resulting in a recoverable amount substantially higher than the carrying value. A 1% change in the five year growth rates, terminal growth rate and discount rate would not have a significant impact on the recoverable amount and would not result in an impairment of the carrying value of goodwill.

Bidvest Branded Products

Projected future cashflows were determined using growth rates of between 2.5% and 5.5% over five years with a terminal growth rates of 2.5% and 4.5% and applying a pre-tax discount rate of 19.85% resulting in a recoverable amount substantially higher than the carrying value. A 1% change in the five year growth rates, terminal growth rate and discount rate would not have a significant impact on the recoverable amount and would not result in an impairment of the carrying value of goodwill. R1 653 million goodwill was raised on the recognition of Adcock Ingram as a subsidiary (refer *note 28 Subsidiaries*).

Bidvest Commercial Products

Projected future cashflows were determined using growth rates of between 4.5% and 5.5% over five years with a terminal growth rate of 4.5% and applying a pre-tax discount rate of 20.42% resulting in a recoverable amount substantially higher than the carrying value. A 1% change in the five year growth rates, terminal growth rate and discount rate would not have a significant impact on the recoverable amount and would not result in an impairment of the carrying value of the goodwill.

Bidvest Automotive

The Automotive segment's operations in particular were the most exposed to economic uncertainty as a result of the COVID-19 pandemic which commenced during the 2020 financial year, and significant judgement was required in assessing the goodwill impairment calculation. Management's assessment of the Automotive segment indicated that goodwill may be impaired. Projected future cashflows were determined using growth rates of between 5.3% and 5.8% over five years with a terminal growth rate of 5.3% and applying a pre-tax discount rate of 14.47% resulting in a recoverable amount lower than the carrying value. A R427 million impairment of goodwill was recognised.

Bidvest Financial Services

Projected future cashflows were determined using growth rates of between 6.5% and 7.5% over five years with a terminal growth rate of 6.5% and applying a pre-tax discount rate of 13.15% resulting in a recoverable amount substantially higher than the carrying value. A 1% change in the five year growth rates, terminal growth rate and discount rate would not have a significant impact on the recoverable amount and would not result in an impairment of the carrying value of goodwill.

Bidvest Properties

Projected future cashflows were determined using growth rates of between 2.5% and 3.5% over five years with a terminal growth rate of 2.5% and applying a pre-tax discount rate of 12.92% resulting in a recoverable amount substantially higher than the carrying value. A 1% change in the five year growth rates, terminal growth rate and discount rate would not have a significant impact on the recoverable amount and would not result in an impairment of the carrying value of goodwill.

Bidvest Corporate and Investments

Projected future cashflows were determined using growth rates of between 2.0% and 3.0% over five years with a terminal growth rate of 2.5% and applying a pre-tax discount rate of 15.7% resulting in a recoverable amount which is lower than the carrying value. A R70 million impairment of goodwill was recognised.

Notes to the consolidated financial statements (continued)

	2020 R'000	2019 Restated R'000
19. Deferred taxation		
Deferred taxation assets	**1 588 036**	845 421
Deferred taxation liabilities	**(3 016 417)**	(1 463 126)
Net deferred taxation liability	**(1 428 381)**	(617 705)
Movement in net deferred taxation assets and liabilities		
Balance at beginning of year	**(617 705)**	(448 181)
Transfer from discontinued operations	**207 064**	–
Per consolidated income statement	**463 323**	(54 514)
Items recognised directly in equity, other comprehensive income	**(162 796)**	74 501
Movement in discontinued operations	**–**	(5 383)
On acquisition of businesses and recognition of subsidiary	**(1 234 833)**	(128 250)
On disposal of businesses	**(852)**	(33 122)
Exchange rate adjustments	**(82 582)**	(22 756)
	(1 428 381)	(617 705)

	Assets R'000	Liabilities R'000	Net R'000
Temporary differences			
2020			
Differential between carrying values and tax values of property, plant and equipment	**191 640**	**(889 275)**	**(697 635)**
Differential between carrying values and tax values of intangible assets	**31 995**	**(2 044 981)**	**(2 012 986)**
Right-of-use assets	**(967 185)**	**(443 595)**	**(1 410 780)**
Lease liabilities	**1 104 533**	**482 482**	**1 587 015**
Estimated taxation losses	**349 179**	**(56 139)**	**293 039**
Staff related allowances and liabilities	**344 303**	**2 923**	**347 227**
Operating lease liabilities	**(364)**	**(11 720)**	**(12 084)**
Inventories	**116 419**	**(7 837)**	**108 582**
Investments	**21 267**	**(234 211)**	**(212 944)**
Trade and other receivables	**52 236**	**(1 676)**	**50 560**
Trade, other payables and provisions	**344 013**	**187 612**	**531 625**
	1 588 036	**(3 016 417)**	**(1 428 381)**
2019			
Differential between carrying values and tax values of property, plant and equipment	30 309	(718 159)	(687 850)
Differential between carrying values and tax values of intangible assets	(2 777)	(717 104)	(719 881)
Estimated taxation losses	106 725	62 418	169 143
Staff related allowances and liabilities	441 165	20 391	461 556
Operating lease liabilities	40 112	4 705	44 817
Inventories	50 714	(9 083)	41 631
Investments	26 036	(111 045)	(85 009)
Trade and other receivables	16 546	(13 331)	3 215
Trade, other payables and provisions	136 591	18 082	154 673
	845 421	(1 403 126)	(617 705)

Deferred taxation has been provided at rates ranging between 10% – 45% (2019: 10% – 45%). The variance in rates arises as a result of the differing taxation and capital gains taxation rates present in the various countries in which the Group operates.

	2020 R'000	2019 R'000
20. Interest in associates and joint ventures		
Listed associates	**–**	4 551 484
Net asset value at acquisition	**114 034**	1 734 216
Inherent goodwill	**306 707**	4 428 883
Impairment allowances	**(420 741)**	(1 611 615)
Unlisted associates	**585 376**	41 229
Net asset value at acquisition	**717 823**	166 484
Inherent goodwill	**412**	1 575
Impairment allowances	**(132 859)**	(126 830)
Investments in associates at cost net of impairment allowances	**585 376**	4 592 713
Attributable share of post-acquisition reserves of associates	**366 767**	1 210 837
At beginning of year	**1 210 837**	815 534
Share of IFRS 16 adjustment to balance at beginning of the period	**(21 064)**	–
Share of current year earnings net of dividend	**(216 160)**	427 309
Share of current year movement in other comprehensive income	**6 014**	(13 828)
Reversal of prior year reserves on unbundling, disposal, and or change in shareholding	**(612 860)**	(18 178)
Impairment of post-acquisition reserves of associates	**(352 974)**	–
Net advances to associates	**19**	19
Advances to associates	**111 151**	52 519
Impairment allowances	**(111 132)**	(52 500)
	599 188	5 803 569
Adcock Ingram Limited	**–**	5 251 765
Comair Limited	**–**	491 385
Adcock Ingram Limited (India)	**356 772**	–
National Renal Care Proprietary Limited	**188 406**	–
Other	**54 010**	60 419
	599 188	5 803 569

Except for the R111 million advance made to Strait Access Technologies Holdings Proprietary Limited, which attracts interest at the South African prime interest rate 7.25% (2019: 10.25%), all unsecured advances to associates are interest free and have no fixed terms of repayment.

A list of the Group's significant associates, their country of incorporation and principal place of business, the Group's percentage shareholding and an indication of their nature of business is included on Annexure A to these financial statements.

Effective 1 August 2019, the Group de-recognised its associate investment in Adcock Ingram and recognised and consolidated Adcock Ingram as a 51.40% held subsidiary, following the dissolution of the Adcock Ingram Broad-Based Black Empowerment Scheme. No additional consideration was paid for the ordinary shares received on the dissolution of the Scheme. A table illustrating the impact of the recognition as subsidiary at 1 August 2019 has been included in *note 28 Subsidiaries*.

The listed associates impairment allowance of R421 million and the impairment of post-acquisition reserves of R353 million relates solely to the Comair Limited (Comair) investment. The Group assessed the carrying value and remeasured the investment to its recoverable amount, nil. The impairment follows Comair's commencement, on 4 May 2020, with voluntary business rescue proceedings in terms of section 129 of the Companies Act and simultaneous successful application for the suspension of trading in the company's shares on the JSE with immediate effect. The current year's capital impairment amounted to R241 million and the Group's share of attributable losses is R201 million.

The same impairment considerations have been applied to other listed investments in associates.

Notes to the consolidated financial statements (continued)

	2020 R'000	2019 R'000
21. Investments		
Investments are measured as follows:		
Amortised cost	**140 547**	135 207
Fair value through other comprehensive income	**78 775**	563 990
Fair value through profit or loss	**2 954 160**	2 245 235
	3 173 482	2 944 432
Long-term portion of listed investments	**1 756 609**	1 500 828
Long-term portion of unlisted investments	**275 328**	232 123
Short-term portion of unlisted investments	**1 141 545**	1 211 481
	3 173 482	2 944 432
Fair value hierarchy of investments		
Investments and loans held at cost or amortised cost	**140 547**	135 207
Investments held at fair value as determined on inputs based on:	**3 032 936**	2 809 225
Unadjusted quoted prices in an active market for identical assets	**1 756 598**	1 498 093
Factors that are not based on observable market data	**1 276 338**	1 311 132
	3 173 483	2 944 432
Analysis of investments at a fair value not determined by observable market data		
Balance at the beginning of year	**1 311 132**	1 056 988
On acquisition of business	**29 627**	3 798
Purchases and loan advances	**41 169**	10 540
Fair value adjustment recognised through other comprehensive income	**55**	5
Fair value adjustment arising during the year recognised in the income statement	**(102 831)**	248 830
Proceeds on disposal, repayment of loans or transfers to other categories	**(3 396)**	(12 906)
Profit on disposal of investments	**–**	2 085
Exchange rate adjustments	**582**	1 792
	1 276 338	1 311 132

Investments measured at fair value through other comprehensive income includes R23 million VISA shares and R52 million preference shares. These investments are held by the Bank who has irrevocably elected to present the subsequent changes in fair value on these investments through other comprehensive income. It is the intention of the Bank to hold these equity investments over the long term, however, these investments may be realised prior to maturity date. In the prior period, the Bank's investments measured at fair value through other comprehensive income included an interest-bearing listed Government bond (R186) in the amount of R341 million, with a coupon interest rate of 10.5% and a maturity date of 21 December 2027.

Investments and loans held at amortised cost consists of enterprise development loans in the amount of R19 million, and term loans to Makana Investment Corporation of R71 million following the disposal of Renfreight and R40 million to the Sekta Group following the disposal of TMS.

The Group's effective beneficial interest in the Indian-based Mumbai International Airport Private Limited (MIAL) is an unlisted investment held at fair value through profit or loss, where the fair value is not based on observable market data (Level 3). The carrying value of this investment at 30 June 2020, based on the directors' valuation at 30 June 2020, is R1 billion (1cr 496.6) (2019: R1 billion (US$86 million)). The valuation of MIAL is fair value less cost to sell and was based on a signed sale agreement, subject to suspensive and conditions precedent. The investment is classified as a current asset and is expected to be sold within the next twelve months.

MIAL is a foreign-based asset and the ruling year end exchange rate, 1cr = R2 298 610 (2019: US$1 = R14.09), is a further factor that affects the carrying value. The valuation is considered a Level 3 type valuation in accordance with IFRS 13 *Fair Value Measurement*.

21. Investments (continued)

Bidvest Insurance and Bidvest Life hold portfolios of listed investments held for trading, which are measured and classified at fair value through profit or loss of R486 million (2019: R660 million) and unlisted investments held for trading, which are measured and classified at fair value through profit or loss of R85 million (2019: R92 million). The Bank holds listed investments classified at fair value through profit or loss in the amount of R919 million (2019: nil).

The valuations of all listed investments are considered Level 1 type valuations in accordance with IFRS 13 *Fair Value Measurement*.

A register of investments is available for inspection by shareholders at the registered office of the Company.

	2020 R'000	2019 R'000
22. Banking and other advances		
Instalment finance	**1 389 086**	1 019 246
Mortgages	**622 272**	584 267
Call and term loans	**541 856**	463 368
Other advances	**594 942**	612 056
	3 148 156	2 678 937
Expected credit losses	**(43 440)**	(23 762)
	3 104 716	2 655 175
Maturity analysis		
Maturing in one year	**1 344 550**	1 162 407
Maturing after one year but within five years	**1 529 018**	1 200 911
Maturing after five years	**231 148**	291 857
	3 104 716	2 655 175

Interest rates are based on contractual agreements with customers.

Refer *note 40 Nature and extent of risks arising from financial instruments* for further disclosure.

	2020 R'000	2019 R'000
23. Vehicle rental fleet		
Cost	**–**	1 417 993
Accumulated depreciation	**–**	(140 190)
	–	1 277 803
Movement in vehicle rental fleet		
Carrying value at beginning of year	**1 277 803**	1 205 591
Transfers to discontinued operations	**(1 277 803)**	–
Additions	**–**	1 002 221
Disposals	**–**	(758 887)
Depreciation	**–**	(171 144)
Exchange rate adjustments	**–**	22
	–	1 277 803

Notes to the consolidated financial statements (continued)

	2020 R'000	2019 R'000
24. Inventories		
Raw materials	**946 687**	410 555
Work-in-progress	**132 050**	108 120
Finished goods	**6 245 619**	4 657 456
New vehicles and motor cycles	**1 513 896**	1 279 591
Used vehicles	**1 122 797**	901 876
Demonstration vehicles	**755 100**	870 860
Parts and accessories	**344 109**	330 509
	11 060 258	8 558 967
New and used motor vehicle inventory acquired under floorplan arrangements, remains as security to the respective floorplan provider until the purchase price has been paid.		
Amounts included in borrowings relating to these assets (refer *note 31 Borrowings*)	**939 041**	641 089
Amounts included in trade and other payables relating to these assets (refer *note 36 Trade and other payables*)	**622 058**	683 520
	1 561 099	1 324 609
Write-down of inventory to net realisable value charged to the income statement	**234 401**	218 487

25. Trade and other receivables

	2020 R'000	2019 R'000
Trade receivables	**10 459 389**	9 722 955
Impairment allowances	**(627 088)**	(285 129)
Net trade receivables	**9 832 301**	9 437 826
Forward exchange contracts asset	**14 565**	1 093
Derivative assets	**12 410**	–
Receivables relating to customer contracts	**436 100**	233 981
Deposits and prepayments	**722 326**	590 031
Value added tax receivable	**136 658**	168 454
Vehicles purchased with guaranteed buy-backs from OEMs	**–**	44 005
Receivables arising on disposal of subsidiaries and or associates	**99 020**	–
Other receivables*	**1 269 266**	1 248 674
	12 522 646	11 724 064

* *Other receivables consist of a variety of items which are not individually material. Although these receivables are also subject to impairment requirements of IFRS 9, the impairment loss was not material.*

The majority of trade and other receivables are fixed in the subsidiaries' local currency. As trade and other receivables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

Refer *note 40 Nature and extent of risks arising from financial instruments* for further disclosure on trade receivables, loss allowances, forward exchange conracts and interest rate swops.

26. Cash and cash equivalents

	2020 R'000	2019 R'000
Cash on hand and at bank	**10 412 475**	6 617 075
Amounts included in cash on hand and at bank relating to banking and insurance subsidiaries where the balances form part of the reserving requirements as required by the Financial Services Act	**1 068 719**	654 813
Amounts included in cash on hand and at bank relating to customer contracts	**7 552**	37 094

The majority of the cash on hand is held by the major South African and reputable European banks as a result the expected credit loss is considered immaterial.

	2020 R'000	2019 R'000
27. Capital and reserves attributable to shareholders of the Company		
Share capital		
Issued share capital	**17 014**	16 948
Share premium	**1 367 796**	1 099 231
Reserves	**21 109 491**	23 864 970
Foreign currency translation reserve	**400 927**	208 936
Hedging reserve	**(65 284)**	(13 580)
Equity-settled share-based payment reserve	**(437 247)**	(343 118)
Retained earnings	**21 211 095**	24 012 732
Shares held by subsidiary as treasury shares	**664 746**	637 063
Share capital	**(25)**	(35)
Share premium	**664 771**	637 098
	23 159 047	25 618 212
Reserves comprise		
Company and subsidiaries	**21 095 698**	22 654 133
Associates	**13 793**	1 210 837
	21 109 491	23 864 970
Share capital		
Authorised		
540 000 000 (2019: 540 000 000) ordinary shares of 5 cents each	**27 000**	27 000
	Number	Number
Issued		
Number of shares in issue	**340 274 346**	338 961 976
Balance at beginning of year	**338 961 976**	337 463 035
Issued in settlement share incentive scheme obligations	**1 312 370**	1 498 941
Less: Shares held by subsidiary as treasury shares	**(504 837)**	(579 939)
Balance at beginning of year	**(579 939)**	(696 625)
(Replenished) borrowed in settlement of share incentive obligations	**(116 686)**	116 686
Sale of shares by subsidiary to staff in terms of share incentive scheme	**191 788**	–
Net shares in issue	**339 769 509**	338 382 037

16 900 000 (2019: 16 750 000) of the unissued ordinary shares are under the control of the directors until the next annual general meeting.

No cash flows outside of the Group when share incentive obligations are settled. To facilitate the orderly settlement of its share incentive obligations The Bidvest Share Incentive Trust borrows Bidvest ordinary shares from the Group's treasury stock. The treasury stock is periodically replenished via a new issue. The number of outstanding treasury shares borrowed in settlement of share incentive obligations at 30 June 2020 was nil (2019:116 686).

Foreign currency translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve represents the effective portion of gains or losses arising on changes in fair value of hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the hedging reserve will be reclassified to profit or loss when the hedged transaction takes place. Where the hedged transaction is for the acquisition of non-monetary assets, the relevant hedging reserve will be offset against the acquisition cost.

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve includes the fair value of the share appreciation rights granted and conditional share awards made to staff and executive directors, which have been recognised over the vesting period at fair value with a corresponding expense recognised in the income statement.

Notes to the consolidated financial statements (continued)

28. Subsidiaries

A list of the Group's significant subsidiaries, their country of incorporation and principal place of business, the Group's percentage shareholding and an indication of their nature of business is included on Annexure A of these financial statements.

Effective 1 August 2019 the Group's investment in Adcock Ingram, previously an associate, was recognised and consolidated as a 51.4% held subsidiary following the dissolution of the Adcock Ingram Broad-Based Black Empowerment Scheme. No additional consideration was paid for the ordinary shares received on the dissolution of the scheme.

	Derecognition of associate	Recognition of subsidiary (at carrying values)	Recognition of NCI, fair value and intangibles	**Impact on financial position**
Property, plant and equipment	–	1 534 423	–	**1 534 423**
Right-of-use assets	–	297 373	–	**297 373**
Deferred taxation	–	(96 342)	(1 188 176)	**(1 284 518)**
Interest in associates and joint ventures	(5 057 908)	519 668	–	**(4 538 240)**
Investments and advances	–	29 627	–	**29 627**
Inventories	–	1 499 187	96 930	**1 596 117**
Trade and other receivables	–	2 065 534	–	**2 065 534**
Cash and cash equivalents	–	467 913	–	**467 913**
Post retirement medical aid obligations	–	(15 660)	–	**(15 660)**
Lease liabilities	–	(327 164)	–	**(327 164)**
Trade and other payables and provisions	–	(2 234 860)	–	**(2 234 860)**
Taxation	–	(374)	–	**(374)**
Net tangible assets	(5 057 908)	3 739 325	(1 091 246)	**(2 409 829)**
Non-controlling interest	–	(3 196)	(3 386 266)	**(3 389 462)**
Intangible assets	–	432 322	3 714 234	**4 146 556**
Goodwill	–	176 339	1 476 396	**1 652 735**
Net assets recognised	(5 057 908)	4 344 790	713 118	**–**

Subsequent to 1 August 2019 the Group purchased an additional 1 597 100 Adcock Ingram ordinary shares for R90 million raising the Group's effective economic interest in Adcock Ingram to 52.3%. During March 2020 Adcock Ingram purchased 4 014 038 of its own ordinary shares from shareholders other than the Group, which raised the Group's effective holding to 53.6% and resulted in a R154 million Group cash outflow.

Management engaged with an expert in the valuation and business combination industry to perform a PPA on the date effective control transferred to the Group. The PPA was finalised in the current financial year.

The following key assumptions were applied as part of the PPA process:

- Multi period excess earnings method ("MEEM") has been used to perform the valuation of the intangible assets. MEEM measures the excess after tax cash flows attributable to the intangible asset being valued after providing for the appropriate returns on other identifiable assets;
- four CGU's were identified namely, Over The Counter ("OTC"), Prescription, Consumer and Hospital. Revenues attributable to each CGU were identified and valued separately with growth rates applied per CGU between the range 5% – 12%;
- future capex is expected to increase in line with depreciation;
- an average discount rate between a range of 13.5% – 14% was assumed in future cash flows; and
- net working capital per CGU was determined based on historical actual figures and ranged between 19% – 30% of revenue going forward.

At recognition and as part of the PPA process, the assets and liabilities at effective date was assessed to their fair value, resulting in inventory fair value upliftment of R97 million. The upliftment was based on historical margins on inventory held at acquisition.

At the effective date of recognition of Adcock Ingram as a subsidiary, the previously held equity interest was remeasured at fair value in terms of IFRS 3, and a loss of R218 million was recognised. The resulting fair value of R5 058 million was used as the consideration transferred to determine the goodwill and NCI recognised.

28. Subsidiaries (continued)

Goodwill amounting to R1 653 million was recognised with an NCI amount of R3 389 million, which was accounted for as the proportionate share of the net identifiable assets.

As part of the PPA, intangible assets of R4 146 million were identified and valued. The make up of these intangible assets consist of R3 352 million brands with an indefinite useful life, R606 million license agreements with an indefinite life and R188 million license agreements with a useful life of 20 years.

The intangible assets and goodwill were assessed for impairment, at 30 June 2020, by applying a value-in-use method with the following assumptions:

- discounted cash flow performed at a CGU divisional level (OTC, Prescription, Hospital, Consumer);
- growth rates, revenue in each CGU is expected to grow between 1.3% and 7%, growth rates are in line with medical inflation rates and CPI mid-points, a 6.9% Single Exit Price increase which is in line with medical inflation rates and CPI mid-points incorporated in growth rates;
- pre-tax discount rate applied of 16.73%;
- net working capital increases expected in line with historical increases; and
- capex has been based on maintaining existing assets

The recoverable amount exceeded the carrying value and no impairment was recognised.

Adcock Ingram contributed R6 855 million to revenue and R822 million to operating profit, had the acquisition taken place 1 July 2019 the contribution to revenue would have been R7 347 million and R862 million to operating profit. Trade receivables are stated net of loss allowances of R32 million and there were no significant contingent liabilities.

Contribution to non-controlling interests	2020 R'000	2019 R'000
Profit allocated to non-controlling interests		
Adcock Ingram	**284 773**	–
Non-controlling interests of Adcock Ingram	**279 379**	–
Non-controlling interests of Adcock Ingram subsidiaries	**5 394**	–
Other non-controlling interests	**(8 390)**	28 648
Total profit allocated to non-controlling interests	**276 383**	28 648
Accumulated non-controlling interests		
Adcock Ingram	**3 302 519**	–
Non-controlling interests of Adcock Ingram	**3 299 800**	–
Non-controlling interests of Adcock Ingram subsidiaries	**2 719**	–
Other non-controlling interests	**179 337**	304 620
Total accumulated non-controlling interests	**3 481 856**	304 620

28. Subsidiaries (continued)

Contribution to non-controlling interests	2020 R'000	2019 R'000
The summarised financial information below of Adcock Ingram represents amounts before intergroup eliminations.		
Statement of financial position items		
Current assets	**3 820 238**	–
Non-current assets	**3 317 325**	–
Current liabilities	**(2 149 409)**	–
Non-current liabilities	**(449 653)**	–
Non-controlling interests	**(2 719)**	–
Equity attributable to the owners of the company	**(4 535 782)**	–
Statement of comprehensive income items		
Revenue	**6 854 928**	–
Expenses	**(6 214 078)**	–
Profit attributable to the owners of the company	**646 244**	–
Profit attributable to non-controlling interests	**(5 394)**	–
Profit for the year	**640 850**	–
Other comprehensive income attributable to owners of the company	**665**	–
Total comprehensive income for the year	**641 515**	–
Dividends paid to non-controlling interests	**6 713**	–
Statement of cash flow items		
Cash inflow from operating activities	**479 347**	–
Cash inflow from investing activities	**11 670**	–
Cash outflow from financing activities	**(205 792)**	–
Net cash inflow	**285 225**	–

29. Share-based payments

The Bidvest Share Incentive Scheme (BIS) grants options to employees of the Group to acquire shares in the Company. The share options scheme has been classified as equity-settled schemes, and therefore an equity-settled share-based payment reserve has been recognised.

The Bidvest Group Share Appreciation Rights (SARs) Plan was adopted, in 2016, to replaced the BIS and has been classified as an equity-settled scheme, therefore an equity-settled share-based payment reserve has been recognised. Executive directors do not participate in the SARs Plan.

A Conditional Share Plan (CSP), which awards executive directors with a conditional right to receive shares in the Company, free of any cost, is also operated by the Group. As it is anticipated that the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised.

Replacement rights scheme (previously share option scheme)

Following the unbundling of Bidcorp (30 May 2016), Bidvest option holders exchanged each one of their existing options for one right over one Bidcorp share and one Bidvest share (replacement right). In terms of the amended scheme rules, the original option price was not adjusted, but on exercise of the replacement right, the original option price will be deducted from the combined value of the Bidcorp share and the Bidvest share. The vesting date and lapse dates of the replacement rights will be the same as those of the original options.

The terms and conditions of the replacement rights are:

- Replacement right holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the board of the Company to the trustees of the Bidvest Share Incentive Trust; and
- Replacement right holders may exercise the rights at such times as the right holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an option. All rights must be exercised no later than the 10th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

The number and weighted average exercise prices of replacement rights are:

	2020		2019	
	Number	**Average price R**	Number	Average price R
Beginning of the year	**2 009 755**	**258.67**	3 438 923	257.73
Lapsed	**(34 345)**	**280.83**	(84 605)	272.60
Exercised	**(716 308)**	**251.59**	(1 344 563)	189.77
End of the year	**1 259 102**	**262.10**	2 009 755	258.67
The replacement rights outstanding at 30 June 2020 have an exercise price in the range of R134.56 to R301.54 (2019: R135.00 to R301.54) and a weighted average contractual life of 0.4 to 5.4 (2019:1.4 to 6.4) years. The average combined value of the Bidvest and Bidcorp shares during the year was R462.75 (2019: R485.41).				
Replacement rights outstanding at 30 June by year of grant are:				
2011	**26 515**	**135.00**	33 515	135.00
2012	**68 500**	**134.56**	95 000	134.56
2013	**89 750**	**208.91**	162 625	208.91
2014	**217 173**	**235.59**	380 499	234.74
2015	**220 260**	**250.80**	485 741	251.65
2016	**636 904**	**301.54**	852 375	301.54
	1 259 102	**262.10**	2 009 755	258.67

The fair value of services received in return for shares allotted is measured based on a modified Black Scholes model. The contractual life of the replacement right is used as an input into this model.

29. Share-based payments (continued)

Share Appreciation Rights Plan

The terms and conditions of the SARs Plan are:

- SAR holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the board of the Company to the trustees of the Bidvest Share Incentive Trust; and
- SAR holders in the Scheme may exercise the SARs at such times as the holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an appreciation right. All SARs must be exercised no later than the 7th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

The number and weighted average exercise prices of SARs are:

	2020		2019	
	Number	**Average price R**	Number	Average price R
Beginning of the year	**11 107 675**	**166.27**	7 335 500	152.96
Granted	**4 069 000**	**173.43**	4 151 500	188.42
Lapsed	**(536 366)**	**165.21**	(338 310)	151.55
Exercised	**(628 933)**	**146.74**	(41 015)	150.58
End of the year	**14 011 376**	**169.26**	11 107 675	166.27
SARs outstanding at 30 June by year of grant are:				
2017	**2 490 959**	**146.53**	3 253 350	146.55
2018	**3 474 567**	**158.75**	3 702 825	158.75
2019	**3 976 850**	**188.42**	4 151 500	188.42
2020	**4 069 000**	**173.43**	–	–
	14 011 376	**169.26**	11 107 675	166.27

The SARs outstanding at 30 June 2020 have an exercise price in the range of R138.48 to R188.42 (2019: R138.48 to R188.42) and a weighted average contractual life of 3.4 to 6.4 (2019: 4.4 to 6.4) years. The average value of the Bidvest share during the year was R177.68 (2019: R197.05)

The fair value of services received in return for shares allotted is measured based on a modified Black Scholes model. The contractual life of the SARs is used as an input into this model.

The fair value of the SARs allotted during the current year and the assumptions used are:

	2020	2019
Fair value at measurement date (Rand)	**192.70**	209.35
Exercise price (Rand)	**173.43**	188.42
Expected volatility (%)	**28.35**	29.16
Option life (years)	**4.00-6.00**	4.00-6.00
Distribution yield (%)	**3.20**	2.83
Risk-free interest rate (based on the ZAR Bond static yield curve) (%)	**7.22**	7.60

The volatility is based on the recent historic volatility.

29. Share-based payments (continued)

Conditional share plan

In terms of the CSP scheme, a conditional right to a share is awarded to executive directors subject to performance and vesting conditions. The vesting period is as follows: 75% of total number of awards vest at the expiry of three years and 25% of total number of awards vest at the expiry of four years from the date of the award, unless otherwise determined by the board. These share awards do not carry voting rights attributable to ordinary shareholders.

The fair value of services received in return for the CSP awards has been determined by multiplying the number of CSP awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows. A total number of 375 619 (2019: 576 201) of the 767 682 (2019: 711 280) shares are expected to vest, taking into account the performance of the Group to date and forecasts to the end of the performance period, against the targets set at the time of the award. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R172.44 (2019: R174.94) per share. These awards will vest in the next three years.

25 950 (2019: Nil) conditional share awards were forfeited as a result of performance conditions not being met, 53 504 (2019: 15 456) conditional share awards were forfeited as a result of accelerated vesting.

The number of conditional share awards in terms of the conditional share plan are:

	2020 Number	2019 Number
Beginning of the year	**711 280**	451 280
Allotted during the year	**335 000**	282 000
Awarded during the year	**(155 648)**	–
Awarded during the year as result of accelerated vesting	**(43 496)**	(6 544)
Forfeited during the year	**(79 454)**	(15 456)
End of the year	**767 682**	711 280

The maximum number of shares which may be allocated at any one time under the SAR and existing CSP shall not exceed 17 000 000 shares (5% of shares in issue). A total number of 2 220 942 (2019: 5 081 045) remain available for allocation.

The 53.6% subsidiary, Adcock Ingram, has share option plans, which have been designated as equity settled and include an ordinary equity scheme, a B-BBEE scheme and a performance based long-term incentive scheme. The Group's proportionate share of Adcock Ingram's share based payment reserves since recognition is a debit balance of R2 million (a charge to share based payment expenses of R11 million less settlement of R16 million, R2 million of the reserve is attributable to non-controlling interests).

In addition to the above Adcock Ingram has an ordinary and a B-BBEE equity based incentive scheme, which have been designated as cash settled. The liabilities relating to these incentive schemes have been disclosed in *note 36 Trade and other payables* and in aggregate amount to R42 million. An amount of R14 million was credited to share based payment expenses during the year for these cash settled incentive schemes.

30. Life assurance fund

	2020 R'000	2019 R'000
The carrying value of the assurance funds agree with the amount of the actuarial values of liabilities under life insurance policies and contracts at that date. Policyholder liabilities are liabilities for insurance contracts.		
Insurance contract assets	**(76 188)**	(44 175)
Balance at beginning of year	**(44 175)**	(21 324)
Movement during the year	**(32 013)**	(22 851)
Net assurance fund at end of year	**(76 188)**	(44 175)
Gross assurance fund	**(242 048)**	(180 106)
Reinsurer's share	**165 860**	135 931
Net assurance fund	**(76 188)**	(44 175)

Insurance contracts

Insurance contracts are predominantly credit life policies sold by motor dealerships and life insurance policies, distributed by independent financial advisors, that provide for death, disability and critical illness benefits.

The insurance contract reserves are established by discounting future expected net claims, net expense and commission outgo less the future net office premiums (if any) on a policy-by-policy basis using the following main assumptions (before the compulsory margins required by SAP104):

- FSB SAM Nominal yield curve is used to determine investment returns;
- Inflation curve as derived from the FSB SAM yield curves;
- Mortality and disability assumptions are set with reference to standard tables or reinsurance rates where appropriate (mortality and morbidity investigations are conducted annually to confirm assumptions);
- Per policy expense assumptions are based on the medium-term projected level of expenses and volume of business; and
- Lapse rates are based on the most recent lapse experience investigation.

IBNR provisions have been created for both individual and group business. IBNR's are calculated based on the run-off period on claims reported in the last 12 months. A combination of the basic chain ladder method and simplistic deterministic methods are used depending on the product and the statistical significance of data available.

Policyholder reasonable benefit expectations have been allowed for, all contractual obligations have been considered and all business is written on a non-profit sharing basis.

	2020 R'000	2019 R'000
31. Borrowings		
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements (refer *note 15 Property, plant and equipment*)	**9 284**	47 023
Unsecured borrowings	**24 365 515**	9 173 600
Listed bonds	**4 421 000**	3 339 000
Cumulative redeemable preference shares	**2 080 000**	2 080 000
Syndicated Euro facility	**6 151 655**	3 190 563
Syndicated Sterling bridge facility	**11 055 619**	–
Other borrowings	**657 241**	564 037
Floorplan creditors secured by pledge of inventories (refer *note 24 Inventories*)	**939 041**	641 089
Borrowings	**25 313 840**	9 861 712
Bank overdrafts	**4 322 049**	4 582 552
Total borrowings	**29 635 889**	14 444 264
Less short-term portion of borrowings	**(6 752 335)**	(7 436 026)
Long-term portion of borrowings	**22 883 554**	7 008 238
Schedule of repayment of borrowings		
Year to June 2020	**–**	2 853 474
Year to June 2021	**2 430 286**	4 091 727
Year to June 2022	**12 552 748**	1 490 733
Year to June 2023	**8 005 806**	4 936
Year to June 2024	**1 407 000**	–
Thereafter	**918 000**	1 420 842
	25 313 840	9 861 712
Total borrowings comprise		
Borrowings	**25 313 840**	9 861 712
Local subsidiaries	**7 954 648**	6 483 939
Foreign subsidiaries	**17 359 192**	3 377 773
Overdrafts	**4 322 049**	4 582 552
Local subsidiaries	**4 103 844**	4 361 241
Foreign subsidiaries	**218 205**	221 311
	29 635 889	14 444 264
Effective weighted average rate of interest on	**%**	%
Local borrowings excluding overdrafts	**6.0%**	7.9%
Foreign borrowings excluding overdrafts	**1.5%**	2.2%

	2020 R'000	2019 R'000
32. Post-retirement obligations		
Post-retirement assets		
Defined benefit pension surplus	**(214 329)**	(241 390)
Post-retirement obligations		
Post-retirement medical aid obligations	**79 075**	74 317
	(135 254)	(167 073)

Pension and provident funds

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories and defined contribution provident funds or appropriate industry funds.

The PHS Group, acquired in the current year, operates a defined benefit scheme, which is closed to new members. The assets of the scheme are measured using closing market values. The scheme liabilities are measured using the projected unit method discounted at rates of return of a high quality bond of equivalent term and currency to the liability. The summarised details of the Warner Howard Limited Pension and Life Assurance Plan are included.

There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.

The Group operates a defined benefit fund through The Bidvest South Africa Pension Fund.

Employer contributions to defined contribution funds are set out in *note 2 Profit before finance charges and associate income*.

Summarised details of the defined benefit pension funds

	2020 R'000	2019 R'000
Defined benefit pension obligations (assets) of the fund		
The Bidvest South Africa Pension Fund	**(214 329)**	(241 390)
	(214 329)	(241 390)
Contributions to the fund		
Employee contributions	**338**	356
Total pension fund asset		
Fair value of plan assets	**587 143**	625 295
Actuarial present value of defined benefit obligations	**(363 155)**	(381 253)
Net surplus in the plans	**223 988**	244 042
Amounts not recognised due to ceiling adjustments and other limitations	**(9 659)**	(2 652)
	214 329	241 390
Movement in the liability for defined benefit obligations		
Balance at beginning of year	**(381 253)**	(390 780)
Benefits paid	**27 797**	25 496
Risk premiums and expenses	**990**	999
Current service costs	**(2 338)**	(2 296)
Transfers in for the benefit of pensioners	**(1 399)**	–
Interest expense	**(34 580)**	(37 000)
Member contributions	**(338)**	(356)
Actuarial gains	**27 966**	22 684
Balance at end of year	**(363 155)**	(381 253)

32. Post-retirement obligations (continued)

Pension and provident funds (continued)

Summarised details of the defined benefit pension funds (continued)

	2020 R'000	2019 R'000
Movement in the plans' assets		
Balance at beginning of year	**625 295**	623 979
Transfer in *	**2 797**	101
Contributions paid into the plans	**338**	356
Benefits paid	**(27 797)**	(25 496)
Risk premiums and expenses	**(990)**	(1 986)
Interest income	**57 059**	59 345
Return on plan assets in excess of interest income	**(69 559)**	(31 004)
Balance at end of year	**587 143**	625 295

* *From the unclaimed benefits reserve (2019: to pensioner pool in respect of ex-gratia payments)*

The plans' assets comprise		
Cash	**56 366**	64 405
Equity securities	**267 737**	310 772
Bills, bonds and securities	**110 970**	108 801
Property	**21 137**	18 759
International	**124 474**	117 555
Other	**6 459**	5 003
	587 143	625 295
Amounts recognised in the income statement		
Current service costs	**2 338**	2 296
Transfer in from unclaimed benefit reserve	**–**	(101)
Interest on obligations	**34 580**	37 000
Interest income on plan assets	**(57 059)**	(59 345)
Ceiling adjustments and other limitations	**247**	836
Risk premiums and expenses	**–**	987
	(19 894)	(18 327)
Amounts recognised in other comprehensive income		
Return on plan assets in excess of interest income	**69 559**	31 004
Actuarial gains	**(27 966)**	(22 684)
Transfers in	**(1 398)**	–
Ceiling adjustments and other limitations	**6 760**	(6 806)
	46 955	1 514
Key actuarial assumptions used in the actuarial valuations:		
The Bidvest South Africa Pension Fund		
Number of in service members 30 June	**15**	19
Number of pensioners 30 June	**530**	537
Discount rate (%)	**10.6**	9.3
Inflation rate (%)	**5.6**	5.6
Salary increase (%)	**6.6**	6.6
Pension increase allowance (%)	**3.9**	3.9
Date of valuation of all funds	**30 June 2020**	30 June 2019

Assumptions regarding future mortality are based on published statistics and mortality tables.

Notes to the consolidated financial statements (continued)

32. Post-retirement obligations (continued)

Summarised details of the defined benefit pension funds (continued)

Sensitivity analysis

The table below summarises the impact that a reasonably possible change in the respective assumption, occurring at the end of the year, would have, by increasing (decreasing) the net surplus in the plan, while holding all the other assumptions constant.

	2020 Impact of an increase in assumption R'000	2019 Impact of an increase in assumption R'000
The Bidvest South Africa Pension Fund		
Discount rate – 1%	**4 346**	7 497
Pension increase – target 100% of inflation (assumption 70%)	**(14 343)**	(12 060)
Salary increase – 1%	**(1 284)**	(4 650)

The sensitivity analyses presented above may not be representative of the actual change in the net surplus in the plans as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	2020 R'000	2019 R'000
Defined benefit pension obligations (assets) of the fund		
Warner Howard Limited Pension and Life Assurance Plan	**–**	–
Total pension fund asset		
Fair value of plan assets	**272 073**	–
Actuarial present value of defined benefit obligations	**(240 939)**	–
Net surplus in the plans	**31 134**	–
Amounts not recognised due to ceiling adjustments and other limitations	**(31 134)**	–
	–	–
Movement in the liability for defined benefit obligations		
Benefits paid	**1 378**	–
Interest expense	**(1 072)**	–
Actuarial gains	**(30 774)**	–
Acquisition of businesses	**(232 062)**	–
Exchange rate adjustments on foreign plans	**21 591**	–
Balance at end of year	**(240 939)**	–
Liabilities are measured		
Movement in the plans' assets		
Benefits paid	**(1 378)**	–
Interest income	**1 247**	–
Return on plan assets in excess of interest income	**28 937**	–
Acquisition of businesses	**268 095**	–
Exchange rate adjustments on foreign plans	**(24 828)**	–
Balance at end of year	**272 073**	–
The plans' assets comprise		
Cash	**272**	–
Equity securities	**92 505**	–
Bills, bonds and securities	**179 296**	–
	272 073	–

32. Post-retirement obligations (continued)

	2020 R'000	2019 R'000
Amounts recognised in the income statement		
Interest on obligations	**1 072**	–
Interest income on plan assets	**(1 247)**	–
Ceiling adjustments and other limitations	**175**	–
	–	–
Amounts recognised in other comprehensive income		
Return on plan assets in excess of interest income	**(28 937)**	–
Actuarial losses	**30 774**	–
Ceiling adjustments and other limitations	**(1 837)**	–
	–	–
Key actuarial assumptions used in the actuarial valuations:		
Number of pensioners 30 June	**143**	–
Discount rate (%)	**1.4**	–
Inflation rate (%)	**3.3**	–
Pension increase allowance (%)	**3.2**	–
Date of valuation of all funds	**30 June 2020**	

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity analysis

The table below summarises the impact that a reasonably possible change in the respective assumption, occurring at the end of the year, would have, by increasing (decreasing) the net surplus in the plan, while holding all the other assumptions constant.

	2020 Impact of an increase R'000	2019 Impact of an increase R'000
Warner Howard Limited Pension and Life Assurance Plan		
Discount rate – 1%	**28 773**	–
Pension increase – target 100% of inflation	**(10 886)**	–

The sensitivity analyses presented above may not be representative of the actual change in the net surplus in the plans as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes to the consolidated financial statements (continued)

32. Post-retirement obligations (continued)

	2020 R'000	2019 R'000
Post-retirement medical aid obligations		
The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.		
Provision for post-retirement medical aid obligations		
Opening provision raised against unfunded obligation	**74 317**	76 943
Current service costs (relief)	**369**	(244)
Interest expense	**5 667**	6 170
Benefits paid	**(7 722)**	(7 981)
Actuarial adjustments recognised in other comprehensive income	**(8 226)**	(571)
Acquisition of businesses	**15 660**	–
Disposal of businesses and transfer to discontinued operations	**(990)**	–
Closing provision raised against unfunded obligation	**79 075**	74 317

	%	%
Key actuarial assumptions		
Discount rate	**9.0**	8.7
Inflation rate (CPI)	**4.4**	5.7
Health care cost inflation	**6.4**	7.7
Date of valuation	**30 June 2020**	30 June 2019

A change in the medical inflation rates will not have a significant impact on the post-retirement medical aid cost and related obligations.

33. Puttable non-controlling interest liabilities

The acquisition of certain subsidiaries in prior years, resulted in put options being agreed with certain of the non-controlling shareholders. The put options entitle the non-controlling shareholders to sell their holdings in the subsidiaries to the Group at contracted dates and amounts.

No new put options were entered into during the period

	2020 R'000	2019 R'000
The affect of granting these put options on the Group's results can be summarised as follows:		
Balance at beginning of the year	**82 317**	90 530
Fair value adjustments recorded directly in retained income	**(1 266)**	7 115
Unwinding of present value discount recognised in the income statement	**1 796**	5 013
Put options settled	**(57 050)**	(16 500)
Dividends paid	**(3 795)**	(3 841)
	22 002	82 317
Discount rate	**7.0%**	6.0% – 7.0%
Expected settlement dates	**1 July 2022**	1 July 2020 – 1 July 2022

	2020 R'000	2019 R'000

34. Amounts owed to bank depositors

	2020 R'000	2019 R'000
Call deposits	**4 183 890**	3 549 795
Fixed and notice deposits	**3 102 874**	2 857 695
	7 286 764	6 407 490
All amounts owed to bank depositors mature within one year.		
Effective rates of interest	**%**	%
Call deposits	**1.5**	3.4
Fixed and notice deposits	**7.1**	8.4

Amounts owed to bank depositors other than fixed and notice deposits are at floating interest rates. Refer *note 40 Nature and extent of risks arising from financial instruments* for further disclosure.

35. Lease liabilities

	2020 R'000	2019 R'000
Movement in lease liabilities		
Adoption/transition balance at 1 July 2019	**5 159 037**	–
Additions	**435 243**	–
On acquisition of business	**1 235 041**	–
On disposal of business	**(47 991)**	–
Interest paid	**375 936**	–
Interest accrued	**60 359**	–
Modification to lease terms	**(41 262)**	–
Variable lease payment adjustments	**(57 516)**	–
Lease payments	**(1 393 480)**	–
Foreign exchange adjustment	**(57 332)**	–
	5 668 035	–
Nature of lease liabilities		
Long-term portion of lease liabilities	**4 429 734**	–
Short-term portion of lease liabilities	**1 238 301**	–
	5 668 035	–
Segmental analysis		
Services	**1 318 675**	–
Branded Products	**611 316**	–
Freight	**1 712 650**	–
Commercial Products	**773 752**	–
Financial Services	**373 638**	–
Automotive	**855 175**	–
Corporate and investments	**22 829**	–
	5 668 035	–
Geographic region		
Southern Africa	**4 771 539**	–
International	**896 496**	–
	5 668 035	–

Short term, low value and lessor lease accounting

Short term, low value leases which have fixed determinable escalations are charged to the income statement on a straight-line basis and liabilities are raised for the difference between the actual lease expense and the charge recognised in the income statement. The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the income statement amounts.

35. Lease liabilities (continued)

	2020 R'000	2019 R'000
Net lease liability arising from short-term leases, low value leases and lessor accounting	**(33 628)**	153 888
Less short-term portion included in trade and other payables	**(2 826)**	(58 252)
Long-term portion	**(36 454)**	95 636
Undiscounted contractual maturities of lease liabilities		
Land and buildings	**8 119 752**	5 703 599
Due in one year	**1 337 898**	1 151 193
Due after one year but within five years	**3 725 058**	2 495 569
Due after five years	**3 056 796**	2 056 837
Equipment and vehicles	**664 232**	373 487
Due in one year	**362 245**	140 352
Due after one year but within five years	**296 894**	198 126
Due after five years	**5 093**	35 009
	8 783 984	6 077 086
Less amounts raised as liabilities	**(5 634 407)**	(153 888)
	3 149 577	5 923 198

36. Trade and other payables

	2020 R'000	2019 R'000
Trade payables	**6 277 456**	6 505 465
Non-interest-bearing floorplan creditors	**622 058**	683 520
Forward exchange contracts liability	**9 929**	18 000
Interest rate swap liabilities	**101 785**	18 857
Derivative liabilities	**43 855**	–
Payables relating to customer contracts	**1 359 502**	222 139
Value added tax liability	**913 203**	442 234
Salary and wage related accruals	**2 584 196**	2 274 236
Adcock Ingram Black Managers Share Trust cash-settled share-based payment scheme	**21 382**	–
Adcock Ingram cash-settled share-based payment scheme	**21 096**	–
Goods in transit and other stock accruals	**730 573**	99 363
Other payables and accrued expences	**2 333 814**	1 728 039
	15 018 849	11 991 853

The majority of trade and other payables are fixed in the subsidiaries' local currency. Since trade and other payables have limited exposure to exchange rate fluctuations, a currency analysis has not been included. Refer *note 40 Nature and extent of risks arising from financial instruments* for further disclosure.

37. Provisions

	2020 R'000	2019 R'000
Long-term portion	**667 672**	350 705
Short-term portion	**820 590**	332 465
	1 488 262	683 170

37. Provisions (continued)

	Onerous contracts R'000	Business integration R'000	Insurance liabilities R'000	Legal claims R'000	Other R'000	**Total R'000**
Balance at 1 July 2018	22 597	–	323 703	139 852	44 013	530 165
Created	16 099	–	171 745	394 048	23 980	605 872
Utilised	(23 346)	–	(191 127)	(223 301)	(38 592)	(476 366)
Net acquisition of businesses	10 238	–	–	15 954	–	26 192
Exchange rate adjustments	–	–	–	(2 577)	(116)	(2 693)
Balance at 30 June 2019	25 588	–	304 321	323 976	29 285	683 170
Created	**120 051**	**373 947**	**201 257**	**187 019**	**43 385**	**925 659**
Utilised	**(21 355)**	**–**	**(253 637)**	**(166 943)**	**(30 970)**	**(472 905)**
Net acquisition of businesses	**24 146**	**212 533**	**–**	**107 596**	**–**	**344 275**
Exchange rate adjustments	**(2 186)**	**(19 306)**	**–**	**29 199**	**356**	**8 063**
Balance at 30 June 2020	**146 244**	**567 174**	**251 941**	**480 847**	**42 056**	**1 488 262**

Onerous contracts
Onerous contracts are identified through regular reviews of the terms and conditions of contracts as well as on the acquisition of businesses. A provision for onerous contracts is calculated as the present value of the portion which management deem to be onerous in light of the current market conditions, discounted using market-related rates.

Business integration
Provisions raised to restructure and re-align the Group's operations to the reduced demand arising during and post COVID-19 lockdown. Included are provisions for retrenchment arising from s189 (of the Labour Relations Act) notice and consultation processes and other provisions necessary to right-size the business to the new post COVID-19 environment (refer *note 43 Accounting estimates and judgements* for consideration and assessment of assumptions).

Insurance liabilities
Insurance liabilities include amounts provided for under IFRS 4 and include: unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year and are calculated on a time proportionate basis; deferred acquisition costs, which are recognised on a basis consistent with the related provisions for unearned premiums; claims, which are calculated on the settlement amount outstanding at year end; and, claims incurred but not reported, for claims arising from events that occurred before the close of the accounting period but which had not been reported to the Group by that date, and are calculated based on the preceding six years' insurance premium revenue multiplied by percentages specified in the Short-term Insurance Act.

Legal claims
Legal claims include provisions raised under IAS 37 for the estimated cost of claims not covered by the Group's insurance policies and in certain instances for the cost of claims below the Group's inner deductibles. Legal claims have long lead times and the provision is determined using actuarial assumptions.

Other
Included in other is a provision raised for the estimated cost of honouring warranties on certain products sold where the manufacturers' warranty is inadequate or not available, R34 million (2019: R21 million).

	2020 R'000	2019 R'000
38. Commitments		
Capital expenditure approved:		
Contracted for	**502 517**	739 175
Not contracted for	**440 553**	456 801
	943 070	1 195 976

Capital expenditure amounting to R862 million (2019: R1 120 million) is in respect of property, plant and equipment and the remaining balance is in respect of computer software. It is anticipated that capital expenditure will be financed out of existing cash resources.

Bidvest Freight's completion of the LPG tank farm in the port of Richards Bay has been delayed as a result of travel restrictions arising from the COVID-19 lockdown and a new commissioning date is expected in September 2020. At 30 June 2020 R923 million has been spent with an additional R73 million committed to complete and commission the facility. Bidvest Freight has committed R201 million to a LPG tank farm project in Isando, Gauteng. The estimated completion date for the Isando LPG project is March 2022.

39. Contingent liabilities

The Group has outstanding legal and other claims arising out of its normal ongoing operating activities which have to be resolved. None of these claims are significant.

Refer *note 40 Nature and extent of risks arising from financial instruments* for further disclosure in respect of guarantees.

40. Nature and extent of risks arising from financial instruments

40.1 Risk management overview

The Group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; foreign currency risk; interest rate risk and market price risk.

This note presents information about the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. IFRS 7 requires certain disclosures by class of instrument which the Group has determined would be the segments as disclosed in the segmental report.

The Group's major financial risks are mitigated in the way that it operates firstly through diversification of industry and secondly through decentralisation. Bidvest is an international group with operations in South Africa, UK, Ireland, Spain and various other Southern African countries. The Group also comprises a variety of businesses within the services, trading and distribution industries. As a result of this diversification in terms of industry, the Group is exposed to a range of financial risks, each managed in appropriate ways. However, the impact of any one particular financial risk within any of these industries, is not considered to be material to the Group.

The Group's philosophy has always been to empower management through a decentralised structure thereby making them responsible for the management and performance of their operations, including managing the financial risks of the operation. The operational management report to divisional management who in turn report to the Group's board of directors. The divisional management are also held responsible for managing financial risks of the operations within the divisions. Operational management's remuneration is based on their operation's performance and divisional management based on their division's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the Group, the Group risk committee has implemented guidelines of acceptable practices and basic procedures to be followed by divisional and operational management. The information provided below for each financial risk has been collated for disclosure based on the manner in which the business is managed and what is believed to be useful information for shareholders.

The total process of risk management in the Group, which includes the related system of control, is the responsibility of the board of directors. The Group risk committee has been constituted as a committee of the Group board of directors in the discharge of its duties and responsibilities in this regard. The Group risk committee has a charter and reports regularly to the board of directors on its activities.

40. Nature and extent of risks arising from financial instruments (continued)

40.1 Risk management overview (continued)

The primary purposes of the Group risk committee are:

- to establish and maintain a common understanding of the risk universe (framework), which needs to be addressed in order to meet Bidvest corporate objectives;
- to identify the risk profile and agree the risk appetite of the Group;
- to satisfy the risk management reporting requirements;
- to coordinate the Group's risk management and assurance efforts;
- to report to the board of directors on the risk management work undertaken and the extent of any action taken by management to address areas identified for improvement; and
- to report to the board of directors on the company's process for monitoring compliance with laws and regulations.

The Group risk committee has documented a formal policy framework in order to achieve the following:

- to place accountability on management for designing, implementing and monitoring the process of risk management;
- to place responsibility on management for integrating the risk management process into the day-to-day activities and operations of the Group; and
- to ensure that the risk strategy is communicated to all stakeholders so that it may be incorporated into the culture of the Group.

The Group has operations trading in the banking, short-term insurance and life assurance industries (Financial Services segment). These operations are exposed to financial risks which are unique to these industries and differ significantly to the remainder of the Group's operations operating within the services, trading and distribution sectors. Whilst the financial risks to which these particular operations are exposed could have a significant effect on the individual operations, they would not have a significant impact on the Group. For this reason, the information provided below mainly provides qualitative and quantitative information regarding the management and exposure to financial risks to which the trading operations of the Group are exposed based on what is believed to be useful to shareholders. Bidvest Bank Limited is a public company for which financial statements are prepared including detailed disclosure in accordance with the requirements of IFRS 7.

The Group has, due to the diversity of its operations in nature and geography, determined that it would be better to develop an in-house strategy, as opposed to adopting a recognised strategy and forcing its operations to adapt to the constraints of the strategy selected. The Group has determined that utilising a common framework for the identification of risk would assist the divisions to reduce the implementation time and cost and would give some assurance that all inherent risks have been considered. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

To assist the Group risk committee in discharging its responsibilities, it has:

- assigned risk management responsibilities to divisional/operational risk committees; and
- determined that each division should appoint risk/compliance officers on a divisional (operational) level as nominated by the divisional risk committees.

The role of the risk officer is to develop, communicate, co-ordinate and monitor the enterprise-wide risk management.

40.2 Credit risk

Through the divisional risk committees, each division has a forum for the discussion and identification of risks relevant to the particular division. Only risk matters that affect the Group as a whole are escalated to the Group risk committee. The minutes of the divisional risk committees are submitted to the Group risk committee.

Each division has its own audit committee, which subscribes to the same philosophies and practices as the Group audit committee. The divisional audit committees report to both the divisional board and the Group audit committee. The Group audit committee reviews the divisional audit committee reports. The divisional audit committees oversee how divisional management monitors compliance with the Group's policies and guidelines in respect of the financial reporting process, the system of internal control, the management of financial risks, the audit process (both internal and external) and code of business conduct. The divisional audit committees are assisted in their oversight role by the Group's internal audit department. Divisional internal audit undertakes both regular and *ad hoc* reviews of financial and operational risk management controls and procedures, the results of which are reported to the relevant divisional audit committee.

40. Nature and extent of risks arising from financial instruments (continued)

40.2 Credit risk (continued)

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, banking advances, investments and guarantees.

The Group risk committee with the assistance of internal audit has implemented a "Delegation of authority matrix" which provides guidelines by division, as to the level of authorisation required for various types of transactions.

Except as detailed below in respect of guarantees issued, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk after taking into account the value of any collateral obtained. The carrying values, net of loss allowances, amount to R9 832 million (2019: R9 438 million) for trade receivables (refer *note 25 Trade and other receivables*), R3 105 million (2009: R2 655 million) for banking and other advances (refer *note 22 Banking and other advances*).

The loss allowance account in respect of trade receivables and banking advances are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount which is considered irrecoverable is written off directly against the respective assets.

Impairments of investments classified at amortised cost, and at fair value through other comprehensive income; and at fair value through profit or loss are written off against the investment directly and an impairment loss allowance account is not utilised.

The Group has a general credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In accordance with the decentralised structure, the operational management, under the guidance of the divisional management, are responsible for implementation of policies to meet the above objective. This includes credit policies under which new customers are analysed for credit worthiness before the operation's standard payment and delivery terms and conditions are offered, determining whether collateral is required, and if so the type of collateral to be obtained, and setting of credit limits for individual customers based on their references and credit ratings. Certain operations in the Group have a policy of taking out credit insurance to cover a portion of their risk. Operational management are also held responsible for monitoring the operations' credit exposure.

40.2.1 Trade receivables

Refer *note 25 Trade and other receivables* for further disclosure.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed by the operational management on the financial condition of the operation's customers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It was noted that the Group's largest exposure to a single customer group, across multiple geographies is R200 million (2019: R487 million). Management, in the various geographies, have assessed the recoverability of these amounts due in their geographies, and believe that the amounts due and not impaired are recoverable in full.

The total number of debtors per reporting division was obtained and the average turnover per trade debtor was calculated for each reporting division. Based on the average turnover per trade debtor in comparison to the Group's total turnover for the year, there was no significant concentration of credit risk to any single trade debtor. The concentration of credit risk is therefore limited due to the customer base being large and independent.

Please refer to the accounting policy *note 18 Financial instruments* for further details on impairments.

As a result of the decentralised structure, operational management have the responsibility of determining the loss allowances in respect of trade receivables. This is done under the oversight of the divisional audit committees, and ultimately the Group audit committee. The operations' average credit period depend on the type of industry in which they operate as well as the credit worthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The largest loss allowance for a specific trade receivable was obtained for each reporting operation and calculated as a percentage of the Group's total loss allowance. It was determined that such percentage did not exceed 4.2% (2019: 3.1%) of the total loss allowance raised at year end for continued operations.

40. Nature and extent of risks arising from financial instruments (continued)

	2020 R'000	2019 R'000
40.2 Credit risk (continued)		
40.2.1 Trade receivables (continued)		
Movement in expected credit losses in respect of trade receivables		
Balance at 1 July	**285 129**	344 042
Transfer to discontinued operations	**(27 360)**	–
Loss allowance raised during the year	**287 708**	126 070
Services	**126 364**	23 096
Branded Products	**51 949**	21 840
Freight	**12 604**	3 985
Automotive	**12 190**	6 180
Commercial Products	**76 401**	54 271
Financial Services	**5 177**	4 900
Properties	**1 316**	85
Corporate and investments	**1 707**	11 713
Write-offs during the year	**(47 727)**	(74 903)
Services	**(6 889)**	(13 583)
Branded Products	**(11 924)**	(5 770)
Freight	**(1 065)**	(632)
Automotive	**(2 619)**	(3 131)
Commercial Products	**(22 286)**	(49 822)
Financial Services	**–**	(261)
Properties	**(847)**	(2)
Corporate and investments	**(2 097)**	(1 702)
Net acquisition of businesses and recognition of subsidiary	**176 801**	(2 841)
Services	**148 137**	(11 628)
Branded Products	**32 257**	49
Freight	**–**	7 982
Commercial Products	**–**	21
Corporate and investments	**(3 593)**	735
Reversal of loss allowance during the year	**(42 850)**	(87 806)
Services	**(3 871)**	(26 577)
Branded Products	**(12 007)**	(17 138)
Freight	**(2 418)**	(5 502)
Automotive	**(2 064)**	(8 339)
Commercial Products	**(18 843)**	(30 143)
Financial Services	**(798)**	–
Properties	**(63)**	(15)
Corporate and investments	**(2 786)**	(92)
Movement in discontinued operations	**–**	(19 237)
Exchange rate adjustments	**(4 613)**	(196)
Balance at 30 June	**627 088**	285 129

40. Nature and extent of risks arising from financial instruments (continued)

40.2 Credit risk (continued)

40.2.1 Trade receivables (continued)

Collateral held on past due amounts

	2020 Fair value of collateral held R'000	2020 Trade receivables net of impairment allowance R'000	2019 Fair value of collateral held R'000	2019 Trade receivables net of impairment allowance R'000
Personal surety	*	**97 781**	*	120 217
Branded Products		**281**		2 648
Automotive		**2 235**		13 056
Commercial Products		**91 407**		100 649
Financial Services		**3 858**		3 864
Cover by credit insurance	**412 841**	**424 254**	365 980	431 256
Branded Products	**111 505**	**122 918**	3 857	3 857
Freight	**1 975**	**1 975**	6 784	6 784
Automotive	**3 000**	**3 000**	–	–
Commercial Products	**296 361**	**296 361**	343 057	408 333
Corporate and investments	**–**	**–**	12 282	12 282
Pledge of assets	**10 840**	**10 840**	17 964	17 964
Services	**–**	**–**	14 555	14 555
Branded Products	**406**	**406**	351	351
Commercial Products	**10 434**	**10 434**	3 058	3 058
Other	**76 814**	**76 814**	56 239	76 220
Freight	**72 354**	**72 354**	35 310	35 310
Commercial Products	**4 121**	**4 121**	20 929	40 910
Corporate and investments	**339**	**339**	–	–
Total	**500 495**	**609 689**	440 183	645 657

* *An accurate fair value cannot be attached to personal surety.*

In certain instances the Group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. Where it is the business of the operation to finance assets, the assets are held as collateral in respect of the outstanding debt. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

40. Nature and extent of risks arising from financial instruments (continued)

40.2 Credit risk (continued)

40.2.1 Trade receivables (continued)

Ageing of trade receivables at 30 June

	2020				2019		
	ECL as % of total ECL %	Gross trade receivables R'000	Expected credit losses R'000	Net trade receivables R'000	Gross trade receivables R'000	Expected credit losses R'000	Net trade receivables R'000
Not past due *	10.1%	**4 623 339**	**(63 073)**	**4 560 266**	6 221 568	(24 952)	6 196 616
Services	13.3%	**1 226 299**	**(44 533)**	**1 181 766**	1 447 623	(8 152)	1 439 471
Branded Products	5.7%	**663 310**	**(5 090)**	**658 220**	1 112 832	(3 945)	1 108 887
Freight	4.7%	**1 516 836**	**(1 736)**	**1 515 100**	1 961 521	(3 522)	1 957 999
Automotive	–	**202 385**	**–**	**202 385**	267 678	–	267 678
Commercial Products	9.2%	**793 872**	**(11 115)**	**782 757**	1 126 507	(8 874)	1 117 633
Financial Services	0.1%	**123 697**	**(10)**	**123 687**	134 781	–	134 781
Properties	23.3%	**127**	**(114)**	**13**	412	–	412
Corporate and investments	7.1%	**96 813**	**(475)**	**96 338**	170 214	(459)	169 755
Past due							
0 – 30 days *	5.7%	**2 597 463**	**(35 711)**	**2 561 752**	1 705 052	(8 778)	1 696 274
Services	8.3%	**1 127 037**	**(27 782)**	**1 099 255**	838 007	(2 886)	835 121
Branded Products	3.7%	**1 024 859**	**(3 314)**	**1 021 545**	225 176	(1 372)	223 804
Freight	0.6%	**175 500**	**(214)**	**175 286**	145 488	(253)	145 235
Automotive	–	**15 266**	**–**	**15 266**	90 702	–	90 702
Commercial Products	3.4%	**213 997**	**(4 056)**	**209 941**	346 051	(3 374)	342 677
Financial Services	–	**27 274**	**–**	**27 274**	13 887	(30)	13 857
Properties	9.8%	**607**	**(48)**	**559**	57	–	57
Corporate and investments	4.4%	**12 923**	**(297)**	**12 626**	45 684	(863)	44 821
31 – 180 days *	47.3%	**2 556 620**	**(296 755)**	**2 259 865**	1 306 868	(83 414)	1 223 454
Services	48.4%	**1 162 226**	**(162 425)**	**999 801**	395 950	(26 420)	369 530
Branded Products	68.6%	**923 140**	**(60 807)**	**862 333**	120 272	(9 906)	110 366
Freight	76.0%	**160 391**	**(27 857)**	**132 534**	435 604	(16 148)	419 456
Automotive	28.0%	**72 566**	**(7 382)**	**65 184**	40 227	(6 823)	33 404
Commercial Products	26.9%	**207 498**	**(32 543)**	**174 955**	255 858	(18 425)	237 433
Financial Services	35.3%	**20 736**	**(4 088)**	**16 648**	24 919	(377)	24 542
Properties	66.9%	**412**	**(327)**	**85**	499	(79)	420
Corporate and investments	19.8%	**9 651**	**(1 326)**	**8 325**	33 539	(5 236)	28 303
181 + days *	36.9%	**681 967**	**(231 549)**	**450 418**	317 857	(140 623)	177 234
Services	30.1%	**287 351**	**(101 031)**	**186 320**	55 621	(39 713)	15 908
Branded Products	22.0%	**83 619**	**(19 488)**	**64 131**	31 424	(13 200)	18 224
Freight	18.7%	**11 574**	**(6 864)**	**4 710**	18 876	(7 319)	11 557
Automotive	72.0%	**18 969**	**(18 948)**	**21**	20 420	(12 000)	8 420
Commercial Products	60.5%	**253 032**	**(73 152)**	**179 880**	166 018	(54 868)	111 150
Financial Services	64.6%	**17 746**	**(7 475)**	**10 271**	8 620	(6 786)	1 834
Properties	–	**–**	**–**	**–**	4	(4)	–
Corporate and investments	68.6%	**9 676**	**(4 591)**	**5 085**	16 874	(6 733)	10 141
Discontinued operations		**–**	**–**	**–**	171 610	(27 362)	144 248
Total		**10 459 389**	**(627 088)**	**9 832 301**	9 722 955	(285 129)	9 437 826

* *Total expected loss rate for each category denoted with * adds up to 100%*

40. Nature and extent of risks arising from financial instruments (continued)

40.2 Credit risk (continued)

40.2.2 Banking and other advances

Refer *note 22 Banking and other advances* for further disclosure.

The loss allowance account is an ECL account. The measurement of ECLs is performed using a “three stage” model, as outlined in IFRS 9, based on changes in credit quality since initial recognition (refer *accounting policies note 18 Financial Instruments (impairment)* for further details).

	2020 R’000	2019 R’000
Movement in expected credit loss allowance in respect of banking and other advances		
Financial Services		
Balance at 1 July	**23 762**	19 718
Loss allowance raised during the year	**23 515**	7 317
Write-offs	**(3 837)**	(3 273)
Balance at 30 June	**43 440**	23 762

Ageing of banking and other advances at 30 June

	2020			2019		
	Gross banking and other advances R’000	**Expected credit losses R’000**	**Net banking and other advances R’000**	Gross banking and other advances R’000	Expected credit losses R’000	Net banking and other advances R’000
Financial Services						
Not past due	**3 106 375**	**(32 382)**	**3 073 993**	2 672 486	(23 762)	2 648 724
Past due	**41 781**	**(11 058)**	**30 723**	6 451	–	6 451
0 – 30 days	**5 216**	**–**	**5 216**	15	–	15
31 – 180 days	**588**	**(22)**	**566**	1 472	–	1 472
181 + days	**35 977**	**(11 036)**	**24 941**	4 964	–	4 964
Total	**3 148 156**	**(43 440)**	**3 104 716**	2 678 937	(23 762)	2 655 175

Collateral held on post-due amounts

	Fair value of collateral held R’000	**Banking and other advances net of loss allowance R’000**	Fair value of collateral held R’000	Banking and other advances net of loss allowance R’000
Pledge of assets	**30 724**	**30 724**	6 451	6 451

40. Nature and extent of risks arising from financial instruments (continued)

40.2 Credit risk (continued)

40.2.2 Banking and other advances (continued)

	Effective interest rate %	Gross value R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000
Expected credit losses at 30 June 2020					
Instalment finance	**9.1**	**1 389 085**	**(5 156)**	**(6 882)**	**(2 743)**
Mortgages	**6.7**	**622 272**	**(604)**	**(502)**	**(55)**
Call and term loans	**7.8**	**541 856**	**(1 222)**	**(10 374)**	**(3)**
Negotiable securities	**7.3**	**266 247**	**–**	**–**	**(11 588)**
Overdrafts and other advances	**6.4**	**328 695**	**(3 420)**	**(891)**	**–**
		3 148 155	**(10 402)**	**(18 649)**	**(14 389)**
Expected losses on banking advances		**(43 440)**			
Carrying value		**3 104 715**			
2019					
Instalment finance	11.3	1 019 246	(1 965)	(176)	(3 882)
Mortgages	10.4	584 267	(876)	(2)	(57)
Call and term loans	11.2	463 368	(1 816)	–	(16)
Negotiable securities	10.0	343 082	(1)	–	(14 764)
Overdrafts and other advances	9.7	268 974	(152)	–	(55)
		2 678 937	(4 810)	(178)	(18 774)
Expected losses on banking advances		(23 762)			
Carrying value		2 655 175			

Notes to the consolidated financial statements (continued)

40. Nature and extent of risks arising from financial instruments (continued)

40.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its borrowings centrally for each of the following countries and regions: South Africa; UK; Europe and Namibia. The divisions within each region are therefore not responsible for the management of liquidity risk but rather senior management for each of these regions are responsible for implementing procedures to manage the regional liquidity risk.

40.3.1 Contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements

		Undiscounted contractual cash flows					
	Carrying amount R'000	**Total R'000**	**6 months or less R'000**	**6 – 12 months R'000**	**1 – 2 years R'000**	**2 – 5 years R'000**	**More than 5 years R'000**
2020							
Puttable non-controlling liabilities (refer *note 33*)	22 002	25 191	–	–	–	25 191	–
Borrowings (refer *note 31*)							
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	9 284	10 069	1 746	1 746	3 492	3 085	–
Unsecured loans	24 365 515	25 828 749	1 783 148	336 599	13 059 075	10 649 927	–
Floorplan creditors secured by pledge of inventories and bonded property	939 041	939 041	939 041	–	–	–	–
Bank overdrafts	4 322 049	4 322 049	–	4 322 049	–	–	–
	29 635 889	31 099 908	2 723 935	4 660 394	13 062 567	10 653 012	–
Trade and other payables (refer *note 36*)							
Trade and other payables (excluding forward exchange contracts)	15 008 920	15 008 920	15 008 920	–	–	–	–
	15 008 920	15 008 920	15 008 920	–	–	–	–
Amounts owed to bank depositors (refer *note 34*)							
Call deposits	4 183 890	4 324 623	4 324 623	–	–	–	–
Fixed and notice deposits	3 102 874	3 195 458	1 811 647	1 383 811			
	7 286 764	7 520 081	6 136 270	1 383 811	–	–	–

40. Nature and extent of risks arising from financial instruments (continued)

40.3 Liquidity risk (continued)

40.3.1 Contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements (continued)

		Undiscounted contractual cash flows					
	Carrying amount R'000	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
2019							
Puttable non-controlling liabilities (refer *note 33*)	82 317	89 749	58 316	–	–	31 433	–
Borrowings (refer *note 31*)							
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	47 023	55 551	12 756	9 767	15 661	17 368	–
Unsecured loans	9 173 600	10 359 175	1 958 292	706 648	4 359 212	3 327 634	7 389
Floorplan creditors secured by pledge of inventories	641 089	641 089	641 089	–	–	–	–
Bank overdrafts	4 582 552	4 582 552	–	4 582 552	–	–	–
	14 444 264	15 638 368	2 612 137	5 298 967	4 374 873	3 345 002	7 389
Trade and other payables (refer *note 36*)							
Trade and other payables (excluding forward exchange contracts)	11 973 853	11 973 853	11 973 853	–	–	–	–
	11 973 853	11 973 853	11 973 853	–	–	–	–
Amounts owed to bank depositors (refer *note 34*)							
Call deposits	3 549 795	3 572 064	3 572 064	–	–	–	–
Fixed and notice deposits	2 857 695	2 984 804	1 506 884	1 477 920	–	–	–
	6 407 490	6 556 868	5 078 948	1 477 920	–	–	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above.

There were no defaults or breaches of any of the borrowing terms or conditions.

40. Nature and extent of risks arising from financial instruments (continued)

40.3 Liquidity risk (continued)

40.3.2 Trade and other payables by class

	2020 R'000	2019 R'000
Trade payables		
Services	**867 857**	669 506
Branded Products	**1 798 514**	991 313
Freight	**1 912 812**	2 665 696
Automotive	**396 897**	559 505
Commercial Products	**987 938**	1 102 180
Financial Services	**220 438**	195 435
Properties	**1 350**	2 751
Corporate and investments	**91 650**	237 505
Discontinued operations	**–**	81 574
	6 277 456	6 505 465

Refer *note 36 Trade and other payables* for further disclosure.

40.3.3 Undrawn facilities

	2020 R'000	2019 R'000
The Group has the following undrawn facilities at its disposal to further reduce liquidity risk:		
Unsecured bank overdraft facility, reviewed annually and payable on demand	**2 981 633**	1 705 696
Utilised	**1 245 607**	1 147 256
Unutilised	**1 736 026**	558 440
Unsecured bank overdraft facility, reviewed annually and payable on 360 days notice	**11 565 000**	7 271 402
Utilised	**3 076 442**	3 435 296
Unutilised	**8 488 558**	3 836 106
Unsecured loan facility with various maturity dates through to 2023 and which may be extended by mutual agreement	**20 770 295**	9 205 380
Utilised	**19 944 515**	5 834 600
Unutilised	**825 780**	3 370 780
Secured loan facilities with various maturity dates through to 2023 and which may be extended by mutual agreement	**3 115 277**	4 038 172
Utilised	**948 325**	688 112
Unutilised	**2 166 952**	3 350 060
Other banking facilities	**3 318 908**	3 487 030
Utilised	**25 134**	6 194
Unutilised	**3 293 774**	3 480 836
Unsecured Domestic Medium Term Notes Programme	**9 000 000**	9 000 000
Utilised	**4 421 000**	3 339 000
Unutilised	**4 579 000**	5 661 000
Total facilities	**50 751 113**	34 707 680
Utilised	**29 661 023**	14 450 458
Unutilised	**21 090 090**	20 257 222

40. Nature and extent of risks arising from financial instruments (continued)

40.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

40.4.1 Investments

Refer *note 21 Investments* for further disclosure.

The classes for investments are amortised cost, fair value through profit or loss and fair value through other comprehensive income, refer

While investments are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

40.4.2 Foreign currency risk

The Group's financial instruments are not significantly exposed to currency risk for the reasons provided below. A sensitivity analysis has therefore not been performed.

Borrowings are matched to the same foreign currency as the division raising the loan thereby limiting the divisions' exposure to changes in a foreign currency which differs to their functional currency. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying divisions of the Group thereby providing an economic hedge for each class of borrowing.

Banking advances (refer *note 22 Banking and other advances*), amounts owed to bank depositors (refer *note 34 Amounts owed to bank depositors*) and investments, with the exception of the Group's investment in MIAL, (refer *note 21 Investments*) are all denominated in the same functional currency as the operation in which they are held, thus these financial instruments are not exposed to currency risk.

The Group incurs currency risk as a result of purchases and sales which are denominated in a currency other than the Group entities' functional reporting currency. It is Group policy that Group entities hedge all trade receivables and trade payables denominated in a foreign currency which differs to its functional currency, no hedge accounting is applied to these transactions. At any point in time the entities also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases. The Group entities hedge their foreign currency risk exposure either by taking out forward exchange contracts (FECs) or alternatively by purchasing in advance the foreign currency which will be required to settle the trade payables. Most of the FECs have maturities of less than one year after the balance sheet date. Where necessary, the FECs are rolled over at maturity. It is the Group's policy not to trade in derivative financial instruments for speculative purposes with the exception of Bidvest Bank Limited whose business is to trade in derivatives.

Changes in the fair value of FECs that economically hedge monetary assets and liabilities in foreign currencies (in relation to the operations' functional currency) and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the FECs and the foreign exchange gains and losses relating to the monetary items are recognised in operating profit (refer *note 2 Profit before finance charges and associate income*)

The periods in which the cash flows associated with the FECs are expected to occur are detailed below under the heading 'Settlement'. The periods in which the cash flows are expected to impact the income statement are believed to be in the same time frame as when the actual cash flows occur.

40. Nature and extent of risks arising from financial instruments (continued)

40.4 Market risk (continued)

40.4.2 Foreign currency risk (continued)

	Settlement	Contract value Foreign amount 000's	Contract value Rand amount 000's
2020			
In respect of FECs relating to foreign liabilities as at 30 June 2020			
Japanese yen	July 2020 – October 2020	**(1 249 922)**	**(206 705)**
US dollar	July 2020 – October 2020	**(9 015)**	**(159 025)**
Euro	July 2020 – November 2020	**(1 089)**	**(21 360)**
Sterling	July 2020 – August 2020	**(9)**	**(190)**
Other	July 2020	**–**	**(4)**
			(387 284)
In respect of FECs relating to foreign assets as at 30 June 2020			
US dollar	July 2020 – May 2021	**2 144**	**37 465**
Euro	July 2020	**65**	**1 301**
			38 766
In respect of FECs relating to goods and services ordered not accounted for as at 30 June 2020			
US dollar	July 2020 – August 2020	**(15 054)**	**(260 909)**
Euro	July 2020 – October 2020	**(296)**	**(5 914)**
Sterling	July 2020 – November 2020	**(173)**	**(3 762)**
Japanese yen	July 2020 – August 2020	**(10 230)**	**(1 596)**
			(272 181)

40. Nature and extent of risks arising from financial instruments (continued)

40.4 Market risk (continued)

40.4.2 Foreign currency risk (continued)

	Settlement	Contract value Foreign amount 000's	Rand amount 000's
2019			
In respect of FECs relating to foreign liabilities as at 30 June 2019			
Japanese yen	July 2019 – October 2019	(2 023 517)	(270 607)
US dollar	July 2019 – October 2019	(18 183)	(262 847)
Euro	July 2019 – September 2019	(3 781)	(62 133)
Sterling	July 2019 – September 2019	(108)	(1 969)
Australian dollar	July 2019	(64)	(642)
Other	July 2019	(98)	(313)
			(598 511)
In respect of FECs relating to foreign assets as at 30 June 2019			
US dollar	July 2019 – December 2019	3 598	53 125
			53 125
In respect of FECs relating to goods and services ordered not accounted for as at 30 June 2019			
US dollar	July 2019 – September 2019	(17 081)	(243 695)
Japanese yen	July 2019	(7 423)	(1 012)
Euro	July 2019 – January 2020	(1 125)	(18 219)
Sterling	August 2019	(117)	(2 124)
Other	July 2019	(112)	(207)
			(265 257)

The total value of trade receivables and trade payables whose payment terms are fixed in a foreign currency other than its operational currency are R328 million (2019: R311 million) and R750 million (2019: R801 million), respectively.

40. Nature and extent of risks arising from financial instruments (continued)

40.4 Market risk (continued)

40.4.3 Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating borrowings and by the use of interest rate swap contracts. The Group's investments in listed bonds, accounted for as fair value through other comprehensive income and fair value through profit or loss financial assets, banking advances and liabilities are exposed to a risk of change in fair value due to movements in interest rates. Investments in equity securities accounted for as held for trading financial assets and trade receivables and payables are not exposed to interest rate risk.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2020 R'000	2019 R'000
Fixed rate instruments		
Financial assets		
Fair value through other comprehensive income equity/debt instruments	**51 822**	341 456
Fair value through profit or loss debt instruments	**919 217**	–
Fair value through profit or loss listed bonds	**156 683**	162 910
Banking and other advances	**200 790**	64 432
Financial liabilities		
Borrowings	**(1 774 189)**	(2 168 977)
Amounts owed to bank depositors	**(2 584 125)**	(2 340 672)
Derivative instruments in designated hedge accounting relationships	**(101 785)**	(18 857)
Variable rate instruments		
Financial assets		
Cash and cash equivalents	**10 412 475**	6 617 075
Banking and other advances	**2 903 926**	2 590 743
Financial liabilities		
Borrowings	**(23 539 651)**	(7 692 735)
Puttable non-controlling interest liabilities	**(22 002)**	(82 317)
Amounts owed to bank depositors	**(4 702 639)**	(4 066 818)
Overdrafts	**(4 322 049)**	(4 582 552)

The Group's exposure to interest rates on financial assets and liabilities are detailed in the various notes within the financial statements.

The variable rates are influenced by movements in the prime borrowing rates.

Sensitivity analysis

The effect of a change in interest rate on the fair value of the listed bonds accounted for as held for trading and available for sale is not believed to have a significant effect on the Group's profit for the year and equity.

It is estimated that 0.5% (2019: 0.5%) increase in interest rates would decrease profit after tax by R48 million (2019: R19 million). This sensitivity analysis has been prepared using the average net borrowings for the financial year as the actual net borrowings at 30 June are not representative of the net borrowings during the year. This analyses assumes that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2019. A decrease in interest rates would have an equal and opposite effect on profit after taxation.

40. Nature and extent of risks arising from financial instruments (continued)

40.4 Market risk (continued)

40.4.3 Interest rate risk (continued)

Interest rate swap contracts

The Group has entered into interest rate swap contracts, in order to fix the interest rates on variable rate corporate bonds and loans as summarised below.

Bonds – The variable 3 month JIBAR interest rate plus a spread specific to each bond has been fixed using fixed for floating interest rate swaps at rates set out below. The swap contracts match the duration and expiry dates of the bonds. The difference between the fixed and floating interest rates are settled on a quarterly basis simultaneously with the payment of interest to bondholders. The interest rate swap contracts have enabled the Group to mitigate the risk of fluctuating interest rates on the fair value of the bonds issued. The interest rate swaps have been designated as hedging instruments and accounted for as a cash flow hedge. The fair value of the bond linked interest rate swaps at the reporting date, is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the contract, resulting in a fair value liability of R102 million (2019: R19 million) (refer *note 36 Trade and other payables*).

Hedged items – 3 year bonds/stock code	BID09	
Principal Bond and Swap notional value – R'000	568 000	
Bond issue date, swap start date	15 May 2019	
Bond redemption date, swap termination date	15 November 2021	
Spread (bps) above 3 month JIBAR	123	
Fixed swap rate, including spread	8.35%	
Interest settlement periods	Quarterly	
Hedged items – 5 year bonds/stock code	BID08	BID10
Principal Bond and Swap notional value – R'000	300 000	543 000
Bond issue date, swap start date	1 April 2019	15 May 2019
Bond redemption date, swap termination date	30 June 2022	15 November 2023
Spread (bps) above 3 month JIBAR	180	140
Fixed swap rate, including spread	9.00%	8.78%
Interest settlement periods	Quarterly	Quarterly

40.4.4 Market price risk

Equity price risk arises from investments classified as fair value through profit or loss and fair value through other comprehensive income (refer *note 21 Investments*). Fair value through other comprehensive income financial assets includes an irrevocable election of equity investments in VISA shares and preference shares (in the prior period a listed bond held by the Group's wholly-owned subsidiary Bidvest Bank Limited). Fair value through profit or loss investments comprise a listed share portfolio whose performance is monitored closely by senior management and the Group actively trades in these shares. The Group's subsidiaries, Bidvest Insurance Limited and Bidvest Life Limited hold investment portfolios with a fair value of R573 million (2019: R708 million) and nil (2019: R46 million), respectively, for the purpose of being utilised to cover liabilities arising from insurance contracts. These portfolios comprise domestic and international equity investments and money market funds. Unlisted investments comprise unlisted shares and loans which are classified as fair value through profit or loss and fair value through other comprehensive income, and are valued at fair value using a price earnings model.

40. Nature and extent of risks arising from financial instruments (continued)

40.5 Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values, with the exception of borrowings which have been accounted for at amortised cost. The fair value of borrowings, together with the carrying amounts shown in the statement of financial position, classified by class (being geographical location), are as follows:

	2020 Carrying amount R'000	**2020** Fair value R'000	2019 Carrying amount R'000	2019 Fair value R'000
Borrowings (refer *note 31 Borrowings*)				
Southern Africa	**12 182 649**	**12 160 894**	10 983 108	10 994 331
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**–**	**–**	448	448
Unsecured loans	**7 139 764**	**7 118 009**	5 980 330	5 991 553
Floor plan creditors secured by pledge of inventories	**939 041**	**939 041**	641 089	641 089
Bank overdrafts	**4 103 844**	**4 103 844**	4 361 241	4 361 241
UK and Europe	**17 453 240**	**17 309 380**	3 461 157	3 461 157
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**9 284**	**9 284**	46 575	46 575
Unsecured loans	**17 225 751**	**17 081 890**	3 193 270	3 193 270
Bank overdrafts	**218 205**	**218 205**	221 311	221 311
	29 635 890	**29 470 274**	14 444 265	14 455 488
Unrecognised gain (loss)	**165 615**		(11 223)	

The methods used to estimate the fair values of financial instruments are discussed in note *44 Determination of fair values*.

The interest rates used to discount cash flows, in order to determine fair values, are based on market related rates at 30 June 2020 plus an adequate constant credit spread, and range from 1.14% to 10.72% (2019: 1.0% to 10.25%).

41. Capital management

The board of directors' policy is to maintain a strong capital base so as to maintain investor, supplier and market confidence, whilst also being able to sustain future development of the businesses. The board of directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interests and the level of distributions to ordinary shareholders. The Group's objective is to maintain a distribution cover of two to two and a half times normalised headline earnings for the foreseeable future. The methods of distribution include dividends, return of share premium, capitalisation issues as well as share buy-backs in lieu of distributions. The level of cover of distributions takes into account prevailing market conditions, future cash requirements of the businesses, Group liquidity requirements, as well as capital adequacy ratios.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of gearing and the advantages and security afforded by a sound equity position. The Group targets Return on Funds Employed (ROFE) specific to each segment. ROFE targets range between 20% and 90%. Overall, the Group achieved a ROFE of 23.0% (2019: 23.2%)

In the early days of the Group, acquisition activity was generally funded via the raising of equity capital however over the past five years, far more favourable credit markets have enabled the use of debt as a more effective tool of capital. The current credit markets have been extremely volatile.

From time-to-time the Group purchases its own shares on the market, the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the BIS, CSP or SAR Plan (refer *note 29 Share-based payments*). The maximum number of shares which can be allocated under the Share Appreciation Rights Plan and the CSP is limited to 17 000 000 shares. The Group does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year.

42. Related parties

Identification of related parties

The Group has a related party relationship with its subsidiaries, associates and joint ventures. Key management personnel has been defined as the executive and non-executive directors of the Company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Independent non-executive directors do not participate in the Group's SAR schemes or CSP.

Details pertaining to executive and non-executive directors' compensations are set out in Annexure B. Directors' remuneration in total is included in *note 2 Profit before finance charges and associate income*.

The Group encourages its employees to purchase goods and services from Group companies. These transactions are generally conducted on terms no more favourable than those entered into with third parties on an arm's-length basis, although in some cases nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key management personnel during the year, nor have they resulted in any non-performing debts at the year end.

Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at the Group level.

Certain of the directors of the Group are also non-executive directors of other public companies which may transact with the Group. The relevant directors do not believe they have significant influence over the financial or operational policies of those companies. Those companies are thus not regarded as related parties.

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries of the Group and key management personnel (as defined above) and/or organisations in which key management personnel have significant influence:

	2020 R'000	2019 R'000
Transactions with associates		
The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries and associates of the Group		
Sales and services provided by the Group	**1 073**	314 281
Purchases	**7 103**	7
Outstanding amounts due to the Group at year end included in advances to associates	**19**	19
Outstanding amounts due to the Group at year end included in trade receivables	**78**	41 354
Details of effective interest, investments and loans to associates are disclosed in *note 20 Interest in associates and joint ventures.*		

43. Accounting estimates and judgements

The board of directors has considered the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

1. Critical accounting policies

The Group audit committee is satisfied that the critical accounting policies are appropriate to the Group.

2. Key sources of estimation uncertainty

Post-retirement obligations

The Trustees have agreed to allocate any future surplus (deficit) arising from experience of the Defined Benefit in-service member pool to the employer surplus account. We have not made any allowance for the allocation as at 30 June 2020. The amount to be allocated can only be determined at a statutory valuation date and must be allocated to the employer surplus account by the Trustees. The amount allocated will come through as a gain or loss in the next valuation period, this is consistent with the methodology applied at the previous valuation date.

Property, plant and equipment, and rental fleet

The residual values of these assets are reviewed annually after considering future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. Certain properties are accounted for as own use assets and are thus held at cost less depreciation. Market indicators reflect that these properties could realise more than their carrying values if disposed of, in which case depreciation is halted.

Goodwill and indefinite life intangible assets

The Group has assessed the carrying value of goodwill and indefinite life intangible assets to determine whether any of the amounts have been impaired. The carrying values were assessed using price earnings methods and the actual results and forecasts for future years (refer *note 17 Intangible assets and note 18 Goodwill* for further disclosure).

Investments

The Group reflects its investments at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The directors' value of unlisted investments, was determined using a combination of discounted cash flow, net asset value and price earnings methods. MIAL, an unlisted investment held for trading, is recorded at fair value less cost to sell and is based on a signed sale agreement, which is subject to private shareholders not exercising their pre-emptive rights, and written approvals from the Airports Authority of India, the Indian Government and the lenders. MIAL is classified as fair value through profit or loss and has been disclosed as a current asset as it is expected to be sold within the next twelve months. Certain investments are of a long term nature and uncertainty surrounds their valuation, which may result in a significant change in value over time (refer *note 21 Investments*).

Inventory

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowances are made with reference to an inventory age analysis.

Trade receivables and banking advances

The Group applies the simplified approach to determine the ECLs for trade receivables, contract assets and lease receivables (collectively, accounts receivable). ECLs for accounts receivable are calculated using a provision matrix. For banking advances the measurement of ECLs is performed using a three stage model, based on changes in credit quality since initial recognition.

3. Critical accounting judgements in applying the Group's accounting policies

Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Deferred taxation

Deferred taxation assets are recognised to the extent it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

Control assessment

In determining whether a substantial holding in an entity should be treated as an associate or subsidiary, management reviews the size of its holding, the voting rights it holds, the spread of shareholders and whether it has any arrangement to act in concert with any other investors.

43. Accounting estimates and judgements (continued)

Provisions

Refer *to note 37 Provisions* for further disclosure.

Post-retirement obligations

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories. Actuarial valuations are based on assumptions which include the discount rate, inflation rate, salary increase rate, expected return on plan assets and the pension increase allowance rate.

Puttable non-controlling interest liabilities

The Group has entered into put arrangements where non-controlling interests are entitled to sell certain of their holdings in subsidiaries to the Group at future contracted dates. The puttable non-controlling interest liability is calculated as the present value of the expected redemption value, discounted from the expected redemption date to the reporting date. There are two main assumptions used in the calculation of the liability; the expected redemption value at the expected redemption date and the discount rate used to discount the expected redemption value to the reporting date.

The discount rate is derived from an applicable government bond yield curve, in the country in which the subsidiary operates, and is applied over the number of years between the reporting date and the redemption date, plus an appropriate credit spread.

COVID-19 pandemic

Judgement was required to consider the impact of COVID-19 on the results of the Group for the current year. The Group's assessment of the impact is detailed below.

	2020 R'000
Restructuring costs	**460 443**
Net impairment losses on financial assets (IFRS 9: ECL)	**228 315**
Write down of inventory to net realisable value	**54 738**
Onerous contracts	**57 148**
Bidvest COVID-19 Fund	**400 000**
Impairment of MIAL, classified as a financial asset at fair value through profit or loss, where the fair value is not based on observable market data (Level 3)	**351 442**
COVID-19 non-capital charges	**1 552 086**
COVID-19 capital impairments	**1 147 958**

43. Accounting estimates and judgements (continued)

COVID-19 consideration	Assessment
Going concern	Limited impact on going concern for the foreseeable future. Based on the projections of future results and cash flows, future debt repayment commitments and covenants currently in place, and assessment of the Group's borrowing facilities available, no going concern risk has been identified (refer *note 31 Borrowings, Note 40.3.3 Undrawn facilities*).
Impairment of goodwill	The goodwill in the Automotive and Corporate segments has been impaired in the amount of R496 million as a result of lower forecasted cash flows impacted by COVID-19, the expected slowdown in economic activity as well as higher discount rates (refer *note 18 Goodwill*).
Restructuring and retrenchment costs	The Group has provided for restructuring and retrenchment costs that occurred as a result of COVID-19 and the business impact. The operating segments that were most materially impacted were Automotive, Branded Products and Services. The demand for products and services in the Automotive and Branded Products segment is expected to be subdued and as a result operations have been downscaled. With regards to the Services segment, the costs recognised relate primarily to the travel and aviation related services, which have been negatively impacted. The total charge recognised amounted to R460 million.
Net impairment losses on financial assets (IFRS 9: ECL)	Due to the increase in credit risk and decline in the future economic outlook, IFRS 9 impairments of R228 million were recognised. The Financial Services and Services segments were the most severely impacted as a result of the shutdown in the travel and aviation industries, due to industry wide macro economic declines, forward looking default rates increased.
Impairment of the investment in MIAL	The investment in MIAL has been impaired in the amount of R351 million as a consequence of the uncertainty created by COVID-19 and its impact on the travel and aviation industry. Accordingly the investment has been impaired to its recoverable amount which declined since outbreak of the COVID-19 pandemic (refer *note 21 Investments*).
Deferred tax asset recoverability	No material impact noted, deferred tax assets raised based on sufficient taxable profits expected in the future.
Inventories	While subdued demand in some segments is expected, the impact is not material and the provision for obsolete inventories was increased by R55 million to account for the subdued trading environment.
Impairment of intangible assets	Impairment of intangible assets of R322 million was recorded due to the slow down in demand for certain products and services. The operating segments that were most materially impacted were Branded Products and Commercial Products (refer *note 17 Intangible assets*).
Bidvest COVID-19 fund	The Group has pledged to provide support to its employees and wider society to assist in dealing with the impact of COVID-19. R400 million has been set aside for this purpose most of which has already been spent on the projects identified.
Property, plant and equipment	Property, plant and equipment was impaired by R222 million which occurred predominantly in the Services segment as a result of the impact on the aviation industry and related services (refer *note 16 Property, plant and equipment*).
Investment in associates and joint ventures	On 4 May 2020, as a direct consequence of COVID-19, Comair commenced with voluntary business rescue proceeding in terms of Section 129 of the Companies Act and simultaneously successfully applied for the suspension of trading in the company's shares on the JSE with immediate effect. As a result the Group ceased equity accounting for this 27.2% held investment and impaired its value to nil. The Group recognised a net capital impairment of R241 million and its share of Comair operating losses of R201 million for the year.

44. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment and right-of-use assets

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items.

Intangible assets

The fair value of intangible assets recognised as a result of a business combination is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory.

Investments

Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the report date. Fair value of unlisted investments is determined by using appropriate valuation models (refer *note 21 Investments*).

Forward exchange contracts

The fair value of forward exchange contracts is based on their market prices.

Borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. The carrying value of the bank overdrafts is the fair value.

Share-based payments

The fair value of the share options is measured using a modified Black Scholes method. Measurement inputs include share price at measurement date, exercise price of the instrument, expected volatility (based on the historic volatility), option life, distribution yield and the risk-free interest rate (based on the ZAR bond static yield curve).

45. Subsequent events

Subsequent to 30 June 2020 the Group has received a non-binding offer for Bidvest Car Rental, which has been disclosed as a disposal group held for sale and discontinued operation. There have been no other events noted, that occurred subsequent to the reporting date, including events associated with the COVID-19 pandemic, that could have a material impact on these annual consolidated financial statements.

46. Accounting standards and interpretations not effective at 30 June 2020

At the date of approval of the annual financial statements, the following new standards, interpretations and amendments that apply to the Group were in issue but not yet effective:

Standard / interpretation	Description	Reporting period beginning on or after
IAS 1: (Amendment to) 'Presentation of financial statements' and IAS 8: (Amendment to) 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: *"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*	1 January 2020
IFRS 3: (Amendment to) 'Business combinations' Definition of a business	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	1 January 2020
IFRS 17: 'Insurance contracts'	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.	1 January 2022

46. Accounting standards and interpretations not effective at 30 June 2020 (continued)

Standard / interpretation	Description	Reporting period beginning on or after
IFRS 9: (Amendments to) Financial Instruments; IAS 39: (Amendments to) Financial Instruments: Recognition and Measurement; and IFRS 7: (Amendments to) Financial Instruments: Disclosure – Interest rate benchmark reform	These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.	1 January 2020

47. Foreign currency exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions at 30 June

	2020	2019
Rand/Sterling		
Closing rate	**21.47**	17.89
Average rate	**19.73**	18.37
Rand/Euro		
Closing rate	**19.50**	16.02
Average rate	**17.33**	16.19
Rand/US Dollar		
Closing rate	**17.36**	14.09
Average rate	**15.68**	14.19
Rand/Japanese yen		
Closing rate	**0.161**	0.131
Average rate	**0.145**	0.128

Annexure A: Interest in subsidiaries and associates

as at 30 June

Significant subsidiaries	Country of incorporation if not SA	Notes	**Effective holdings 2020 %**	Effective holdings 2019 %
Bidvest Automotive (A)				
Autohaus Centurion Pty Ltd			**50**	50
Bidvest Car Rental (Botswana) Pty Ltd	1		**100**	100
Bidvest Car Rental (Namibia) Pty Ltd	9		**100**	100
Bidvest Car Rental Pty Ltd			**100**	100
Bidvest McCarthy Brands Pty Ltd			**100**	100
Bidvest Namibia Automotive Otjiwarongo Pty Ltd	9		**100**	100
Bidvest Namibia Automotive Pty Ltd	9		**100**	100
Carheim Investments Pty Ltd	9		**100**	100
Coltish Investments Pty Ltd			**100**	100
Diroyal Motor (SWA) Pty Ltd	9		**100**	100
Inyanga Motors Pty Ltd			**100**	100
Inyanga Plaza Investments Pty Ltd			**100**	100
Kunene Motor Holdings Limited			**64**	64
McCarthy Investments Pty Ltd			**100**	100
McCarthy Pty Ltd			**100**	100
Bidvest Branded Products (F,G,M,N)				
Adcock Ingram Holdings Limited			**54**	51
Airport Retail and Luggage Repairs (Coastal) Pty Ltd			**70**	70
Aluminium Foil Converters Pty Ltd			**100**	100
Amalgamated Appliances Pty Ltd			**100**	100
Bartrans Pty Ltd			**100**	100
Bidoffice Furniture Manufacturing Pty Ltd			**100**	100
Bidvest Branded Products Holdings Pty Ltd			**100**	100
Bidvest Monitoring Solutions Pty Ltd			**100**	100
Bidvest Office Holdings Pty Ltd			**100**	100
Bidvest Office Pty Ltd			**100**	100
Bidvest Paperplus Pty Ltd			**100**	100
Blesston Printing and Associates Pty Ltd			**100**	100
Brandcorp Hong Kong Limited	3		**100**	100
Brandcorp Transformation Corporation Pty Ltd			**100**	55
Business Forms Properties Pty Ltd			**100**	100
Cecil Nurse Namibia Pty Ltd	9		**100**	100
Dauphin Office Seating S.A. Pty Ltd			**71**	71
Email Connection Pty Ltd			**100**	100
Home of Living Brands Group Limited			**100**	100
Home of Living Brands Pty Ltd			**100**	100
Kolok (Namibia) Pty Ltd	9		**100**	100
Kolok Pty Ltd			**100**	100
Lamobyte Pty Ltd			**100**	57
Lithotech Afric Mail Cape Pty Ltd			**100**	100
Lithotech Afric Mail JHB Pty Ltd			**100**	100
Lithotech Corporate Pty Ltd		2	**49**	49
Lithotech Group Services Pty Ltd			**100**	100
Lithotech International Limited	16		**100**	100
Lithotech Manufacturing Pinetown Pty Ltd			**100**	100
Lithotech Sales Cape Pty Ltd			**100**	100
Lithotech Sales Johannesburg Pty Ltd			**100**	100
Lufil Packaging Pty Ltd			**100**	100
Main Street 573 Pty Ltd			**70**	70
MakeMeMobile Pty Ltd			**100**	100

Annexure A: Interest in subsidiaries and associates (continued)

Significant subsidiaries	Country of incorporation if not SA	Notes	**Effective holdings 2020 %**	Effective holdings 2019 %
Bidvest Branded Products (F,G,M,N) (continued)				
Minolco (Namibia) Pty Ltd	9		**100**	100
Mocobe Properties Pty Ltd			**100**	100
Officeshelf Pty Ltd			**100**	100
Offurn Clearance House Pty Ltd			**100**	100
Ozalid South Africa Pty Ltd			**100**	100
Paragon Business Communications Limited			**100**	100
R Giese Printing Pty Ltd			**100**	100
Rotolabel (Tvl) Pty Ltd			**100**	100
S&N Labels Pty Ltd			**100**	100
Silveray Manufacturers Pty Ltd			**100**	100
Silveray Statmark Company Pty Ltd			**100**	100
SMC Sales Logistics Pty Ltd			**100**	100
Tedelex Manufacturing Pty Ltd			**100**	100
Tedelex Properties (Atlantis) Pty Ltd			**100**	100
Waltons Namibia Pty Ltd	9		**100**	100
Waltons Pty Ltd			**100**	100
Zonke Monitoring Systems Pty Ltd			**74**	74
Bidvest Commercial Products (B,E,K)				
Academy Brushware Pty Ltd #			**100**	100
Afcom Group Limited			**100**	100
B M O Food Services Pty Ltd			**100**	100
Bellco Electrical Pty Ltd			**100**	100
Berzack Brothers Pty Ltd #			**100**	100
Bidvest Afcom Pty Ltd #			**100**	100
Bidvest Buffalo Tapes Pty Ltd #			**100**	100
Bidvest Commercial Products Holdings Pty Ltd			**100**	100
Bidvest Commercial Products Pty Ltd			**100**	100
Bidvest Industrial Pty Ltd			**100**	100
Bidvest Industrial Supplies Zambia Limited	17		**100**	100
Bidvest Materials Handling Pty Ltd #			**100**	100
Bidvest Namibia Plumblink Pty Ltd	9		**100**	100
Bloch & Levitan Pty Ltd #			**100**	100
Brandcorp Holdings Pty Ltd			**100**	100
Brandcorp Pty Ltd			**100**	100
Brookfield Investments 315 Pty Ltd			**100**	100
Clockwork Giant Clothing Pty Ltd	13		**100**	100
Eagle Lighting Pty Ltd			**100**	100
Eagle Lighting George Pty Ltd			**100**	100
EMS Invirotel Energy Management Pty Ltd			**100**	100
G Fox Pty Ltd #			**100**	100
G Fox Swaziland Pty Ltd	13		**75**	75
King Pie Holdings Pty Ltd			**100**	100
Mubelo Electrical Pty Ltd	7		**80**	80
Plumblink (SA) Pty Ltd			**100**	100
Ram Fasteners Pty Ltd #			**100**	100
Renttech Holdings Pty Ltd			**100**	100
Renttech South Africa Pty Ltd			**100**	100
Renttech Trading Pty Ltd			**100**	100
Sellotape Pty Ltd			**100**	100
Solid State Power Pty Ltd			**50**	50

Significant subsidiaries	Country of incorporation if not SA	Notes	**Effective holdings 2020 %**	Effective holdings 2019 %
Bidvest Commercial Products (B,E,K) (continued)				
Southern African Welding and Industrial Supplies Pty Ltd	9		**100**	100
Technilamp Pty Ltd			**100**	100
Tuning Fork Pty Ltd t/a Yamaha			**100**	100
Versalec Cables Pty Ltd			**100**	100
Voltex Botswana Pty Ltd	1		**70**	70
Voltex Holdings Pty Ltd			**100**	100
Voltex MVLV Solutions Pty Ltd			**90**	90
Voltex Namibia Pty Ltd	9		**100**	100
Voltex Pty Ltd			**100**	100
Vulcan Catering Supplies Pty Ltd #			**100**	100
Bidvest Financial Services (C)				
Bid Finserv Capital Pty Ltd			**100**	100
Bidvest Asset Management Pty Ltd			**100**	100
Bidvest Bank Holdings Limited			**100**	100
Bidvest Bank Limited			**100**	100
Bidvest Cash Axcess Pty Ltd			**100**	100
Bidvest Insurance Brokers Pty Ltd			**100**	100
Bidvest Insurance Group Pty Ltd			**100**	100
Bidvest Insurance Limited			**100**	100
Bidvest Leasing Pty Ltd			**100**	100
Bidvest Life Limited			**100**	100
Bidvest Merchant Services Pty Ltd			**100**	100
Bidvest Wealth and Employee Benefits Pty Limited			**100**	100
Cannon Asset Managers Pty Ltd			**100**	100
Cignet Administration Services Pty Ltd			**100**	51
Compendium Group Investment Holdings Pty Ltd			**100**	51
Compendium Insurance Brokers Pty Ltd		1	**89**	45
Compendium Insurance Brokers Cape Town Pty Ltd		1	**95**	48
Compendium Insurance Brokers Eastern Cape Pty Ltd		1	**85**	43
Compendium Insurance Brokers Gauteng Pty Ltd		1	**90**	46
Compendium Insurance Brokers Pietermaritzburg Pty Ltd			**95**	48
Edge Insurance Brokers Pty Ltd			**100**	51
Financial Management International Pty Ltd			**100**	100
FinGlobal Holdings Pty Ltd			**70**	70
FinGlobal Migration Pty Ltd			**70**	70
GL Broking Enterprises Pty Ltd			**100**	–
Master Currency Pty Ltd			**100**	100
McCarthy Retail Finance Pty Ltd			**100**	100
Namibia Bureau de Change Pty Ltd	9		**100**	77
Portdem Pty Ltd			**100**	51
Rennies Foreign Exchange (Botswana) Pty Ltd	1		**51**	51
Swift Auto Brokers Pty Ltd			**100**	51
Taxi and Transport Brokers Pty Ltd			**100**	51
Tradeflow Pty Ltd			**50**	50
Viamax Fleet Solutions Pty Ltd			**100**	100
Viamax Pty Ltd			**100**	100
Bidvest Freight (D)				
African Shipping Limited			**100**	100
Bid Services Division (UK) Limited	16		**100**	100
Bidfreight Intermodal Pty Ltd			**100**	100

Annexure A: Interest in subsidiaries and associates (continued)

Significant subsidiaries	Country of incorporation if not SA	Notes	Effective holdings 2020 %	Effective holdings 2019 %
Bidvest Freight (D) (continued)				
Bidfreight Port Operations Pty Ltd			**100**	100
Bidvest Freight Management Services Pty Ltd			**100**	100
Bidvest Freight Pty Ltd			**100**	100
Bidvest Freight Terminals Pty Ltd			**100**	100
Bidvest Freight UK Limited	16		**100**	100
Bidvest Outsourced Services Limited	16		**100**	100
Bidvest Property Limited	16		**100**	100
Brentwood Technical Services Limited	16		**100**	100
Bulk Connections Pty Ltd			**100**	100
DH Mansfield Group Limited*	16		**–**	80
DH Mansfield Limited*	16		**–**	80
Durban Coal Terminals Company Pty Ltd			**100**	100
Ensimbini Terminals Pty Ltd			**50**	50
Freightbulk Pty Ltd			**100**	100
Island View Storage Limited t/a Bidvest Tank Terminals			**100**	100
Lubrication Specialists Pty Ltd	9		**100**	100
Luderitz Bay Shipping & Forwarding Pty Ltd	9		**100**	100
Manica Group Namibia Pty Ltd	9		**100**	100
Mobinav – Empresa de Moveis, Lda	8		**100**	100
Monjasa Namibia Pty Ltd	9		**57**	57
Mozambique Freight Services, Lda	8		**100**	100
Naval Servicos A Navegacao LTDA	8		**100**	100
Ontime Automotive Limited	16		**100**	100
Ontime Global Automotive Transport Services Limited	16		**100**	100
Orca Marine Service Pty Ltd	9		**60**	60
P & I Associates Pty Ltd			**100**	100
Panargo Shipping Pty Ltd			**100**	100
Rennie Murray and Company Pty Ltd			**100**	100
Rennies Ships Agency Mozambique Limitada	8		**100**	100
Rennies Ships Agency Pty Ltd			**100**	100
Safcor Freight Pty Ltd t/a Bidvest International Logistics			**100**	100
Sebenza Forwarding & Shipping Pty Ltd			**100**	100
Skillion Limited	16		**100**	100
South African Bulk Terminals Pty Ltd			**100**	100
South African Container Depots Pty Ltd			**100**	100
South African Container Stevedores Pty Ltd			**100**	100
Walvis Bay Airport Services Pty Ltd	9		**100**	100
Walvis Bay Stevedoring Company Pty Ltd	9		**55**	55
Woker Freight Services Pty Ltd	9		**100**	100
Bidvest Services (H,I,J)				
Airport Handling Services Pty Ltd			**100**	100
Aquazania Africa Pty Ltd			**100**	100
Aquazania Pty Ltd			**100**	100
Bidair Cargo Pty Ltd (previously SA Water Cycle Group Pty Ltd)			**100**	100
Bidair Group Pty Ltd			**100**	100
Bidair Services Pty Ltd			**100**	100
Bidtrack Pty Ltd			**100**	100
Bidtravel Pty Ltd			**100**	100
Bidvest (Zambia) Pty Ltd	17		**100**	100
Bidvest Catering Services Pty Ltd			**100**	100

Significant subsidiaries	Country of incorporation if not SA	Notes	**Effective holdings 2020 %**	Effective holdings 2019 %
Bidvest Services [H,I,J] (continued)				
Bidvest Cleaning Pty Ltd			**100**	100
Bidvest Create Pty Ltd			**100**	50
Bidvest Facilities Management Pty Ltd			**100**	100
Bidvest Magnum Pty Ltd			**100**	100
Bidvest Media Pty Ltd			**50**	50
Bidvest Namibia Commercial Holdings Pty Ltd	9		**100**	100
Bidvest Prestige Cleaning Pty Ltd	9		**100**	100
Bidvest Protea Coin Assets In Transit And Armed Reaction Pty Ltd			**100**	100
Bidvest Protea Coin Cargo Protection Pty Ltd			**100**	100
Bidvest Protea Coin Fencing Pty Ltd			**100**	100
Bidvest Protea Coin Pty Ltd			**100**	100
Bidvest Protea Coin Technical And Physical Security Pty Ltd			**100**	100
Bidvest Services (ROI) Limited	10		**100**	100
Bidvest Services (UK) Limited	16		**100**	100
Bidvest Services Group (UK) Limited	16		**100**	100
Bidvest Services Holdings Pty Ltd			**100**	100
Bidvest Services Pty Ltd			**100**	100
Bidvest Steripic and Promosachets Pty Ltd			**100**	100
Bidvest Travel Holdings Pty Ltd			**100**	100
Bosnandi Laundry Pty Ltd			**51**	51
Bushbreaks & More Pty Ltd			**100**	100
CI Services Pty Ltd	7		**100**	100
ClickOn Communications Pty Ltd			**100**	100
CLM Safety Limited ^	16		**100**	–
Coin Aviation Security Pty Ltd			**100**	100
Commuter Handling Services Pty Ltd			**60**	60
Connex Travel Holdings Pty Ltd			**100**	61
Connex Travel Pty Ltd			**100**	50
Crane Midco (Guernsey) Limited	2		**100**	100
Crane Midco (UK) Limited	16		**100**	100
Cruises International SA Pty Ltd			**100**	100
Cudha SARL	8		**100**	100
Dinatla Property Services Pty Ltd			**100**	100
Dinosi Cleaning Services Pty Ltd			**55**	55
Direct365Online Limited ^	16		**100**	–
EAS Kenya Limited	5		**100**	100
EAS Tanzania Limited*	14		**–**	100
EAS Uganda Limited	15		**100**	100
EAS Zambia Limited	17		**60**	60
EAS Zimbabwe Pvt Ltd	18		**70**	70
Epsilon Test Services Limited ^	16		**100**	–
Execuflora Pty Ltd			**100**	100
Express Air Services (Namibia) Pty Ltd	9		**100**	100
Express Air Services Pty Ltd			**100**	100
First Garment Rental Pty Ltd			**100**	100
Future Cleaning Services Limited ^	16		**100**	–
Future Carpet Cleaning Services Limited ^	16		**100**	–
Future Cleaning (Southwest) Limited ^	16		**100**	–
Future Cleaning FCS Limited ^	16		**100**	–
Global Payment Technologies Pty Ltd			**100**	100

Annexure A: Interest in subsidiaries and associates (continued)

Significant subsidiaries	Country of incorporation if not SA	Notes	**Effective holdings 2020 %**	Effective holdings 2019 %
Bidvest Services (H,I,J) (continued)				
Harvey World Travel Southern Africa Pty Ltd			**100**	100
Hotel Amenities Suppliers Pty Ltd			**100**	100
Hygiene Matters Limited ^	10		**100**	–
Ikhayelihle Royalserve Cleaning Services Pty Ltd			**100**	100
Industro-Clean Botswana Pty Ltd	1		**100**	100
International Payment Systems Pty Ltd			**100**	100
Ithabeleng Food Services Pty Ltd			**100**	100
Karmarton Limited ^	10		**100**	–
Lehlangene Facilities Management Pty Ltd			**100**	100
LTP Mast and Infrastructure Services Pty Ltd			**100**	100
Macardo Lodge Pty Ltd t/a Travelwise	1		**51**	51
Masterguard Fabric Protection Africa Pty Ltd			**100**	100
Mediguard WIC Cleaning Services (Lesotho) Pty Ltd	6		**51**	51
MSCSPORTS Sponsorships Pty Ltd			**100**	100
Mymarketdot Com Pty Ltd			**100**	100
New Frontiers Tours Pty Ltd ^			**100**	–
Nomtsalane Property Services Pty Ltd			**86**	86
Noonan Services Group (NI) Limited	16		**100**	100
Bidvest Noonan (UK) Limited (previously Noonan Services Group (UK) Limited)	16		**100**	100
Bidvest Noonan (ROI) Limited (previously Noonan Services Group Limited)	10		**100**	100
Noonan Topco Limited	16		**100**	100
Personnel Hygiene Services Limited ^	16		**100**	–
PHS Bidco Limited ^	16		**100**	–
PHS Compliance Limited ^	16		**100**	–
PHS Group Limited ^	16		**100**	–
PHS Holdings Limited ^	16		**100**	–
PHS Investments Limited ^	16		**100**	–
PHS Services Limited ^	16		**100**	–
PHS Washrooms Limited ^	16		**100**	–
PHS Western Limited ^	16		**100**	–
Prestige Cleaning Services Pty Ltd			**100**	100
Promo Sachets Pty Ltd			**100**	100
Protea Aviation Pty Ltd			**100**	100
Protea Security Services (West Rand) Pty Ltd			**100**	100
Pureau Fresh Water Company Pty Ltd			**100**	82
QMS Consulting Pty Ltd			**100**	100
Quadrel Travel Manangement Pty Ltd t/a CWT			**90**	90
Rebserve Facilities Management Pty Ltd			**80**	80
Rennies Travel (Namibia) Pty Ltd	9		**100**	100
Rennies Travel Pty Ltd t/a Rennies BCD Travel			**100**	100
Resource Support Services (IOM) Limited	4		**100**	100
RMI SA Pty Ltd			**100**	100
Royal Mozambique Ltda	8		**60**	60
Royalmnandi Duduza Pty Ltd			**60**	60
Royalmnandi Events Pty Ltd			**100**	100
Royalmnandi Food Services Pty Ltd			**100**	100
Servicios de Contenedores Higienicos Santarios S.A ^	12		**100**	–
Steiner Environmental Solutions Pty Ltd			**100**	100

Significant subsidiaries	Country of incorporation if not SA	Notes	**Effective holdings 2020 %**	Effective holdings 2019 %
Bidvest Services (H,I,J) (continued)				
Steiner Hygiene Pty Ltd			**100**	100
Steiner Hygiene Swaziland Pty Ltd	13		**100**	100
Taemane Cleaning Services Pty Ltd			**100**	100
Teacrate Limited ^	16		**100**	–
Teacrate Rentals Limited ^	16		**100**	–
Test Monetary Systems Pty Ltd			**100**	100
TFMC FM Services Pty Ltd			**100**	100
TFMC Holdings Pty Ltd			**100**	100
Top Turf Botswana Pty Ltd	1		**100**	100
Top Turf Group Pty Ltd			**100**	100
Top Turf Lesotho Pty Ltd	6		**100**	100
Top Turf Mauritius Pty Ltd	7		**100**	100
Top Turf Seychelles Pty Ltd	11		**100**	100
Top Turf Swaziland Pty Ltd	13		**100**	100
Travel Connections Pty Ltd			**100**	100
UAV and Drone Solutions Pty Ltd			**100**	100
Umoja Property Solutions Pty Ltd			**51**	51
Uniworld Travel Pty Ltd			**100**	100
USSL Limited	16		**100**	100
Velocity Road Rehabilitation Holdings Pty Ltd			**100**	100
Vericon Outsourcing Pty Ltd			**100**	100
Workwear Rental Services Pty Ltd			**100**	100
World Travel Pty Ltd			**100**	100
WTH Investment Holdings Pty Ltd			**100**	100
Zanihold Pty Ltd			**100**	100
Bidvest Properties (O)				
Airport Logistics Property Holdings Pty Ltd			**50**	50
Bidvest Namibia Industrial Properties Pty Ltd	9		**100**	100
Bidvest Namibia Property Holdings Pty Ltd	9		**100**	100
Bidvest Namibia United Properties Pty Ltd	9		**100**	100
Bidvest Properties Holdings Pty Ltd			**100**	100
Bidvest Properties Pty Ltd			**100**	100
Elzet Development Pty Ltd	9		**100**	100
Lenkow Pty Ltd	9		**100**	100
Mercland Pty Ltd			**50**	50
Micawber 239 Pty Ltd			**50**	50
Micawber 240 Pty Ltd			**53**	53
T&C Properties Namibia Pty Ltd	9		**100**	100
Bidvest Corporate (L)				
BB Investment Company Pty Ltd #			**100**	100
Bid Services Division (IOM) Limited	4		**100**	100
Bid Services Division (Mauritius) Limited	7		**100**	100
Bid Services Division Pty Ltd			**100**	100
Bidvest Corporate Services Pty Ltd #			**100**	100
Bidvest Industrial Holdings Pty Ltd			**100**	100
Bidvest Namibia Commercial and Industrial Services Pty Ltd	9		**100**	100
Bidvest Namibia Information Technology Pty Ltd	9		**100**	100
Bidvest Namibia Limited	9		**100**	100
Bidvest Namibia Management Services Pty Ltd	9		**100**	100
Bidvest Procurement Pty Ltd #			**100**	100

Annexure A: Interest in subsidiaries and associates (continued)

Significant subsidiaries	Country of incorporation if not SA	Notes	**Effective holdings 2020 %**	Effective holdings 2019 %
Bidvest Corporate [(L)] (continued)				
Bidvest South Africa Pty Ltd [#]			**100**	100
Bidvest Treasury Services Pty Ltd			**100**	100
Bidvest Wits University Football Club Pty Ltd			**100**	60
Bidvestco Limited			**100**	100
Caterplus Namibia Pty Ltd	9		**100**	100
Endeni Investments Pty Ltd	9		**100**	100
Glenryck South Africa Pty Ltd *			**–**	100
GSA Trading Namibia Pty Ltd	9		**100**	100
Matador Enterprises Pty Ltd	9		**100**	100
Ovanhu Investments Pty Ltd	9		**100**	100
Rennies Logistics Pty Ltd	9		**100**	100
Shelfco Investments One Seven Zero Pty Ltd	9		**100**	100
T&C Trading Pty Ltd	9		**100**	100
Taeuber & Corssen SWA Pty Ltd	9		**100**	100
The Bidvest Education Trust			**100**	100
The Bidvest Group (UK) Limited	16		**100**	100
The Bidvest Incentive Scheme Trust			**100**	100
Significant associates				
"K" Line Shipping (South Africa) Pty Ltd [(D)]			**49**	49
Adcock Ingram Holdings Limited [(N)]			**–**	51
Comair Limited [(J)]			**27**	27
Compendium Insurance Brokers Zululand (Pty) Ltd [(C)]		3	**–**	17
Experience Delivery Company Pty Ltd [(Q)]			**48**	48
Ilembe Aiport Construction Services Pty Ltd [(P)]			**20**	20
Ocean Network Express Pty Ltd [(D)]			**33**	33
Strait Access Technologies Pty Ltd [(N)]			**50**	50
Watersure Pty Ltd [(C)]		3	**13**	13

^ *Acquired during 2020.*

* *Disposed during the financial year.*

Trading as an agent.

	Country of incorporation if not South Africa
1	Botswana
2	Guernsey
3	Hong Kong
4	Isle of Man
5	Kenya
6	Lesotho
7	Mauritius
8	Mozambique
9	Namibia
10	Republic of Ireland
11	Seychelles
12	Spain
13	Swaziland
14	Tanzania
15	Uganda
16	United Kingdom
17	Zambia
18	Zimbabwe

	Nature of business
(A)	Motor vehicle retailing and related services
(B)	Manufacturer and distributor of electrical products and services
(C)	Banking products and services, foreign exchange and insurance
(D)	Freight, forwarding, clearing, distribution, warehousing and allied activities
(E)	Distributor of forklifts, power and marine products, music and sound equipment, packaging closures and catering equipment
(F)	Distributor of office stationery; furniture and office automation products and related services
(G)	Manufacturer, supplier and distributor of commercial office products, printer products, services, stationery and packaging products
(H)	Rental hygiene equipment, garments and water coolers; suppliers of consumables, specialised clothing and laundry services
(I)	Cleaning, hygiene, security, and interior and exterior landscaping services
(J)	Travel management services, aviation services and car rental
(K)	Catering supplies, food and allied products
(L)	Group services and investment
(M)	Distributor of electrical appliances
(N)	Manufacturer, marketer and distributor of healthcare products
(O)	Property holding
(P)	Construction
(Q)	Public private partnership

Notes

[1] *The investment in this subsidiary is held indirectly. Control is obtained through the shareholding in the respective subsidiary's holding company.*

[2] *The Group has power over this subsidiary as it has the ability to direct the relevant activities of the subsidiary unilaterally.*

[3] *The investment in this associate is held indirectly. Significant interest is obtained through the shareholding in the respective associates holding company.*

Annexure B: Directors' remuneration

as at 30 June

Directors' remuneration

The remuneration paid to executive directors while in office of the Company during the year ended 30 June 2020 is analysed as follows:

Director	Basic remuneration[1] R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives[2] R'000	Benefit arising from the exercise of replacement rights R'000	Total emoluments R'000
AW Dawe[3]	**2 340**	**110**	**241**	**–**	**16 232**	**18 923**
NT Madisa	**4 271**	**340**	**254**	**–**	**5 597**	**10 462**
GC McMahon	**2 899**	**321**	**211**	**–**	**1 626**	**5 057**
LP Ralphs	**11 153**	**946**	**904**	**–**	**23 621**	**36 624**
MJ Steyn	**3 817**	**258**	**228**	**–**	**–**	**4 303**
2020 Total	**24 480**	**1 975**	**1 838**	**–**	**47 076**	**75 369**

For comparative purposes the remuneration paid to executive directors, while in office of the Company during the year ended 30 June 2019, is analysed as follows:

Director	Basic remuneration R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives R'000	Benefit arising from the exercise of replacement rights R'000	Total emoluments R'000
AW Dawe	5 219	261	489	7 775	24 499	38 243
NT Madisa	3 697	305	129	5 559	6 510	16 200
GC McMahon	2 583	307	285	4 165	9 657	16 997
LP Ralphs	11 087	947	709	18 857	–	31 600
MJ Steyn	3 420	258	270	5 276	6 644	15 868
2019 Total	26 006	2 078	1 882	41 632	47 310	118 908

1 *A 30% salary and fee sacrifice was agreed to for the fourth quarter.*
2 *A provision for FY20 short-term incentives has been made, based on the performance testing outcome. The remuneration committee has deferred the decision to pay out incentives until November 2020.*
3 *Retired 28 November 2019.*

Certain executive directors serve as non-executive directors of companies outside of the Group. Directors' fees in this regard are paid to the Group.

The remuneration paid to non-executive directors while in office of the Company during the year ended 30 June 2020 is analysed as follows:

Directors	2020 Directors' fees R'000	2020 As directors of subsidiary companies and other services R'000	2020 Total emoluments R'000	2019 Total R'000
EK Diack	**1 416**	**386**	**1 802**	1 868
AK Maditse	**931**	**–**	**931**	686
S Masinga	**863**	**–**	**863**	588
BF Mohale[1]	**1 135**	**–**	**1 135**	–
RK Mokate	**715**	**812**	**1 527**	1 535
NG Payne[2]	**807**	**1 245**	**2 052**	2 604
MD Ruck[3]	**368**	**–**	**368**	–
N Siyotula[3]	**534**	**–**	**534**	–
T Slabbert[2]	**405**	**–**	**405**	756
NW Thomson	**905**	**–**	**905**	796
Former directors				1 994
2020 total	**8 079**	**2 443**	**10 522**	10 827
2019 total	**8 127**	**2 700**	**10 827**	–

[1] *Appointed 1 July 2019.*
[2] *Retired 28 November 2019.*
[3] *Appointed 25 October 2019.*

Prescribed officers

Due to the nature and structure of the Group and the number of executive directors on the board of the Company, the directors have concluded that there are no prescribed officers of the Company.

Directors' long-term incentives

Details of the directors and officers' outstanding replacement rights[4] are as follows:

Directors	Replacement rights at 30 June 2019 Number	Replacement rights at 30 June 2019 Average price R	Replacement rights exercised during the year Number	Replacement rights exercised during the year Market price	Replacement rights lapsed during the year Number	Replacement rights lapsed during the year Market price	**Replacement rights at 30 June 2020 Number**	**Replacement rights at 30 June 2020 Average price R**
AW Dawe	30 767	290.48	28 767	289.72	2 000	301.54	**–**	**–**
NT Madisa	37 017	281.55	10 767	269.95	–	–	**26 250**	**286.30**
GC McMahon	20 000	288.84	–	–	–	–	**20 000**	**288.84**
MJ Steyn	11 250	284.60	–	–	–	–	**11 250**	**284.60**
	99 034	286.14	39 534	284.33	2 000	301.54	**57 500**	**286.85**

Annexure B: Directors' remuneration (continued)

A SAR[4] is a right awarded subject to the appreciation of the Company's shares.

	SAR at 30 June 2019		SAR granted during the year		SAR lapsed during the year		**SAR at 30 June 2020**	
Directors	Number	Average price R	Number	Average price R	Number	Market price	**Number**	**Average price R**
MJ Steyn	80 000	152.68	–	–	–	–	**80 000**	**152.68**

Directors' long-term incentives (continued)

These SARs are exercisable over the period 1 July 2021 to 31 December 2024. A detailed register of SARs outstanding by tranche is available for inspection at the Company's register office.

A grant in terms of the CSP[4] is a right to a share, which is awarded subject to performance and vesting conditions.

Director	Balance at 30 June 2019 Number	New award Number	Forfeited Number	Shares vested Number	Accelerated vested shares vested Number	**Closing balance 30 June 2020 Number**
AW Dawe	118 000	–	(55 902)	(18 602)	(43 496)	**–**
NT Madisa	90 000	75 000	(2 284)	(13 287)	–	**149 429**
GC McMahon	57 000	50 000	(1 371)	(7 972)	–	**97 657**
LP Ralphs	406 280	150 000	(19 897)	(115 787)	–	**420 596**
MJ Steyn	40 000	60 000	–	–		**100 000**
	711 280	335 000	(79 454)	(155 648)	(43 496)	**767 682**

Share-based payment expense

	2020 R'000	2019 R'000
AW Dawe	**1 479**	7 275
NT Madisa	**2 373**	4 859
GC McMahon	**1 639**	3 105
LP Ralphs	**6 807**	16 337
MJ Steyn	**2 709**	3 993
Former director	**–**	419
	15 007	35 988

[7] *Refer to note 29 of the financial statements for further details.*

The Bidvest Group Limited
Audited Consolidated Annual Financial Statements for the year ended 30 June 2019

Independent auditor's **report**

To the Shareholders of The Bidvest Group Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The Bidvest Group Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

The Bidvest Group Limited's consolidated and separate financial statements set out on pages 14 to 111 comprise:

- the consolidated statement of financial position at 30 June 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements;
- the company statement of financial position at 30 June 2019;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended;
- the accounting policies;
- the notes to the company financial statements; and
- Annexure A – Interests in subsidiaries and associates.
- Annexure B – Director's remuneration

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Our audit approach

Overview

Overall Group materiality • *Overall Group materiality:* ***R261 056 300,*** *which represents* ***5%*** *of* ***the consolidated profit before tax.***
Group audit scope – *We have performed full scope audits over 23 components.* – *The Group engagement team performed analytical review procedures on components not in audit scope.*
Key audit matters • *Impairment assessment of indefinite useful life intangible assets and goodwill.* • *Accounting for the investment in Adcock Ingram Holdings Limited.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R261 056 300*
How we determined it	*5% of consolidated profit before tax.*
Rationale for the materiality benchmark applied	*We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and it is a generally accepted benchmark. We chose 5% which is consistent with the quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Every component that contributed significantly to the consolidated revenue, operating profit, consolidated total assets or consolidated total liabilities of the Group was subject to a full scope audit. We performed full scope audits over 23 components based on their financial significance and to obtain sufficient coverage across the Group. In order to obtain audit evidence in respect of other components not subject to Group reporting, the Group engagement team performed analytical review procedures on these components.

Detailed Group audit instructions were communicated to all components in scope for purposes of group reporting. These components were audited by component audit teams, who reported the results of procedures performed to the Group engagement team. We had various interactions with our component teams in which we discussed and evaluated recent developments, the scope of audits, audit risks, materiality and our audit approaches and also reviewed selected component working papers. We discussed the reports of the component teams, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

Independent auditor's **report** (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters to communicate in our report with regard to the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of indefinite useful life intangible assets and goodwill	
This key audit matter relates to the consolidated financial statements	
Refer to the accounting policies for Goodwill, Intangibles and Impairments of non-financial assets and to notes 15, 16 and 41 to the consolidated financial statements. As at 30 June 2019, Bidvest Group Limited's (the Group's) consolidated statement of financial position included intangible assets with a closing carrying value of R3,4 billion, which includes indefinite useful life intangible assets of R2,1 billion. The consolidated statement of financial position includes goodwill with a carrying value of R 5,4 billion. Management performed its annual impairment assessment for goodwill and indefinite useful life intangible assets. The recoverable amount determined for purposes of impairment is the higher of fair value less costs of disposal and value-in-use. Management estimated the recoverable amount of indefinite useful life intangible assets using the value-in-use method, and the recoverable amount of goodwill using the fair value less costs of disposal method. Where there were indications that goodwill may be impaired, management further assessed its value-in-use, to ensure that the recoverable amount was the higher of value-in-use and fair value less costs of disposal.	We evaluated management's allocation of assets to cash-generating units (CGUs) for testing goodwill and indefinite useful life intangible assets and found this be in line with the requirements of International Accounting Standard 36 Impairment of Assets (IAS 36). We used our valuation expertise to assess the valuation methodology applied by management against generally accepted valuation methods and IAS 36, noting immaterial exceptions. We tested the mathematical accuracy of the price/earnings calculation and the value-in-use, where applicable, noting no exceptions. We independently recalculated a range of price/earnings multiples per CGU using entities in comparable industries, adjusted for size, market maturity and diversification to consider whether management's assessment is reasonable. While our range of price/earnings multiples differed from those applied by management, we concurred with the outcome that no further impairments were required.
The Group's impairment assessment of indefinite useful life intangible assets and goodwill is considered to be a matter of most significance to the current year audit due to: • the judgements made by management with regards to projected annualised earnings and price/earnings multiple included in the fair value less costs of disposal calculation; and • the judgements made by management with regards to the determination of the key assumptions included in the value-in-use calculation i.e. the discount rate, the perpetual growth rate and projected future cash flow forecasts.	For the value-in-use calculations performed, we obtained management's cash flow forecasts and: • Agreed these forecasts to approved budgets. • Assessed the reliability of the forecasts by comparing current year actual results with the prior year budgeted results. • Compared the growth projections applied by management to historically achieved growth rates. • Compared the perpetual growth rates used by management to long-term consensus inflation rates obtained from independent sources. We found the cash flow forecasts to be within a reasonable range. With the assistance of our valuation experts, we recalculated a range of discount rates, considering inputs for similar entities, industry data and entity-specific data. Where differences in discount rates were noted, we included this in our sensitivity analysis to consider whether this would lead to an impairment charge being recognised. We performed sensitivity analyses on the key assumptions included in management's value-in-use calculations to determine the degree by which the key assumptions needed to change in order to trigger an impairment and considering the likelihood of the assumptions changing to such a degree. Based on this assessment, we concurred with management's assessment that no further impairments were required.

Key audit matter	How our audit addressed the key audit matter
Accounting for the investment in Adcock Ingram Holdings Limited	
This key audit matter relates to the consolidated financial statements	
Refer to notes 12, 18 and 41 to the consolidated financial statements.	
Bidvest Group Limited (the Group) acquired an additional interest in Adcock Ingram Holdings Limited "Adcock Ingram" during the current financial year, which represents 6.1% of Adcock Ingrams' net ordinary shares in issue. Prior to the current year transaction, the Group controlled the voting rights over 37.6% of the ordinary shares of Adcock Ingram. After the acquisition of the 6.1%, the Group's voting percentage in Adcock Ingram was 43.7%. The Group's purchase of the additional Adcock Ingram shares during the year resulted in the Group holding an effective 44.8% of the net ordinary shares in issue (total ordinary shares in issue less treasury shares). Management of the Group determined that no effective or *de-facto* control of Adcock Ingram existed as at 30 June 2019 and therefore continues accounting for its investment in Adcock Ingram as an Investment in associates in terms of IAS 28 Investments in Associates and Joint Ventures (IAS 28).	We consulted with our accounting technical specialists to assist us in assessing the judgement applied by management regarding whether Bidvest controls Adcock Ingram at year-end. This assessment was conducted with reference to IFRS 10 and the applicable legal agreements, as outlined below. We considered whether the 15% shareholding by the broad-based empowerment vehicle represented voting rights exercisable by Bidvest Group Limited. We inspected the transfer of shares agreement and noted that voting rights to these shares did not vest in Bidvest Group Limited as at 30 June 2019. We therefore concluded that the Group should not include the voting power of the empowerment vehicle when determining its direct voting power.
We consider the accounting for the investment in Adcock Ingram to be a matter of most significance to our current year audit due to the following circumstances: • The judgement applied by management that the Group had no *de-facto* control over Adcock Ingram as at 30 June 2019 in terms of International Financial Reporting Standard 10 Consolidated Financial Statements (IFRS 10), including consideration of whether the Group had the power to unilaterally direct the relevant activities of Adcock Ingram even though it held less than a majority of the voting rights. This took into account the respective size of the Group's holding of voting rights relative to the holdings of other vote holders and voting patterns at previous annual general meetings. • The existence of a historical broad-based empowerment arrangement within Adcock Ingram, which resulted in the Group having economic exposure to more than 50% of Adcock at year-end, but not having the related voting power of its 15% holding in the black empowerment arrangement while the black empowerment arrangement is in place. • Subsequent to year-end, the broad-based empowerment arrangement was wound up, the result of which was that the Group obtained voting power over more than 50% of Adcock Ingram's shares.	We considered whether "*de-facto*" control, as described in International Financial Reporting Standard 10 – Consolidated Financial Statements (IFRS 10), exists by performing the following procedures: • We inspected the historic voting patterns at annual general meetings and the shareholders' agreement indicating the rights of shareholders to appoint directors to the board. • We considered whether the Group held any currently exercisable potential voting rights and noted that they did not. • We evaluated the respective size of the Groups' holding of voting rights relative to the holdings of other vote holders and noted that a reasonable number of investors could act together to outvote the Group. As a result of this, we concurred with management's assessment that *de-facto* control did not exist at year-end. Based on our assessment of the underlying facts and circumstances, we did not note evidence inconsistent with management's decision to account for the investment in Adcock Ingram Holdings Limited as at 30 June 2019 as an associate in terms of IAS 28.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Bidvest Group Limited Audited Consolidated and Separate Annual Financial Statements 2019", which includes the Declaration by company secretary, directors' report and the audit committee's report, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "The Bidvest Group Limited Integrated Report 2019", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of The Bidvest Group Limited for one year.

PricewaterhouseCoopers Inc.
Director: **Craig West**
Registered Auditor

4 Lisbon Road, Waterfall City

30 August 2019

The above auditor's report is the original auditor's report that was issued on 30 August 2019 with respect to the consolidated financial statements for the year ended 30 June 2019 (pages F-210 to F-300 in the Offering Memorandum).

Furthermore, the above auditor's report refers to other information included in the document titled "The Bidvest Group Limited Audited Consolidated and Separate Annual Financial Statements 2019", which includes the Declaration by company secretary, directors' report and the audit committee's report, as required by the Companies Act of South Africa and the other sections of the document titled "The Bidvest Group Limited Integrated Report 2019" which are not included in the Offering Memorandum.

Accounting **policies**

The consolidated and separate financial statements (financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in terms of the requirements of the Companies Act of South Africa.

1. Basis of preparation

The consolidated and separate financial statements are prepared on the historical cost basis, other than certain financial instruments, which are valued at their fair value.

The preparation of consolidated and separate financial statements in conformity with IFRS requires the board of directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances (the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources), the actual outcome may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made in the application of IFRS that have influenced the financial statements and estimates with a risk of adjustment in the next year are discussed in note 41.

Except as detailed below, the accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements are presented in South African Rands, which is the Group's functional currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

The principal accounting policies set out below apply to both the consolidated and separate financial statements.

2. New and revised accounting standards

The Group has adopted two new accounting standards as issued by the IASB, which were effective for the Group from 1 July 2018:

- IFRS 15 Revenue from Contracts with Customers (refer note 5)
- IFRS 9 Financial Instruments (refer note 17)

The application of both IFRS 15 and IFRS 9 has had no material impact on the Group's results.

Retained earnings as at 1 July 2018 has been restated as follows:

	R'000
Retained earnings at the beginning of the period	**22 486 993**
Bill and hold arrangement (IFRS 15)	**(40 294)**
Performance obligations satisfied over time (IFRS 15)	**(37 000)**
Customer acceptance (IFRS 15)	**3 431**
Expected credit loss model (IFRS 9)	**(58 280)**
Taxation effect	**35 042**
Non-controlling interest	**17 018**
Restated retained earnings at the the beginning of the period	**22 406 910**

Details of new standards and interpretations not yet effective and the expected impact on the Group results are contained in note 44 to the financial statements.

3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. Control is achieved when the Company has the power over an investee, is exposed, or has rights, to a variable return from its involvement with an investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interest is initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between either the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS).

The Company carries its investments in subsidiaries at cost less accumulated impairment losses. Investments subject to group re-organisations, which are between the Company and its subsidiaries, are undertaken at fair value and increase the cost of investments.

4. Puttable non-controlling interests

Put options held by non-controlling interests in the Group's subsidiaries entitle the non-controlling interests to sell their interest in the subsidiary to the Group at pre-determined values and on contracted dates. In such cases the Group consolidates the non-controlling interests' share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is de-recognised and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity.

The unwinding of the present value discount on these liabilities is recorded within finance charges in the income statement using the effective interest rate method. The financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded directly in retained income in the statement of changes in equity.

5. Revenue recognition

In transitioning to IFRS 15 ,the Group applied the cumulative effect method and retained prior period figures as reported under the previous standards, recognising the cumulative effect of applying the new standard as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period).

The Group principally generates revenue from providing a wide range of goods and services through its seven core trading operations, Services, Freight, Commercial Products, Office and Print, Financial Services, Automotive and Electrical (refer accounting policy 26).

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15. revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods and services to a customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it transfers control over products or services to a customer.

On conclusion of a detailed assessment, the Group identified the following impact of the change in accounting policy, the prior period financial effects of which are detailed in note 2 above:

- Bill-and-hold arrangement. Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15 revenue is recognised at the point in time when control transfers to the customer.
- Performance obligations satisfied over time. Upon review of the IFRS 15 requirements for satisfaction of performance obligations and acceptable measures of progress, management concluded that the Group did not fully satisfy the performance obligations at inception of the contract. Following adoption of IFRS 15 revenue is recognised at the point in time when control transfers to the customer.
- Customer acceptance. Upon review management has concluded that these sales meet the IFRS 15 requirements to recognise revenue when control transfers, and although customer acceptance is required, the other determinants of control in IFRS 15 indicate that revenue should be recognised prior to customer acceptance. Therefore, revenue for these services will be recognised earlier under IFRS 15.

The Group satisfies its performance obligations at a point in time or over a short period of time as a result the Group has an immaterial balance of contract assets. The majority of the Group's revenue is generated from point-in-time or month-to-month service contracts, which means the Group has no material revenue contracts for which they have contracted but not satisfied the performance obligations. There is no material or significant financing component to Group revenue and contracts with customers do not include material amounts of variable consideration. Due to the standard nature of the Group's contracts with customers there were no significant areas of judgment required to be applied by the Group. The Group has no complex agent/principal arrangements.

The Company recognises dividend revenue from its subsidiaries and associates when the right to receive payment is established and can be estimated reliably.

Given the diverse nature of the business management believes the segmental revenue analysis presents the nature and amount of Group revenue streams with sufficiently different characteristics not obscured by insignificant detail, and therefore fulfils the disaggregation disclosure requirements of IFRS 15.

Revenue recognition comparative period

For the comparative period the Group has applied IAS 18.

The sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, recovery of the consideration is considered probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to the terms of the contracts.

Revenue relating to banking activities consists primarily of margins earned on the purchase and sale of foreign exchange products and general commissions and transaction fees and is recognised when the services are provided. Net profits and losses on the revaluation of foreign currency denominated assets and liabilities are also included in revenue.

5. Revenue recognition (continued)

Revenue recognition comparative period (continued)

In the event that a profit or loss arises from full maintenance motor contracts, this is recognised on termination of individual contracts after taking cognisance of any additional costs required. Provision is made for known losses during the contract period on an individual contract basis.

Insurance premiums are stated before deducting reinsurance and commission.

Finance income comprises interest receivable on funds invested. Finance income is recognised on an accrual basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

6. Distributions to shareholders

Distributions to shareholders are accounted for once they have been approved by the board of directors.

7. Finance charges

Finance charges comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

8. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks net of bank overdrafts and investment in money market instruments, all of which are available for use by the Group unless otherwise stated.

9. Property, plant and equipment

Property, plant and equipment are reflected at cost to the Group, less accumulated depreciation and accumulated impairment losses. Land is stated at cost. The present value of the estimated cost of dismantling and removing items and restoring the site in which they are located is provided for as part of the cost of the asset. Depreciation is provided for on the straight-line basis over the estimated useful lives of the property, plant and equipment to anticipated residual values. Estimate useful lives are:

Buildings	Up to 50 years
Leasehold premises	Over the period of the lease
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 15 years
Vehicles and craft	3 to 15 years
Vessels	28 to 55 years
Rental and full maintenance lease assets	Over the period of the contract
Capitalised leased assets	The same basis as owned assets

Residual values, depreciation method and useful lives are reassessed annually.

Where parts of an item of property, plant and equipment have different useful lives to the item itself, these parts are depreciated over their individual estimated useful live.

10. Leases

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the Statement of Financial Position. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged to profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.

Operating leases, which have a fixed determinable escalation, are charged to profit or loss on a straight-line basis. Leases with contingent escalations are expensed as and when incurred.

11. Goodwill

Goodwill arising on acquisition of a business is carried at cost, as established at the date of the acquisition of the business, less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to groups of cash-generating units that are expected to benefit from the synergies of the business combination. Goodwill is monitored at an operational segment level.

12. Intangible assets

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses.

Development costs and other intangible assets acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research, internally generated goodwill and brands is recognised in the income statement as an expense when incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are currently:

Patents, trademarks, tradenames and other intangibles	3 to 20 years or indefinite life
Computer software	3 to 8 years

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Included in patents, trademarks, tradenames and other intangibles arising on the acquisition of businesses in the current year are indefinite life intangibles. There is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the acquired brands and the level of marketing support.

13. Impairment of non-financial assets

The carrying value of tangible and intangible assets are reviewed annually to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

The recoverable amount of the groups of cash generating units or segments to which goodwill is allocated is estimated annually. For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date.

Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of groups of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to groups of cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Groups of cash-generating units for goodwill impairment testing purposes is not larger than any operational segment. Refer to Accounting policy 11.

Impairment losses in respect of goodwill are not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount.

Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

14. Taxation

Income taxation comprises current and deferred tax. An income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the financial position date, and any adjustment of tax payable for previous years.

14. Taxation (continued)

Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

15. Associates

An associate is a company over which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of a company but is not control over those policies.

The equity method of accounting for associates is applied in the consolidated financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became associates and up to the effective dates of disposal. In the event of associates making losses, the Group recognises the losses to the extent of the Group's exposure.

The Company carries its investment in associates at cost less any accumulated impairment losses.

16. Foreign operations

Assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated into South African Rand at rates of exchange ruling at the statement of financial position date. Income, expenditure and cash flow items are translated into South African Rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity as a foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the income statement.

17. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. The Group recognises financial assets and financial liabilities at the date when it becomes a party to the contractual provisions of the instrument.

Trade receivables without a significant financing component are initially measured at the transaction price. Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

As a result of the adoption of IFRS 9, the Group changed from the incurred credit loss model detailed in IAS 39 to the expected credit loss (ECL) model to calculate impairments of financial instruments. IFRS 9 also resulted in a change in the classification of the measurement categories for financial instruments. In transitioning to IFRS 9 the Group has applied the changes retrospectively but has elected not to restate comparative information.

Classification and subsequent measurement

IFRS 9 introduces new measurement categories for financial assets. The measurement categories of IFRS 9 and IAS 39 are illustrated in the comparative table below. From 1 July 2018 the Group classifies financial assets in each of the IFRS 9 measurement categories based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

IAS 39 category	IFRS 9 category
Financial assets at fair value through profit or loss (FVPL)	Financial assets at FVPL
Loans and receivables	Financial assets at amortised cost
Available for sale	Investment at fair value through other comprehensive income (FVOCI)*
Held to maturity	

* *This includes both debt and equity instruments. The biggest difference is that on derecognition of equity instruments gains and losses accumulated in OCI are not reclassified to profit or loss.*

17. Financial instruments (continued)

Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if the financial asset is held in order to collect contractual cash flows, the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost comprise of trade and other receivables, cash and cash equivalents, receivables from group companies (for Company only) and receivables from fellow subsidiaries of the holding company. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

In assessing whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers: contingent events that would change the amount or timing of the cash flows; terms that may adjust the contractual coupon rate, including variable rate features; prepayment and extension features; and terms that limit the Groups claim to cash flows from specified assets.

Debt investments are measured at fair value through other comprehensive income if the financial asset is held in order to collect contractual cash flows and to be sold, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt Investments are subsequently measured at fair value. Interest income, foreign exchange gains and losses and impairment is recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments are measured at fair value through other comprehensive income if the Group irrevocably elects to present subsequent changes in the investments' fair value in other comprehensive income. Dividends are recognised as income in profit or loss unless the dividend represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not recycled through profit or loss.

This includes investments held by Bidvest Bank, who hold these investments for a longer term and generally measure these investments at fair value through OCI.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. In certain instances where the business model is not to collect contractual cash flows, nor to sell the asset and in these cases the financial asset is held at fair value through profit and loss. These financial assets are subsequently measured at fair value and net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group may at initial recognition irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as measured at fair value through profit or loss if doing so significantly reduces an accounting mismatch that would otherwise arise. Financial assets that are held at fair value through profit or loss comprise of derivative financial instruments.

This includes investments held by Bidvest Insurance are measured at fair value to match the related liability through profit or loss.

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortised cost.

A financial liability is classified as fair value through profit or loss if it is held for trading, is a derivative financial instrument or is designated as such on initial recognition. Realised and unrealised gains and losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are included in the profit or loss in the period in which they arise.

Other financial liabilities are classified as measured at amortised cost using the effective interest method and comprise of interest-bearing liabilities, bank overdrafts, other long-term financial liabilities, payables to fellow subsidiaries of the holding company (for company only) and trade payables.

17. Financial instruments (continued)

Derecognition

Financial assets are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire, or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which a new financial liability based on the modified terms is recognised at fair value. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it, is recognised in profit or loss.

Impairment

Following the adoption of IFRS 9 the Group calculates allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost, debt investments at fair value through other comprehensive income (FVOCI) and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the original effective interest rate of the financial asset.

The Group measures loss allowances at an amount equal to the lifetime ECLs, except for bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Group applies the simplified approach to determine the ECL for trade receivables, contract assets and lease receivables (collectively, accounts receivable). This results in calculating lifetime expected credit losses for these receivables.

ECLs for accounts receivable are calculated using a provision matrix. Given the Group's decentralised structure the provision matrix is deployed for each operating entity's accounts receivable as follows: ECLs are calculated by applying a loss ratio to the aged balance of accounts receivable at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. In instances where there was no evidence of historical write-offs, management used a proxy write-off. Accounts receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward looking information to determine the ECL for the portfolio of accounts receivable at the reporting period to the extent that there is a strong correlation between the forward-looking information and the ECL. Due to the nature of the Group the applicable historic period and forward-looking information varies based on the relevant operating unit and the type of customer.

The gross carrying amount of the financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject enforcement activities in order to comply with the Group's procedures of amounts due.

Financial assets included as part of other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For banking advances made by Bidvest Bank Limited (the Bank) the measurement of ECLs is performed using a "three stage" model, as outlined in IFRS 9. based on changes in credit quality since initial recognition.

The following methodologies were implemented, where ECLs are calculated using three main components; a probability of default (PD); a loss given default (LGD); and the exposure at default (EAD):

Point-in-time PD estimates:

Calibration to the banks existing scorecard/external ratings to a 12-month PD as required for a corporate and SME corporate portfolio. Lifetime PDs for corporate and SME corporate portfolios.

LGD estimates:

An LGD benchmarking approach was used due to limited default and recovery data.

EAD estimates:

EAD estimates were determined using a combination of external benchmark studies for committed lines and regulatory estimates for financial guarantees.

17. Financial instruments (continued)

Impairment (continued)

Stage 1 – A financial instrument that is not credit impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Bank.

Stage 2 – If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.

Stage 3 – If the financial instrument is credit impaired, the financial instrument is then moved to "Stage 3".

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. The Bank does not rebut the presumption in IFRS 9 that all financial assets which are more than 30 days past due have experienced a significant increase in credit risk, and accordingly are classified as stage 2 in the calculation of ECL. In addition, the Bank's policy is not to rebut the presumption in IFRS 9 that financial assets which are more than 90 days past due are in default, and accordingly are classified as stage 3 in the ECL calculation.

Derivatives and hedging

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date.

The Group uses derivative financial instruments to manage its exposure to foreign exchange risk and interest rate risk. Derivative financial instruments comprise of foreign exchange contracts and interest rate swaps. Derivative financial instruments are initially measured at fair value and are subsequently re-measured at their fair value with all changes in fair value recognised in profit or loss. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Foreign exchange contracts are entered into mainly to cover import purchases and fair values are determined using foreign exchange market rates. Interest rate swaps are acquired into in order to fix interest rates for predetermined periods.

The Group designates interest rate swaps as cash flow hedges. Hedge accounting is used for derivatives designated in this way, provided specific criteria are met. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the non-financial asset or liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

Certain of the Group's financial instruments are carried at fair value through profit or loss such as derivative financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Fair value determination

The method of determining the fair value of financial instruments is analysed into the following categories:

Level 1 – Unadjusted quoted prices in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques using market observable inputs, including: Using recent arm's length market transactions; reference to the current fair value of similar instruments; and discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

17. Financial instruments (continued)

Fair value determination (continued)

Level 3 – Valuation techniques, as described for level 2 above, for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss", is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The valuation techniques in level 2 and level 3 use inputs such as interest rate yield curves, equity prices, commodity and calibrated against industry standards, economic models and against observed transaction prices, where available.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when there is a legally enforceable right to set off the amounts and there is an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments have been grouped into classes for the purpose of financial instrument risk disclosure. The classes are the segments as disclosed in the segmental report as the operations within each segment have similar types of risks.

Financial instruments comparative period

For the comparative period the Group has applied IAS 39 to the measurement and disclosure of financial instruments.

Financial instruments are initially measured at fair value plus, for instruments not carried at fair value through profit and loss, any directly attributable transaction costs.

An instrument is classified as at fair value through profit or loss if it is held-for-trading, is a derivative or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the near future or it has been part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making.

Financial instruments at fair value through profit or loss are measured at fair value, with any resultant gain or loss being recognised in the income statement. The gain or loss recognised in the income statement excludes the interest and dividends earned on the financial asset, which are separately disclosed as such in the income statement. Held-for-trading financial instruments are measured at cost if the fair value cannot be reliably determined.

Financial instruments classified as available-for-sale financial assets are carried at fair value with any resultant gain or loss, other than impairment losses and foreign exchange gains and losses on monetary items, being recognised directly in equity. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest bearing, interest calculated using the effective interest rate method is recognised in profit or loss.

Listed Government bonds held in terms of statutory requirements are accounted for as available-for-sale financial assets.

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Investments that meet the criteria for classification as held-to-maturity financial assets are carried at amortised cost.

Where the instrument is not classified as one of the above, it is carried at amortised cost.

Listed and unlisted investments are classified as held-for-trading investments at fair value through profit or loss or available-for-sale financial assets. Fair value of listed investments is calculated by reference to stock and bond exchange quoted selling prices at the close of business on the statement of financial position date. Fair value of unlisted investments is determined by using appropriate valuation models.

Trade and other receivables originated by the Group or Company are stated at amortised cost less an allowance for impairment losses.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at statement of financial position date.

Financial liabilities other than derivatives are recognised at amortised cost using the effective interest rate method.

Derivative instruments are measured at fair value through profit and loss.

17. Financial instruments (continued)

Financial instruments comparative period (continued)

Where a derivative is designated as a cash flow hedge, the effective part of the gains or losses from remeasuring the hedging instruments to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the non-financial asset or liability. The ineffective part of any gain or loss is recognised in the income statement immediately. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the aforementioned policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

Banking advances are stated at amortised cost after the deduction of amounts that, in the opinion of the directors, are required as specific and portfolio impairments. Specific impairments are raised for doubtful advances, including amounts in respect of interest not being serviced and after taking security values into account, and are deducted from advances where the outstanding balance exceeds the value of the security held. A portfolio impairment based on historic experience is raised to cover doubtful advances, which may not be specifically identified at the statement of financial position date. The specific and portfolio impairments made during the year are charged to the income statement.

18. Vehicle rental fleet

The Bidvest Car Rental fleet is stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost of the vehicles to their residual value over their estimated useful life of between nine and 12 months.

19. Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials, finished goods, parts and accessories is determined on either the first in, first out or average cost basis. The cost of manufactured inventory and work in progress includes materials and parts, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expenses.

Vehicles and vehicle parts purchased in terms of manufacturers' standard franchise agreements or floorplan facilities are recognised as assets when received as this is when control has been transferred.

20. Treasury shares

Shares in the Company, held by its subsidiary, The Bidvest Incentive Scheme and The Bidvest Education Trust, are classified in the Group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

21. Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Translation differences are recognised in the income statement.

22. Share-based payments

The Bidvest Incentive Scheme grants share appreciation rights to acquire shares in the Company to employees. The fair value of appreciation rights granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the appreciation right is measured using a modified Black-Scholes model, taking into account the terms and conditions upon which the appreciation rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of appreciation rights that vest except where staff are unable to meet the scheme's employment requirements.

In terms of the conditional share plan scheme, a conditional right to a share is awarded to executive directors subject to performance and vesting conditions. The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows.

23. Employee benefits

Leave benefits due to employees are recognised as a liability in the financial statements.

The Group's liability for post-retirement benefits, accruing to past and current employees in terms of defined benefit schemes, is actuarially calculated. Where the plan is funded, the obligation is reduced by the fair value of the plan assets. Unfunded obligations are recognised as a liability in the financial statements.

The Group's obligation for post-retirement medical aid to past and current employees is actuarially determined and provided for in full.

The projected unit-credit method is used to determine the present value of the defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial gains or losses in respect of defined benefit plans are recognised in other comprehensive income.

However, when the actuarial calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Past service costs are recognised in the income statement in the period of a plan amendment.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the market yields at the statement of financial position date on high quality bonds with terms that most closely match the terms of maturity of the related liabilities.

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

24. Short-term insurance

Insurance contracts are those contracts under which Bidvest Insurance Limited (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Short-term insurance is provided in terms of benefits under short-term policies which cover motor, property, liability, accident and health, and miscellaneous.

Claims incurred consists of claims paid during the financial year, together with the movement in the provision for outstanding claims and are charged to income as incurred. The provision for outstanding claims comprises Bidvest Insurance Limited's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at statement of financial position date, whether reported or not. A provision for claims arising from events that occurred before the close of the accounting period, but which have not been reported to the Company by that date is maintained. The calculation is based on the preceding six years' insurance premium revenue per insurance category multiplied by percentages as specified in the Short-Term Insurance Act. Related anticipated reinsurance recoveries are disclosed separately as assets.

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year, are calculated on a time proportionate basis. Deferred acquisition costs are recognised on a basis consistent with the related provisions for earned premiums.

25. Life assurance

Insurance contracts are those contracts under which Bidvest Life Limited (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them.

Bidvest Life Limited defines significant insurance risk as the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.

Insurance contracts are classified into two main categories, depending on the duration of the risk and the type of risk insured, individual life insurance and group life insurance.

Individual life insurance contracts insure against a comprehensive spectrum of risks, including life, disability, severe illness and income protection cover. These contracts are long-term in nature.

The actuarial value of policyholder liabilities is determined based on a prospective discounted cash flow valuation basis calculated as the difference between the present value of future benefit payments plus expenses and the present value of future premiums. Best estimate assumptions regarding the future expected claims experience, premium income, expenses and commission are used. Where the value of policyholder liabilities is negative in aggregate, this is shown as assets arising from insurance contracts.

25. Life assurance (continued)

For individual life insurance contracts, premiums are recognised as revenue when due. Premiums are shown before deducting reinsurance and commission.

Insurance benefits and claims relating to individual life insurance contracts are recognised in profit or loss based on the estimated liability for benefits owed to the contract holder. Death, disability and severe illness claims are accounted for when notified and paid. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Liabilities are held to reflect incurred but not yet reported (IBNR) claims. The IBNR liabilities are modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Acquisition costs for individual life insurance contracts represent commission and other costs that relate to the securing of new contracts and the renewing of existing contracts. The valuation basis for valuing insurance contracts makes implicit allowance for the deferral of acquisition costs and hence no explicit deferred acquisition cost asset is recognised in the statement of financial position. These are expensed in profit or loss.

Group life insurance contracts insure against a comprehensive spectrum of protection benefits on a group basis. Life cover, severe illness, disability and income protection benefits are offered. These contracts are short-term in nature and are renewable annually.

For group life insurance contracts, premiums are recognised as revenue when due. Premiums are shown before the deducting reinsurance and commission.

Insurance benefits and claims relating to group life insurance contracts are recognised in profit or loss based on the estimated liability for benefits owed to the contract holder. Death, disability and severe illness are accounted for when notified and paid. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Acquisition costs for group life insurance contracts comprise all direct costs arising from the sale of insurance contracts. Commissions are expensed as incurred.

Contracts entered into with reinsurers under which Bidvest Life Limited is compensated for insured events on one or more contracts that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Contracts that do not meet these classification requirements are classified as financial assets.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. The amounts Bidvest Life Limited is required to pay under its reinsurance contracts held are recognised as reinsurance liabilities (liabilities arising from reinsurance contracts). Outward reinsurance premiums are recognised as an expense and are accounted for when due under the reinsurance contract.

The amounts due to Bidvest Life Limited under its reinsurance contracts are recognised as reinsurance assets.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement but instead are deposit accounted in the statement of financial position, in accordance with IAS 39.

26. Segmental reporting

The reportable segments of the Group have been identified based on the nature of the businesses. This basis is representative of the internal structure for management purposes and as reported to the chief operating decision maker (CODM), Lindsay Ralphs.

The CODM has identified the seven reportable segments as follows:

Bidvest Automotive

An industry-leader and innovator, known for setting the national standard in technical training with its rapid adoption of online motor retailing and the development of sophisticated systems to drive customer service. It also operates in the car rental and vehicle auctioneering sectors.

26. Segmental reporting (continued)

Bidvest Commercial Products

The industrial grouping of companies includes manufacturing and trading businesses in South Africa, representing global brands which include Hitachi Power Tools, Signode (strapping), Unicarriers (forklifts), Rational Ovens, Tajima (embroidery machines), Juki (sewing machines) and Tesa Tapes, while Plumblink supplies a full range of bathroom and plumbing products. The Consumer division comprises trading and distribution businesses representing local and global brands such as Russell Hobbs, Salton, George Foreman, Yamaha and prestigious luggage and travel accessories brands such as Cellini. Additional consumer products include motor vehicle accessories (Moto Quip), camping and outdoor equipment (Leisure Quip) and distribution of branded dinnerware, homeware and cutlery (Maxwell & Williams and Noritake) into the retail market.

Bidvest Electrical

A leading distributor of a vast array of electrical, cable and allied products. Through the Voltex distribution outlets, Bidvest Electrical services the industrial, mining, contractor, construction, engineering and retail sectors.

Bidvest Financial Services

Comprises Bidvest Bank, the Bidvest Insurance Group (which offers both long- and short-term insurance offerings), and Master Currency Foreign Exchange. The prevailing strategy includes diversifying a historically foreign exchange and fleet-focused customer base to one that includes business and personal banking services.

Bidvest Freight

A leading private sector freight management group in sub-Saharan Africa, drawing on more than 150 years of portside experience, whose primary objective is to handle multiple products across berths and provide capacity to serve current and future demand. Independent businesses focus on terminal operations and support, international clearing and freight forwarding, integrated logistics, supply chain solutions and marine and insurance services. The segment facilitates storage, handling and movement of cargo via ocean freight, air freight, road and rail.

Bidvest Office and Print

Offers a comprehensive suite of services relating to office products, office automation and office furniture, while also meeting all print, packaging, labelling and communication requirements. Offerings include the supply of stationery, paper or printer cartridges, and packaging and data services.

Bidvest Services

The largest employer in the Group, whose vision is to be the leading integrated facilities management provider offering solutions that deliver one stop outsourced expertise that drives efficiencies and cost reductions. Service offerings include facilities management, security, travel and aviation services.

“Profit before finance charges and associate income” includes revenue and expenses directly relating to a business segment but excludes net finance charges and taxation, which cannot be allocated to any specific segment. Share-based payment costs are also excluded from the result as this is not a criteria used in the management of the reportable segments.

“Segmental trading profit” is defined as operating profit excluding items of a capital nature, acquisitions costs and amortisation of acquired customer contracts and is the basis on which management’s performance is assessed.

Segment operating assets and liabilities include property, plant and equipment, investments, associates, inventories, trade and other receivables, trade and other payables, banking assets and liabilities, insurance funds and post-retirement obligations but excludes cash, borrowings, vendors for acquisition, puttable non-controlling interest liabilities, current taxation, and deferred taxation.

27. Re-presentation of comparatives

The Group operates an equity settled share-based payment scheme. In the comparative period the Group presented the intragroup cash flows for settling the obligations as gross amounts in the cash flow statement. No external Group cash flows arise as a result of these transactions, therefore the prior year cash flow statement has been re-presented accordingly.
This re-presentation had no impact on the Group’s cash and cash equivalents or statement of financial position, however cash generated by operations increased by R418 million in 2018, and the cash flow from financing activities declined by R418 million.

Consolidated income **statement**

for the year ended 30 June

	Notes	2019 R'000	2018 R'000
Revenue	1	**77 152 384**	76 963 472
Cost of revenue		**(54 142 671)**	(54 716 818)
Gross profit		**23 009 713**	22 246 654
Operating expenses		**(16 952 252)**	(16 199 932)
Other income		**310 208**	319 558
Income from investments		**368 258**	142 795
Trading profit		**6 735 927**	6 509 075
Share-based payment expense		**(190 109)**	(154 986)
Acquisition costs and customer contracts amortisation		**(65 858)**	(82 901)
Net capital items	2	**(787 102)**	(351 977)
Profit before finance charges and associate income	2	**5 692 858**	5 919 211
Net finance charges	3	**(1 054 933)**	(1 020 730)
Finance income		**180 461**	158 709
Finance charges		**(1 235 394)**	(1 179 439)
Share of profit of associates		**583 198**	423 729
Current period earnings		**592 104**	431 857
Net capital items	2	**(8 906)**	(8 128)
Profit before taxation		**5 221 123**	5 322 210
Taxation	4	**(1 417 193)**	(1 436 597)
Profit for the year		**3 803 930**	3 885 613
Attributable to			
Shareholders of the Company		**3 775 282**	3 817 996
Non-controlling interests		**28 648**	67 617
		3 803 930	3 885 613
Basic earnings per share (cents)	5	**1 119.4**	1 137.3
Diluted basic earnings per share (cents)	5	**1 116.4**	1 132.4
Supplementary information			
Normalised headline earnings per share (cents)	5	**1 320.0**	1 254.9
Headline earnings per share (cents)	5	**1 352.1**	1 231.6
Diluted headline earnings per share (cents)	5	**1 348.4**	1 226.3
Dividends per share (cents)	6	**600.0**	556.0

Consolidated statement of other comprehensive **income**

for the year ended 30 June

	2019 R'000	2018 R'000
Profit for the year	**3 803 930**	3 885 613
Other comprehensive income (expense) net of taxation		
Items that may be reclassified subsequently to profit or loss	**(38 166)**	(38 783)
Decrease in foreign currency translation reserve		
Exchange differences arising during the year	**(11 044)**	(31 331)
Decrease in fair value of cash flow hedges	**(12 617)**	(7 452)
Fair value loss arising during the year	**(17 523)**	(10 350)
Taxation effect for the year	**4 906**	2 898
Share of other comprehensive income of associates	**(14 505)**	–
Other comprehensive income transferred to profit or loss		
Realisation of exchange differences on disposal of subsidiaries and or associates	**(42 903)**	–
Items that will not be reclassified subsequently to profit or loss		
Changes in the fair value of financial assets recognised through other comprehensive income^	**23 849**	(3 111)
Share of other comprehensive income of associates	**677**	–
Defined benefit obligations	**(679)**	2 031
Net remeasurement of defined benefit obligations during the year	**(943)**	2 920
Taxation effect for the year	**264**	(889)
Total comprehensive income for the year	**3 746 708**	3 845 750
Attributable to		
Shareholders of the Company	**3 718 156**	3 785 885
Non-controlling interest	**28 552**	59 865
	3 746 708	3 845 750

^ *Changes in the fair value of equity instruments elected as FVOCI have been reclassified for comparative periods.*

Consolidated statement of cash **flows**

for the year ended 30 June

	Notes	2019 R'000	2018 *Re-presented R'000
Cash flows from operating activities		**2 580 285**	5 386 455
Cash generated by operations	7	**7 068 926**	9 785 714
Finance income		**180 461**	158 709
Finance charges	9	**(1 227 517)**	(1 197 508)
Taxation paid	10	**(1 422 308)**	(1 297 155)
Distributions to shareholders	11	**(2 019 277)**	(2 063 305)
Cash effects of investment activities		**(3 281 913)**	(5 872 506)
Amounts advanced to associates		**(52 500)**	–
Proceeds on disposal of investments		**1 027 405**	390 009
Investments acquired		**(856 027)**	(431 933)
Additions to property, plant and equipment		**(2 516 846)**	(2 554 217)
Additions to vehicle rental fleet		**(1 002 221)**	(1 035 398)
Additions to intangible assets		**(165 118)**	(123 754)
Proceeds on disposal of property, plant and equipment		**318 676**	349 864
Proceeds on disposal of vehicle rental fleet		**758 887**	1 108 643
Proceeds on disposal of intangible assets		**4 873**	21 710
Acquisition of businesses, subsidiaries and associates	12	**(1 344 920)**	(3 272 999)
Proceeds on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	13	**545 878**	(324 431)
Cash effects of financing activities		**(766 609)**	253 211
Transactions with non-controlling interests		**(757 645)**	–
Settlement of puttable non-controlling interest liabilities		**(16 500)**	–
Borrowings raised	8	**3 124 004**	3 669 023
Borrowings repaid	8	**(3 116 468)**	(3 415 812)
Net decrease in cash and cash equivalents		**(1 468 237)**	(232 840)
Cash and cash equivalents at beginning of year		**3 514 398**	3 886 417
Cash and cash equivalents of the Bidvest Education Trust		**–**	23 094
Cash and cash equivalents of disposal groups held for sale		**–**	(122 651)
Effects of exchange rate fluctuations on cash and cash equivalents		**(11 638)**	(39 622)
Cash and cash equivalents at end of year		**2 034 523**	3 514 398
Cash and cash equivalents comprise			
Cash and cash equivalents	24	**6 617 075**	6 168 293
Bank overdrafts included in short-term portion of borrowings	29	**(4 582 552)**	(2 653 895)
		2 034 523	3 514 398

** Refer to note 27 of the accounting policies.*

Consolidated statement of financial **position**

for the year ended 30 June

	Notes	2019 R'000	2018 R'000
ASSETS			
Non-current assets		**31 011 664**	28 950 541
Property, plant and equipment	14	**12 048 736**	11 173 458
Intangible assets	15	**3 378 627**	3 367 806
Goodwill	16	**5 424 027**	4 447 769
Deferred taxation assets	17	**845 421**	761 368
Defined benefit pension surplus	30	**241 390**	224 577
Interest in associates	18	**5 803 569**	5 342 027
Life assurance fund	28	**44 175**	21 324
Investments	19	**1 732 951**	2 802 905
Banking and other advances	20	**1 492 768**	809 307
Current assets		**30 834 644**	29 131 418
Vehicle rental fleet	21	**1 277 803**	1 205 591
Inventories	22	**8 558 967**	8 515 551
Short-term portion of banking and other advances	20	**1 162 407**	1 082 937
Short-term portion of investments	19	**1 211 481**	–
Trade and other receivables	23	**11 724 064**	12 033 937
Taxation		**282 847**	125 109
Cash and cash equivalents	24	**6 617 075**	6 168 293
Disposal group assets held for sale		**–**	253 919
Total assets		**61 846 308**	58 335 878
EQUITY AND LIABILITIES			
Capital and reserves		**25 922 832**	24 980 709
Capital and reserves attributable to shareholders of the Company	25	**25 618 212**	23 957 082
Non-controlling interests		**304 620**	1 023 627
Non-current liabilities		**8 946 369**	8 899 765
Deferred taxation liabilities	17	**1 335 156**	1 209 549
Life assurance fund	28	**–**	10 545
Long-term portion of borrowings	29	**7 008 238**	7 122 485
Post-retirement obligations	30	**74 317**	76 943
Puttable non-controlling interest liabilities	31	**82 317**	90 530
Long-term portion of provisions	35	**350 705**	248 633
Long-term portion of operating lease liabilities	33	**95 636**	141 080
Current liabilities		**26 977 107**	24 423 619
Trade and other payables	34	**11 991 853**	12 983 511
Short-term portion of provisions	35	**332 465**	281 532
Vendors for acquisition		**518 231**	22 708
Taxation		**291 042**	168 844
Amounts owed to bank depositors	32	**6 407 490**	5 621 142
Short-term portion of borrowings	29	**7 436 026**	5 345 882
Disposal group liabilities held for sale		**–**	31 785
Total equity and liabilities		**61 846 308**	58 335 878

Consolidated statement of changes in **equity**

for the year ended 30 June

	2019 R'000	2018 R'000
Equity attributable to shareholders of the Company	**25 618 212**	23 957 082
Share capital	**16 948**	16 873
Balance at beginning of the year	**16 873**	16 770
Shares issued during the year	**75**	103
Share premium	**1 099 231**	797 717
Balance at beginning of the year	**797 717**	379 792
Shares issued during the year	**302 012**	418 505
Share issue costs	**(498)**	(580)
Foreign currency translation reserve	**208 936**	262 787
Balance at beginning of the year	**262 787**	286 628
Movement during the year	**(10 948)**	(23 168)
Realisation of reserve on disposal of subsidiaries and associates	**(42 903)**	(673)
Hedging reserve	**(13 580)**	(963)
Balance at beginning of the year	**(963)**	6 489
Fair value loss arising during the year	**(17 523)**	(10 350)
Taxation recognised directly in reserve	**4 906**	2 898
Equity-settled share-based payment reserve	**(343 118)**	(243 388)
Balance at beginning of year	**(243 388)**	(14 787)
Arising during current year	**191 070**	155 637
Taxation recognised directly in reserve	**34 289**	36 540
Utilisation during the year	**(324 656)**	(419 756)
Realisation of reserve on disposal of subsidiaries and associates	**8 049**	(1 022)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**2 734**	–
Transfer to retained earnings	**(11 216)**	–
Movement in retained earnings	**24 012 732**	22 486 993
Balance at beginning of the year	**22 486 993**	20 279 261
IFRS 15 adjustment to balance at beginning of the period	**(38 723)**	–
IFRS 9 adjustment to balance at beginning of the period	**(41 360)**	–
Attributable profit	**3 775 282**	3 817 996
Changes in the fair value of financial assets recognised through other comprehensive income	**23 849**	(3 111)
Net remeasurement of defined benefit obligations during the year	**(679)**	1 620
Net dividends paid	**(1 964 229)**	(1 740 197)
Net remeasurement of put option liability	**(7 115)**	(5 025)
Retained earnings arising on consolidation of the Bidvest Education Trust	**–**	222 155
Transfer of reserves as a result of changes in shareholding of subsidiaries and other transactions with subsidiaries	**(218 674)**	(85 706)
Share of other comprehensive income of associates	**(13 828)**	–
Transfer from share-based payment reserve	**11 216**	–
Treasury shares	**637 063**	637 063
Balance at beginning of the year	**637 063**	743 152
Treasury shares arising on consolidation of the Bidvest Incentive Trust	**–**	(106 089)
Equity attributable to non-controlling interests of the Company	**304 620**	1 023 627
Balance at beginning of the year	**1 023 627**	1 347 018
IFRS 15 adjustment to balance at beginning of the period	**(14 506)**	–
IFRS 9 adjustment to balance at beginning of the period	**(2 512)**	–
Total comprehensive income	**28 552**	59 865
Attributable profit	**28 648**	67 617
Movement in foreign currency translation reserve	**(96)**	(8 163)
Net remeasurement of defined benefit obligations during the year	**–**	411
Dividends paid	**(51 207)**	(319 984)
Movement in equity-settled share-based payment reserve	**(961)**	(651)
Transfer of equity-settled share-based payment reserve as a result of changes in shareholding of subsidiaries	**(2 734)**	–
Changes in shareholding	**(894 313)**	(125 405)
Grant of put options to non-controlling interests	**–**	(22 922)
Transfer of reserves as a result of changes in shareholding of subsidiaries	**218 674**	85 706
Total equity	**25 922 832**	24 980 709

Notes to the consolidated financial **statements**

for the year ended 30 June

Consolidated segmental analysis

	2019 R'000	2018 R'000	% change
Segmental revenue			
Services	**20 836 950**	18 968 423	9.9
Freight	**6 419 165**	6 074 971	5.7
Office and Print	**9 434 827**	9 304 937	1.4
Commercial Products	**9 072 434**	8 920 467	1.7
Automotive	**23 441 764**	24 701 500	(5.1)
Financial Services	**2 700 993**	2 562 848	5.4
Electrical	**5 384 010**	5 695 171	(5.5)
Properties	**589 996**	531 981	10.9
Corporate and investments	**3 307 137**	4 064 390	(18.6)
	81 187 276	80 824 688	0.4
Inter-group eliminations	**(4 034 892)**	(3 861 216)	
	77 152 384	76 963 472	0.2
Segmental trading profit			
Services	**2 240 065**	1 991 786	12.5
Freight	**1 368 629**	1 318 298	3.8
Office and Print	**735 444**	700 748	5.0
Commercial Products	**616 943**	710 492	(13.2)
Automotive	**609 003**	602 136	1.1
Financial Services	**584 503**	631 868	(7.5)
Electrical	**257 666**	300 257	(14.2)
Properties	**545 354**	475 639	14.7
Corporate and investments	**(221 680)**	(222 149)	(0.2)
	6 735 927	6 509 075	3.5
Segmental profit before finance charges and associate income			
Services	**2 076 760**	1 865 718	11.3
Freight	**1 380 281**	1 399 498	(1.4)
Office and Print	**691 414**	631 966	9.4
Commercial Products	**616 727**	710 196	(13.2)
Automotive	**576 932**	589 789	(2.2)
Financial Services	**572 141**	626 218	(8.6)
Electrical	**257 666**	290 731	(11.4)
Properties	**603 390**	477 905	26.3
Corporate and investments	**(892 344)**	(517 824)	72.3
	5 882 967	6 074 197	(3.1)
Share-based payment expense	**(190 109)**	(154 986)	
	5 692 858	5 919 211	(3.8)
Segmental operating assets			
Services	**5 210 484**	5 209 904	–
Freight	**6 690 921**	5 728 589	16.8
Office and Print	**3 333 676**	3 199 313	4.2
Commercial Products	**3 667 654**	3 762 876	(2.5)
Automotive	**5 434 875**	5 783 899	(6.0)
Financial Services	**6 576 227**	5 502 744	19.5
Electrical	**2 754 975**	2 629 086	4.8
Properties	**3 229 688**	2 801 996	15.3
Corporate and investments	**9 123 945**	9 283 980	(1.7)
	46 022 445	43 902 387	4.8
Inter-group eliminations	**(724 134)**	(690 773)	
	45 298 311	43 211 614	4.8

Notes to the consolidated financial statements (continued)

for the year ended 30 June

Consolidated segmental analysis (continued)

	2019 R'000	2018 R'000	% change
Segmental operating liabilities			
Services	**2 896 395**	3 060 388	(5.4)
Freight	**3 117 376**	3 193 082	(2.4)
Office and Print	**1 449 495**	1 535 893	(5.6)
Commercial Products	**1 264 762**	1 296 969	(2.5)
Automotive	**1 969 289**	2 317 409	(15.0)
Financial Services	**7 564 233**	6 766 924	11.8
Electrical	**796 656**	914 579	(12.9)
Properties	**28 082**	26 402	6.4
Corporate and investments	**890 312**	942 513	(5.5)
	19 976 600	20 054 159	(0.4)
Inter-group eliminations	**(724 134)**	(690 773)	
	19 252 466	19 363 386	(0.6)
Segmental depreciation			
Services	**496 818**	476 750	4.2
Freight	**260 595**	293 989	(11.4)
Office and Print	**115 418**	124 501	(7.3)
Commercial Products	**100 447**	97 084	3.5
Automotive	**80 854**	70 994	13.9
Financial Services	**221 003**	212 972	3.8
Electrical	**33 714**	32 044	5.2
Properties	**4 873**	4 765	2.3
Corporate and investments	**65 232**	96 689	(32.5)
	1 378 954	1 409 788	(2.2)
Segmental capital expenditure			
Services	**573 263**	558 087	2.7
Freight	**737 085**	860 672	(14.4)
Office and Print	**87 745**	89 309	(1.8)
Commercial Products	**100 653**	163 430	(38.4)
Automotive	**99 810**	121 638	(17.9)
Financial Services	**378 953**	294 669	28.6
Electrical	**62 331**	47 508	31.2
Properties	**396 777**	345 971	14.7
Corporate and investments	**106 066**	96 957	9.4
	2 542 683	2 578 241	(1.4)

	2019 R'000	2018 R'000	% change
Segmental amortisation and impairments on intangible assets			
Services	**55 400**	46 705	18.6
Freight	**15 572**	17 437	(10.7)
Office and Print	**11 712**	14 131	(17.1)
Commercial Products	**9 743**	8 716	11.8
Automotive	**7 603**	5 897	28.9
Financial Services	**34 304**	24 802	38.3
Electrical	**7 783**	8 712	(10.7)
Corporate and investments	**7 447**	11 488	(35.2)
	149 564	137 888	8.5
Segmental goodwill and intangible assets			
Services	**5 229 345**	4 424 966	18.2
Freight	**143 355**	132 398	8.3
Office and Print	**368 868**	282 754	30.5
Commercial Products	**1 872 578**	1 837 841	1.9
Automotive	**283 886**	272 740	4.1
Financial Services	**456 200**	437 710	4.2
Electrical	**141 533**	144 544	(2.1)
Properties	**21 034**	21 034	–
Corporate and investments	**285 855**	261 588	9.3
	8 802 654	7 815 575	12.6
Employee benefits and remuneration			
Services	**12 255 064**	11 116 376	10.2
Freight	**1 592 521**	1 535 414	3.7
Office and Print	**1 577 071**	1 569 998	0.5
Commercial Products	**1 289 268**	1 230 498	4.8
Automotive	**1 976 034**	1 992 924	(0.8)
Financial Services	**767 688**	670 790	14.4
Electrical	**634 626**	638 332	(0.6)
Properties	**17 386**	23 151	(24.9)
Corporate and investments	**807 824**	979 345	(17.5)
	20 917 482	19 756 828	5.9
Share-based payment expense	**190 109**	154 986	
	21 107 591	19 911 814	6.0
Number of employees			
Services	**93 710**	99 990	(6.3)
Freight	**4 623**	4 284	7.9
Office and Print	**6 543**	6 434	1.7
Commercial Products	**6 303**	6 237	1.1
Automotive	**5 488**	5 597	(1.9)
Financial Services	**1 796**	1 810	(0.8)
Electrical	**2 355**	2 502	(5.9)
Properties	**14**	14	–
Corporate and investments	**3 009**	4 009	(24.9)
	123 841	130 877	(5.4)

	2019 R'000	2018 R'000
1. Revenue		
Sale of goods	**47 225 819**	48 875 808
Rendering of services	**28 520 442**	26 751 473
Commissions and fees earned	**2 646 942**	2 497 425
Billings relating to clearing and forwarding transactions	**2 295 850**	2 252 914
Insurance	**498 223**	447 068
	81 187 276	80 824 688
Inter-group eliminations	**(4 034 892)**	(3 861 216)
Revenue	**77 152 384**	76 963 472

Included in commissions and fees earned is R1.9 billion (2018: R1.9 billion) which does not relate to revenue from contracts with customers but commissions and fees from rendering financial services. Included in rendering of services is R1.13 billion (2018: R1.10 billion) of rental income which does not relate to revenue from contracts with customers but vehicle rentals in the scope of IAS 17. All other categories other than Insurance relate to revenue from contracts with customers.

	2019 R'000	2018 R'000
Disaggregation of revenue		
Services	**19 790 012**	18 056 553
Freight	**6 125 486**	5 735 582
Office and Print	**8 523 373**	8 369 290
Commercial Products	**8 511 954**	8 481 968
Automotive	**23 158 618**	24 403 008
Financial Services	**2 502 604**	2 376 997
Electrical	**5 247 272**	5 490 650
Properties	**55 145**	55 810
Corporate and investments	**3 237 920**	3 993 614
	77 152 384	76 963 472

	2019 R'000	2018 R'000

2. Profit before finance charges and associate income

	2019 R'000	2018 R'000
Determined after charging (crediting)		
Auditor's remuneration (PricewaterhouseCoopers Inc./Deloitte prior)	**67 997**	78 527
Audit fees	**64 104**	68 565
Audit-related expenses	**86**	781
Consulting fees	**2 346**	6 270
Taxation services	**817**	1 240
Other attest services	**644**	1 671
Auditors' remuneration (other auditors)	**15 517**	12 218
Audit fees	**11 728**	9 022
Audit-related expenses	**273**	55
Consulting fees	**698**	155
Taxation services	**1 853**	840
Other attest services	**965**	2 146
Depreciation of property, plant and equipment	**1 378 954**	1 409 788
Buildings	**4 354**	2 188
Leasehold premises	**91 355**	84 579
Plant and equipment	**323 374**	400 158
Office equipment, furniture and fittings	**303 976**	291 532
Vehicles, vessels and craft	**258 876**	257 361
Rental assets	**219 636**	202 522
Capitalised leased assets	**1 546**	351
Full maintenance lease assets	**175 837**	171 097
Depreciation of vehicle rental fleet	**171 144**	134 077
Amortisation of intangible assets	**147 916**	136 773
Patents, trademarks, tradenames and other intangibles	**53 779**	46 672
Computer software	**94 137**	90 101
Impairment of assets	**46 899**	110 541
Property, plant and equipment #	**9 580**	3 311
Intangible assets #	**1 648**	1 115
Goodwill #	**–**	15 258
Banking and other advances	**3 273**	16 108
Trade receivables	**32 398**	74 749
Determined after charging (crediting)		
Compensation received on scrapping, loss or impairment of property, plant and equipment #	**(16 835)**	(85 702)
Remeasurement to recoverable fair value of associates #	**623 941**	248 709
Executive directors*	**76 369**	64 408
Basic remuneration	**30 777**	25 329
Retirement and medical benefits	**2 078**	2 214
Other benefits and costs	**1 882**	1 891
Cash incentives	**41 632**	34 974
Non-executive directors*	**10 827**	8 566
Fees – Company	**8 127**	6 587
– subsidiaries	**2 700**	1 979

2. Profit before finance charges and associate income (continued)

	2019 R'000	2018 R'000
Employer contributions to	**1 192 701**	1 122 165
Defined contribution pension funds	**93 225**	77 920
Provident funds	**668 490**	648 321
Retirement funds	**84 927**	70 922
Social securities	**14 137**	6 052
Medical aids	**331 922**	318 950
Net expense related to post-retirement obligations for current service costs	**3 774**	2 515
Defined benefit pension plans	**4 018**	5 017
Post-retirement medical aid obligations	**(244)**	(2 502)
Share-based payment expense	**190 109**	154 986
Staff	**154 121**	131 729
Executive directors	**35 988**	23 257
Fees for administrative, managerial and technical services	**4 390**	7 182
Research and development expenditure	**1 407**	1 233
Foreign exchange (gains) losses on hedging activities	**(30 207)**	(40 675)
Forward exchange contracts	**(32 312)**	(40 004)
Foreign bank accounts	**2 105**	(671)
Other foreign exchange losses	**36 209**	15 514
Realised	**15 695**	13 470
Unrealised	**20 514**	2 044
Income from investments	**(368 258)**	(142 795)
Dividends received from listed investments	**(20 881)**	(22 274)
Dividends received from unlisted investments	**(50 512)**	(28 637)
Profit on disposal	**(66 930)**	(18 608)
Fair value adjustments on investments held-for-trading	**(229 935)**	(73 276)
Net capital loss#	**168 768**	169 286
Net profit on disposal of property, plant and equipment	**(28 192)**	(39 796)
Net loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**201 209**	185 654
Impairment of disposal groups held for sale	**–**	39 323
Net (profit) loss on disposal of intangible assets	**(4 249)**	(15 895)
Operating lease charges	**1 739 980**	1 651 715
Land and buildings	**1 368 011**	1 317 433
Equipment and vehicles	**371 969**	334 282
# Items above included as capital items on consolidated income statement	**787 102**	351 977

** Refer Annexure B for detailed disclosure.*

3. Net finance charges

	2019 R'000	2018 R'000
Finance income	**688 436**	603 909
Interest income on banking and other advances	**568 394**	443 386
Interest income on bank balances	**69 832**	114 953
Interest imputed on post-retirement assets	**21 509**	19 796
Interest income on financial instruments held at fair value through other comprehensive income	**28 701**	25 774
Finance charges	**(1 549 598)**	(1 459 856)
Interest expense on amounts owed to bank depositors	**(332 927)**	(317 059)
Interest expense on bank overdrafts	**(75 930)**	(71 904)
Interest expense on listed bonds and commercial paper	**(273 195)**	(238 918)
Interest expense on financed assets	**(4 267)**	(5 074)
Interest expense on vehicle lease creditors and floorplan creditors	**(65 331)**	(82 327)
Interest expense on other borrowings	**(663 119)**	(546 813)
Interest imputed on post-retirement obligations	**(6 170)**	(6 190)
Unwinding of discount on puttable non-controlling interest liabilities	**(5 013)**	(4 717)
Dividends on preference shares included in borrowings	**(149 483)**	(210 878)
Less borrowing costs capitalised to property, plant and equipment**	**25 837**	24 024
	(861 162)	(855 947)
Less net finance income from banking operations included in operating profit	**(193 771)**	(164 783)
Income	**(507 975)**	(445 200)
Charges	**314 204**	280 417
	(1 054 933)	(1 020 730)

*** The applicable weighted average interest rate is used to determine the amount of borrowing costs eligible for capitalisation.*

Notes to the consolidated financial **statements** (continued)

for the year ended 30 June

	2019 R'000	2018 R'000
4. Taxation		
Current taxation	**1 351 311**	1 416 788
Current year	**1 344 137**	1 432 909
Prior years' underprovision (overprovision)	**7 174**	(16 121)
Deferred taxation	**59 897**	14 927
Current year	**92 404**	35 091
Prior years' (overprovision) underprovision	**(32 507)**	(20 164)
Foreign withholding taxation	**5 985**	4 882
Total taxation per consolidated income statement	**1 417 193**	1 436 597
Comprising		
South African taxation	**1 351 808**	1 325 750
Foreign taxation	**65 385**	110 847
	1 417 193	1 436 597
	%	%
The reconciliation of the effective taxation rate with the South African company taxation rate is:		
Taxation for the year as a percentage of profit before taxation	**27.1**	27.0
Net change in remeasurement and changes in shareholding of associates	**(3.3)**	(1.2)
Associates	**3.1**	2.2
Effective rate excluding associate income	**26.9**	28.0
Dividend and exempt income	**3.2**	3.3
Foreign taxation rate differential	**0.4**	0.4
Impairment of goodwill	**–**	(0.1)
Preference share funding	**(0.8)**	(1.1)
Other non-deductible expenses	**(2.3)**	(1.8)
Changes in recognition of deferred tax assets	**0.1**	(1.5)
Changes in prior years' estimation	**0.5**	0.8
Rate of South African company taxation	**28.0**	28.0
	R'000	R'000
Estimated tax losses available for offset against future taxable income	**1 621 857**	1 432 442
Utilised in the computation of deferred taxation	**(865 369)**	(777 256)
Not accounted for in deferred taxation	**756 488**	655 186

Deferred taxation assets have not been recognised in respect of certain tax losses as the directors believe it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.

5. Earnings per share

	2019 R'000	2018 R'000
Weighted average number of shares ('000)		
Weighted average number of shares in issue for basic earnings per share and headline earnings per share calculations	**337 245**	335 718
Potential dilutive impact of outstanding staff share appreciation rights and conditional awards	**919**	1 443
Number of outstanding staff share appreciation right equivalent shares	**4 048**	5 668
Number of shares deemed to be issued at fair value	**(3 255)**	(4 324)
Contingent issuable shares in terms of conditional share plan to be issued at fair value	**126**	99
Weighted average number of shares in issue used for the calculation of diluted earnings and diluted headline earnings per share	**338 164**	337 161
Attributable earnings		
Basic earnings per share and diluted earnings per share are based on profit attributable to shareholders of the Company (R'000)	**3 775 282**	3 817 996
Basic earnings per share (cents)	**1 119.4**	1 137.3
Diluted basic earnings per share (cents)	**1 116.4**	1 132.4
Dilution (%)	**0.3**	0.4
	R'000	R'000
Headline earnings		
Profit attributable to shareholders of the Company	**3 775 282**	3 817 996
Impairment of property, plant and equipment; goodwill and intangible assets	**10 299**	12 840
Property, plant and equipment	**9 580**	3 311
Goodwill	**–**	15 258
Intangible assets	**1 648**	1 115
Taxation effect	**(196)**	–
Non-controlling interest	**(733)**	(6 844)
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**175 030**	155 828
Loss on disposal and closure	**202 250**	188 635
Impairment of disposal group assets held for sale	**–**	39 323
Taxation effect	**(23 947)**	(37 407)
Non-controlling interest	**(3 273)**	(34 723)
Net loss (profit) on disposal and remeasurement to recoverable fair value of associates	**622 900**	234 338
Net change in shareholding in associates	**(1 041)**	(2 981)
Remeasurement to recoverable fair value of associates	**623 941**	248 709
Non-controlling interest	**–**	(11 390)
Net profit on disposal of property, plant and equipment and intangible assets	**(19 016)**	(24 185)
Property, plant and equipment	**(28 192)**	(39 796)
Intangible assets	**(4 249)**	(15 895)
Taxation effect	**11 554**	1 400
Non-controlling interest	**1 871**	30 106
Compensation received on loss or impairment of property, plant and equipment	**(13 630)**	(70 263)
Compensation received	**(16 835)**	(85 702)
Taxation effect	**3 205**	15 439
Non-headline earnings items included in equity accounted earnings of associated companies	**8 906**	8 128
Headline earnings	**4 559 771**	4 134 682

		2019	2018
5.	**Earnings per share** (continued)		
	Headline earnings per share (cents)	**1 352.1**	1 231.6
	Diluted headline earnings per share (cents)	**1 348.4**	1 226.3
	Dilution (%)	**0.3**	0.4
	Normalised headline earnings per share	**R'000**	R'000
	Normalised headline earnings per share is a measurement used by the chief operating decision maker, Lindsay Ralphs. The calculation of normalised headline earnings per share excludes acquisition costs and amortisation of acquired customer contracts and is based on the normalised headline profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The Group's non-cash share of Comair's SAA travel agent incentive scheme settlement has been included in the calculation of normalised headline earnings in the current period. The presentation of normalised headline earnings is not an IFRS requirement.		
	Headline earnings	**4 559 771**	4 134 682
	Acquisition costs	**22 940**	50 190
	Amortisation of acquired customer contracts	**42 918**	32 711
	Non-cash share of Comair's SAA travel agent incentive scheme settlement	**(167 950)**	–
	Taxation effect	**(5 883)**	(4 522)
	Normalised headline earnings	**4 451 796**	4 213 061
	Normalised headline earnings per share (cents)	**1 320.0**	1 254.9
6.	**Dividends per share**		
	Interim distribution (cents)		
	Dividend paid to shareholders on 25 March 2019 (2018: Dividend paid to shareholders on 19 March 2018)	**282.0**	255.0
	Final dividend (cents)		
	Dividend payable to shareholders on 23 September 2019 (2018: Dividend paid to shareholders on 25 September 2018)	**318.0**	301.0
		600.0	556.0
		R'000	R'000
7.	**Cash generated by operations**		*Re-presented
	Profit before taxation	**5 221 123**	5 322 210
	Costs incurred in respect of acquisitions	**22 940**	50 190
	Net finance charges	**1 054 933**	1 020 730
	Share of current year earnings of associates	**(427 309)**	(217 004)
	Depreciation and amortisation	**1 698 014**	1 680 638
	Share-based payment expense	**190 109**	154 986
	Impairment of property, plant and equipment and intangible assets	**11 228**	4 426
	Impairment of goodwill	**–**	15 258
	Remeasurement to recoverable fair value of associate	**623 941**	248 709
	Loss on disposal of interests in subsidiaries and associates, and disposal and closure of businesses	**201 209**	185 654
	Other non-cash items	**(376 321)**	(147 387)
	Remeasurement of post-retirement obligations	**(20 382)**	(19 025)
	Decrease in life assurance fund	**(22 851)**	(36 929)
	Working capital changes	**(1 107 708)**	1 523 258
	Decrease in inventories	**44 123**	45 270
	Increase in trade and other receivables	**(99 242)**	(776 913)
	Increase in banking and other advances	**(764 085)**	(421 236)
	(Decrease) increase in trade and other payables and provisions	**(1 074 852)**	1 467 099
	Increase in amounts owed to bank depositors	**786 348**	1 209 038
	Cash generated by operations	**7 068 926**	9 785 714

** Refer note 27 of the accounting policies.*

	2019 R'000	2018 R'000

8. Net debt reconciliation

	2019 R'000	2018 R'000
Cash and cash equivalents	**6 617 075**	6 168 293
Borrowings	**(9 861 712)**	(9 814 472)
Listed bonds	**(3 339 000)**	(2 250 000)
Cumulative redeemable preference shares	**(2 080 000)**	(3 080 000)
Syndicated EURO facility	**(3 190 563)**	(3 182 552)
Other borrowings including unsecured, call accounts and asset backed borrowings	**(611 060)**	(635 816)
Interest-bearing floor plan creditors	**(641 089)**	(666 104)
Overdraft facilities	**(4 582 552)**	(2 653 895)
Net borrowings	**(7 827 189)**	(6 300 074)
Cash and cash equivalents	**6 617 075**	6 168 293
Gross borrowings at fixed interest rates	**(2 168 977)**	(1 632 464)
Gross borrowings at variable interest rates	**(12 275 287)**	(10 835 903)
Net borrowings	**(7 827 189)**	(6 300 074)

	R'000
Borrowings at 30 June 2017	(9 470 308)
Cash outflow	3 415 812
Cash inflow	(3 669 023)
Capitalised interest	(1 238)
Net acquisitions	(16 545)
Other	–
Foreign exchange adjustment	(73 170)
Borrowings at 30 June 2018	**(9 814 472)**
Cash outflow	**3 116 468**
Cash inflow	**(3 124 004)**
Capitalised interest	**(28 701)**
Net acquisitions	**(15 916)**
Foreign exchange adjustment	**4 913**
Borrowings at 30 June 2019	**(9 861 712)**

9. Finance charges

	2019 R'000	2018 R'000
Charge per income statement	**(1 235 394)**	(1 179 439)
Unwinding of discount on puttable non-controlling interest liabilities	**5 013**	4 717
Amounts capitalised to borrowings	**28 701**	1 238
Amounts capitalised to property, plant and equipment	**(25 837)**	(24 024)
Amounts paid	**(1 227 517)**	(1 197 508)

	2019 R'000	2018 R'000
10. Taxation paid		
Net amounts receivable at beginning of year	**(43 735)**	73 262
Current taxation charge	**(1 357 296)**	(1 421 670)
Businesses acquired	**(15 082)**	5 749
Businesses disposed of	**(14 222)**	3 151
Arising on consolidation of the Bidvest Education Trust	**–**	92
Exchange rate adjustments	**(168)**	(1 474)
Amounts payable at end of year	**291 042**	168 844
Amounts receivable at end of year	**(282 847)**	(125 109)
Amounts paid	**(1 422 308)**	(1 297 155)
11. Distributions to shareholders		
Dividends paid to shareholders	**(1 968 272)**	(1 743 812)
Dividends received by subsidiaries on treasury shares	**4 043**	3 615
Dividends paid to non-controlling interests	**(51 207)**	(319 984)
Dividends paid to put-call option holders	**(3 841)**	(3 124)
Amounts paid	**(2 019 277)**	(2 063 305)
12. Acquisition of businesses, subsidiaries and associates		
Property, plant and equipment	**(98 586)**	(138 031)
Deferred taxation	**280**	224 249
Interest in associates	**(654 033)**	(35 221)
Investments and advances	**(4 167)**	–
Inventories	**(53 563)**	(56 318)
Trade and other receivables	**(254 210)**	(1 165 623)
Cash and cash equivalents	**(73 982)**	(127 069)
Borrowings	**15 916**	34 966
Trade and other payables and provisions	**281 676**	947 292
Taxation	**15 082**	(5 749)
Net fair value of assets	**(825 587)**	(321 504)
Goodwill	**(1 042 845)**	(1 340 215)
Intangible assets	**(3 090)**	(1 666 779)
Non-controlling interest	**(19 963)**	(27 487)
Total value of acquisitions	**(1 891 485)**	(3 355 985)
Less: Cash and cash equivalents acquired	**73 982**	127 069
Vendors for acquisition at beginning of year	**(22 708)**	(39 523)
Vendors for acquisition at end of year	**518 231**	22 708
Transfer to NCI put option liability	**–**	22 922
Costs incurred in respect of acquisitions	**(22 940)**	(50 190)
Net amounts paid	**(1 344 920)**	(3 272 999)

12. Acquisition of businesses, subsidiaries and associates (continued)

The Group acquired 100% of the share capital and voting rights of UAV and Drone Solutions Proprietary Limited (UDS) for R500 million (of which R154 million is contingent) effective 1 March 2019. UDS is a profit-for-purpose South African company established in 2013 to take advantage of technological developments in the world of Unmanned Airborne Systems. UDS provides solutions for environmental conservation, security services, infrastructure inspection, survey and stockpile management and blasting profiles. In-house capabilities and competencies include mechanical, electrical and software engineering. The acquisition enhances the Group's overall service offering, particularly security services. The purchase price was funded from existing cash resources and facilities.

Effective 1 February 2019, Pureau Fresh Water Company Proprietary Limited (Pureau), 82% owned by the Group, acquired 100% of the ordinary share capital and voting rights of Zanihold Proprietary Limited (Aquazania), holding company of Aquazania Proprietary Limited and Aquazania Africa Proprietary Limited, for R390 million. Aquazania supplies a range of bottled water coolers, plumbed in water dispensers (bottleless water coolers) and coffee machines to households and a wide variety of corporate customers. The acquisition increases Pureau's market share and enhances its service and technology offering. The acquisition was funded using existing cash resources and facilities.

During the year the Group acquired an additional 10 648 542 Adcock Ingram Holdings Limited (Adcock Ingram) ordinary shares for R650 million. The additional shares acquired increases the Group's interest in the Adcock Ingram associate from 37.6% to 43.7%. It is the Group's intention to gain a controlling interest in Adcock Ingram. The purchase price was funded from existing cash resources and facilities.

The Group also made a number of less significant acquisitions during the year. These acquisitions were funded from existing cash resources.

The goodwill and intangible values represented for UDS and Aquazania are provisional, as the acquisitions were completed close the Group's reporting date. The remaining values represent the final at acquisition fair values consolidated by the Group.

The Group also made a number of less significant acquisitions and disposals during the year. These acquisitions were funded from existing cash resources.

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value. The directors believe that the goodwill of the acquisitions reflects, the expectation that the businesses will continue to generate new customers over time, the acquired workforce (which is not an identifiable asset for financial reporting purposes), and the growth opportunities. The acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base and geographic reach in the market place.

Trade receivables acquired are stated net of impairment allowances of R11.5 million (2018: R18.0 million). There were no significant contingent liabilities identified in the businesses acquired.

The impact of these acquisitions on the Group's results can be summarised as follows:

	UDS R'000	Aquazania R'000	Other acquisitions R'000	**Total R'000**
Identifiable assets and liabilities acquired				
Property, plant and equipment	2 782	28 319	67 485	**98 586**
Deferred taxation	–	584	(864)	**(280)**
Interest in associates	–	–	654 033	**654 033**
Investments and advances	–	–	4 167	**4 167**
Inventories	827	7 493	45 243	**53 563**
Trade and other receivables	19 444	26 387	208 379	**254 210**
Cash and cash equivalents	975	20 990	52 017	**73 982**
Borrowings	–	–	(15 916)	**(15 916)**
Trade and other payables and provisions	(2 079)	(23 351)	(256 246)	**(281 676)**
Taxation	(924)	(7 086)	(7 072)	**(15 082)**
Intangible assets	–	–	3 090	**3 090**
Total net identifiable assets	21 025	53 336	754 316	**828 677**
Contribution to results for the year				
Revenue	46 508	87 271	261 813	**395 592**
Profit or loss	28 177	26 458	29 334	**83 969**
Contribution to results for the year if the acquisitions had been effective on 1 July 2018				
Revenue	101 186	128 988	316 491	**546 665**
Profit or loss	45 754	47 233	43 441	**136 428**

	2019 R'000	2018 R'000
13. Proceeds on disposal of interest in subsidiaries and associates, and disposal and closure of businesses		
Property, plant and equipment	**82 535**	213 049
Intangibles	**6 491**	86
Goodwill	**66 578**	44 868
Deferred taxation	**33 122**	(97 789)
Interest in associates	**32 651**	17 645
Investments and advances	**–**	2 745
Inventories	**4 070**	75 957
Trade and other receivables	**373 016**	281 449
Cash and cash equivalents	**98 790**	331 412
Post-retirement obligations	**–**	–
Borrowings	**–**	(18 421)
Trade and other payables and provisions	**(150 863)**	(379 346)
Taxation	**14 222**	(3 151)
Disposal group assets held for sale	**253 921**	–
Disposal group liabilities held for sale	**(31 785)**	–
Carrying value of net assets	**782 748**	468 504
Non-controlling interest	**(116 705)**	(120 840)
Realisation of foreign currency translation reserves	**(42 903)**	(673)
Realisation of share-based payments reserves	**8 049**	(1 022)
Net profit (loss) on disposal of interest in subsidiaries and associates, and disposal and closure of businesses	**(177 262)**	(148 247)
Less cash and cash equivalents disposed of	**(98 790)**	(331 412)
Settlement of other receivables arising on disposal of subsidiaries and associates	**190 741**	–
Less other receivables arising on disposal of subsidiaries and associates (see note 23)	**–**	(190 741)
Net cash impact	**545 878**	(324 431)

Effective 1 November 2018 the Group disposed of its entire interest in TMS Group Industrial Services Proprietary Limited (TMS), an industrial facilities cleaning and maintenance contractor, to Sekta Group for R219 million (R116 million equity and R103 million debt).

On 1 March 2019 the Group sold its entire interest in Renfreight Proprietary Limited (Renfreight) to Makana Investment Corporation (MIC) for R110 million. The transaction was completed as part of a Broad-Based Black Economic Empowerment deal, which provides MIC via its 100% ownership of Renfreight an 11% share of the Bidvest Panalpina Logistics (BPL) partnership. BPL is a leading South African end-to-end supply chain solutions company.

The previously recognised disposal group, Comet Investments Capital Inc. (Comet), was sold during the year.

	TMS R'000	Renfreight R'000	Other smaller disposals R'000	**Total R'000**
Identifiable assets and liabilities disposed				
Property, plant and equipment	(43 400)	–	(39 135)	**(82 535)**
Deferred taxation	(65 653)	–	32 531	**(33 122)**
Interest in associates	–	–	(32 651)	**(32 651)**
Investments and advances	–	–	–	**–**
Inventories	(3 360)	–	(710)	**(4 070)**
Trade and other receivables	(109 196)	(98 353)	(165 467)	**(373 016)**
Cash and cash equivalents	(100 166)	(43)	1 419	**(98 790)**
Borrowings	–	–	–	**–**
Trade and other payables and provisions	61 797	364	88 702	**150 863**
Taxation	–	(1 512)	(12 710)	**(14 222)**
Intangible assets	(6 491)	–	–	**(6 491)**
Goodwill	(37 004)	(15 332)	(14 242)	**(66 578)**
Disposal group assets held for sale	–	–	(253 921)	**(253 921)**
Disposal group liabilities held for sale	–	–	31 785	**31 785**
Total net assets disposed	(303 473)	(114 876)	(364 399)	**(782 748)**

	2019 R'000	2018 R'000
14. Property, plant and equipment		
Freehold land and buildings	**3 740 523**	3 252 468
Cost	**3 893 826**	3 396 574
Accumulated depreciation and impairments	**(153 303)**	(144 106)
Leasehold premises	**1 114 589**	1 200 859
Cost	**1 825 990**	1 877 299
Accumulated depreciation and impairments	**(711 401)**	(676 440)
Plant and equipment	**2 380 179**	2 203 542
Cost	**5 120 726**	4 998 442
Accumulated depreciation and impairments	**(2 740 547)**	(2 794 900)
Office equipment, furniture and fittings	**999 995**	907 664
Cost	**3 153 812**	2 982 391
Accumulated depreciation and impairments	**(2 153 817)**	(2 074 727)
Vehicles, vessels and craft	**946 605**	953 112
Cost	**2 572 407**	2 511 699
Accumulated depreciation and impairments	**(1 625 802)**	(1 558 587)
Rental assets	**478 689**	435 537
Cost	**1 236 809**	1 076 041
Accumulated depreciation and impairments	**(758 120)**	(640 504)
Capitalised leased assets	**4 616**	999
Cost	**27 285**	22 122
Accumulated depreciation and impairments	**(22 669)**	(21 123)
Full maintenance leased assets	**1 498 399**	1 687 127
Cost	**2 182 898**	2 316 149
Accumulated depreciation and impairments	**(684 499)**	(629 022)
Capital work-in-progress	**885 141**	532 150
	12 048 736	11 173 458

Property, plant and equipment with an estimated carrying value of R140 million (2018: R83 million) is pledged as security for borrowings of R126 million (2018: R62 million) (refer note 29).

A register of land and buildings is available for inspection by shareholders at the registered office of the Company.

14. Property, plant and equipment (continued)

	2019 R'000	2018 R'000
Movement in property, plant and equipment		
Carrying value at beginning of year	**11 173 458**	10 474 205
Capital expenditure	**2 542 683**	2 578 241
Freehold land and buildings	**555 625**	358 772
Leasehold premises	**64 816**	242 538
Plant and equipment	**532 043**	574 204
Office equipment, furniture and fittings	**406 274**	382 982
Vehicles, vessels and craft	**289 985**	305 525
Rental assets	**256 511**	262 464
Capitalised leased assets	**5 163**	382
Full maintenance leased assets	**81 536**	254 080
Capital work-in-progress	**350 730**	197 294
Expenditure	**517 982**	311 709
Transfers to other categories	**(167 252)**	(114 415)
Acquisition of businesses	**98 586**	138 031
Freehold land and buildings	**56 431**	24 233
Leasehold premises	**268**	5 574
Plant and equipment	**13 383**	56 175
Office equipment, furniture and fittings	**1 913**	23 366
Vehicles, vessels and craft	**3 933**	28 683
Rental assets	**20 324**	–
Capital work-in-progress	**2 334**	–
Disposals	**(290 483)**	(310 069)
Freehold land and buildings	**(74 881)**	(3 754)
Leasehold premises	**(60 038)**	(6 565)
Plant and equipment	**(2 579)**	(37 232)
Office equipment, furniture and fittings	**(8 955)**	(10 047)
Vehicles, vessels and craft	**(35 476)**	(126 776)
Rental assets	**(14 053)**	(20 729)
Full maintenance leased assets	**(94 428)**	(103 283)
Capital work-in-progress	**(73)**	(1 683)
Disposal of businesses and or disposal group held for sale	**(82 535)**	(316 494)
Freehold land and buildings	**(37 282)**	(44 648)
Plant and equipment	**(40 435)**	(58 238)
Office equipment, furniture and fittings	**(2 773)**	(11 101)
Vehicles, vessels and craft	**(2 045)**	(194 280)
Rental assets	**–**	(8 227)
Exchange rate adjustments	**(4 439)**	22 643
Freehold land and buildings	**(139)**	1 499
Leasehold premises	**184**	2 634
Plant and equipment	**(462)**	2 575
Office equipment, furniture and fittings	**(120)**	848
Vehicles, vessels and craft	**(3 907)**	14 766
Rental assets	**5**	297
Capital work-in-progress	**–**	24
Depreciation	**(1 378 954)**	(1 409 788)
Impairment (losses) recoupments – (refer note 2)	**(9 580)**	(3 311)
Carrying value at end of year	**12 048 736**	11 173 458

15. Intangible assets

	2019 R'000	2018 R'000
Patents, trademarks, trade names and other intangibles	**2 957 606**	2 996 158
Cost	**3 880 337**	3 872 610
Accumulated amortisation and impairments	**(922 731)**	(876 452)
Computer software	**389 291**	344 502
Cost	**1 098 140**	1 022 550
Accumulated amortisation and impairments	**(708 849)**	(678 048)
Capital work-in-progress	**31 730**	27 146
	3 378 627	3 367 806
Movement in intangible assets		
Carrying value at beginning of year	**3 367 806**	1 667 710
Additions	**165 118**	123 754
Patents, trademarks, trade names and other intangibles	**14 581**	8 919
Computer software	**145 953**	138 811
Capital work-in-progress	**4 584**	(23 976)
Expenditure	**17 293**	18 510
Transfers to other categories	**(12 709)**	(42 486)
Acquisition of businesses	**3 090**	1 666 779
Patents, trademarks, trade names and other intangibles	**2 980**	1 663 528
Computer software	**110**	3 251
Disposals	**(623)**	(5 816)
Patents, trademarks, trade names and other intangibles	**(8)**	(2 922)
Computer software	**(615)**	(2 772)
Capital work-in-progress	**–**	(122)
Disposal of businesses and disposal groups held for sale	**(6 491)**	(9 870)
Patents, trademarks, trade names and other intangibles	**–**	(9 870)
Computer software	**(6 491)**	–
Exchange rate adjustments	**(709)**	63 137
Patents, trademarks, trade names and other intangibles	**(679)**	63 137
Computer software	**(30)**	–
Amortisation (refer note 2)	**(147 916)**	(136 773)
Impairment (refer note 2)	**(1 648)**	(1 115)
Carrying value at end of year	**3 378 627**	3 367 806

Indefinite life intangibles

No indefinite life intangibles were recognised on the acquisition of businesses in the current year as the Purchase Price Allocation (PPA) reviews had not been completed on the UDS and Aquazania acquisitions at the time of reporting (refer note 12). Indefinite life intangibles arising on previous acquisitions amount to R2 138 million, R964 million relating to Bidvest Commercial Products and R1 174 million to Bidvest Services. These intangibles were subject to review for impairment based on value-in-use. For South African domiciled operations the Group used a pre-tax discount rate of between 18% and 23.6% with a perpetual growth rate of 5.8%, whereas for the European operations a pre-tax discount rate of 11.4% and a perpetual growth rate of 2% was used. Significant surpluses were identified over the carrying values of the CGU's and thus the directors believe that a reasonably possible change in the multiples, would not result in an impairment of the carrying value of these intangibles.

The amortisation and impairment charges are included in operating expenses in the consolidated income statement.

	2019 R'000	2018 R'000
16. Goodwill		
Carrying value at beginning of year	**4 447 769**	3 167 700
Exchange rate adjustments	**(9)**	(20)
Acquisition of businesses	**1 042 845**	1 340 215
Disposal of businesses	**(66 578)**	(44 868)
Impairment of goodwill	**–**	(15 258)
Carrying value at end of year	**5 424 027**	4 447 769

Goodwill acquired through business combinations, is allocated for impairment testing purposes to cash-generating units ("CGU") which reflect how it is monitored for internal management purposes, namely the various segments of the Group. The carrying amount of goodwill was subject to an annual impairment test using either the fair value less costs to sell method or a value-in-use method.

The carrying amount of goodwill was allocated to CGUs as follows:		
Services	**3 285 049**	2 443 508
Freight	**47 840**	58 132
Office and Print	**325 533**	239 717
Commercial Products	**883 811**	843 822
Automotive	**249 420**	249 420
Financial Services	**237 388**	231 870
Electrical	**128 623**	128 223
Properties	**21 034**	21 034
Corporate and investments	**245 329**	232 043
	5 424 027	4 447 769

The recoverable amounts of the CGUs were determined using the fair value less cost to sell method, except for Electrical and Automotive which were evaluated using the value-in-use method.

The fair value less cost to sell calculation used projected annualised earnings based on actual operating results. A price/earnings multiple ranging from 8.2 – 19.2 (2018: 8.0 – 18.1) was applied to obtain the recoverable amount for the business units. The earnings yield is considered to be consistent with similar companies within the various industries in which the CGUs operate. The most significant portion of the Group's goodwill, relates to the Bidvest Services and Bidvest Commercial Products CGUs. A price/earnings multiple of 18.2 (2018: 10.0) was used for the Bidvest Services valuation and 16.2 (2018: 10.0) for the Bidvest Commercial Products valuation. The valuations resulted in a significant surplus over the carrying values of the CGUs and thus the directors believe that a reasonably possible change in the multiple, would not result in an impairment of the carrying value of goodwill.

The recoverable amount for the Electrical and Automotive segments was calculated using the value-in-use method. Projected future cash flows were discounted at a pre-tax rate of 16.4% and perpetuity growth rate of 5.8%, no impairments were noted.

	2019 R'000	2018 R'000

17. Deferred taxation

	2019 R'000	2018 R'000
Deferred taxation assets	**845 421**	761 368
Deferred taxation liabilities	**(1 335 156)**	(1 209 549)
Net deferred taxation liability	**(489 735)**	(448 181)
Movement in net deferred taxation assets and liabilities		
Balance at beginning of year	**(448 181)**	(285 792)
Per consolidated income statement	**(59 897)**	(14 927)
Arising on consolidation of the Bidvest Education Trust	**–**	(22 830)
Items recognised directly in equity, other comprehensive income	**74 501**	38 549
On acquisition of businesses	**(280)**	(224 249)
On disposal of businesses	**(33 122)**	97 789
Exchange rate adjustments	**(22 756)**	(36 721)
Balance at end of year	**(489 735)**	(448 181)

	Assets R'000	Liabilities R'000	Net R'000
Temporary differences			
2019			
Differential between carrying values and tax values of property, plant and equipment	**30 309**	**(718 159)**	**(687 850)**
Differential between carrying values and tax values of intangible assets	**(2 777)**	**(589 134)**	**(591 911)**
Estimated taxation losses	**106 725**	**62 418**	**169 143**
Staff related allowances and liabilities	**441 165**	**20 391**	**461 556**
Operating lease liabilities	**40 112**	**4 705**	**44 817**
Inventories	**50 714**	**(9 083)**	**41 631**
Investments	**26 036**	**(111 045)**	**(85 009)**
Trade and other receivables	**16 546**	**(13 331)**	**3 215**
Trade, other payables and provisions	**136 591**	**18 082**	**154 673**
	845 421	**(1 335 156)**	**(489 735)**
2018			
Differential between carrying values and tax values of property, plant and equipment	(11 788)	(609 759)	(621 547)
Differential between carrying values and tax values of intangible assets	(14 423)	(582 863)	(597 286)
Estimated taxation losses	120 789	30 324	151 113
Staff related allowances and liabilities	449 545	55 357	504 902
Operating lease liabilities	43 837	2 055	45 892
Inventories	41 771	6 156	47 927
Investments	(1 189)	(166 479)	(167 668)
Trade and other receivables	25 976	(22 306)	3 670
Trade, other payables and provisions	106 850	77 966	184 816
	761 368	(1 209 549)	(448 181)

Deferred taxation has been provided at rates ranging between 10% – 45% (2018: 10% – 45%). The variance in rates arises as a result of the differing taxation and capital gains taxation rates present in the various countries in which the Group operates.

	2019 R'000	2018 R'000
18. Interest in associates		
Listed associates	**4 551 484**	4 469 751
Net asset value at acquisition	**1 734 216**	1 430 447
Inherent goodwill	**4 428 883**	4 083 041
Remeasurement allowances	**(1 611 615)**	(1 043 737)
Unlisted associates	**41 229**	54 841
Net asset value at acquisition	**166 484**	199 272
Inherent goodwill	**1 575**	6 584
Remeasurement allowances	**(126 830)**	(151 015)
Investments in associates at cost net of remeasurement allowances	**4 592 713**	4 524 592
Attributable share of post-acquisition reserves of associates	**1 210 837**	817 416
At beginning of year	**817 416**	608 790
Share of IFRS 9 adjustment to balance at beginning of the period	**(1 882)**	–
Share of current year earnings net of dividend	**427 309**	217 004
Share of current year movement in other comprehensive income	**(13 828)**	–
Share of movement in other reserves	**–**	(19 172)
Reversal of prior year reserves on unbundling, disposal, and or change in shareholding	**(18 178)**	10 794
Net advances to associates	**19**	19
Advances to associates	**52 519**	19
Impairments	**(52 500)**	–
	5 803 569	5 342 027

Except for the R53 million advance made to Strait Access Technologies Holdings Proprietary Limited, which attracts interest at the South African prime interest rate (10.25%), all unsecured advances to associates are interest free and have no fixed terms of repayment.

A list of the Group's significant associates, their country of incorporation and principal place of business, the Group's percentage shareholding and an indication of their nature of business is included on Annexure A to these financial statements.

The Group's most significant associate is Adcock Ingram Holdings Limited (Adcock Ingram). Adcock Ingram is a leading South African pharmaceutical manufacturer, listed on the Johannesburg Stock Exchange. The company manufactures, markets and distributes a wide range of healthcare products to both the private and public sectors of the market.

The Group purchased an additional 10.6 million Adcock Ingram ordinary shares during the year which resulted in the Group holding an effective 44.8% (2018: 38.5%) of the net ordinary shares in issue (total ordinary shares in issue less treasury shares). The Group's economic interest in Adcock Ingram is 51.4% (2018: 45.2%) as a consequence of treating the 2015 sale of 15% of its holding, in terms of the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme), to Ad-izinyosi as a deferred sale.

Full details of Adcock Ingram's results can be found at www.adcock.co.za.

	2019 R'000	2018 R'000
18. Interest in associates (continued)		
Summarised aggregated financial information of Adcock Ingram:		
Revenue	**7 089 058**	6 562 865
Profit for the year	**687 986**	637 943
Other comprehensive income for the year	**(32 841)**	7 040
Total comprehensive income for the year	**655 145**	644 983
Dividends received from Adcock Ingram during the year	**122 880**	106 848
Current assets	**3 558 617**	3 617 934
Non-current assets	**2 692 176**	2 652 791
Current liabilities	**(1 834 629)**	(2 220 552)
Non-current liabilities	**(117 970)**	(135 254)
Non-controlling interests	**(2 762)**	(2 413)
Reconciliation of the above summarised financial information to the carrying amount of Adcock Ingram recognised in the consolidated financial statements:		
Net assets of Adcock Ingram	**4 295 432**	3 912 506
Proportion of Group's interest in Adcock Ingram	**2 207 999**	1 767 699
Inherent goodwill	**4 122 176**	3 734 763
Provision for impairment of carrying value	**(1 078 410)**	(842 742)
Carrying value of Group's interest in Adcock Ingram	**5 251 765**	4 659 720
Market value as at 30 June	**5 251 765**	4 659 720

The investment in Adcock Ingram forms part of the corporate and investments operating segment. The recoverable amount of the investment has been assessed with reference to the fair value determined based on the quoted market price at the year ended 30 June 2019. This measurement is considered to be "level 1" in the fair value hierarchy. The Group assessed the carrying value and remeasured the investment to recoverable fair value.

The same impairment considerations have been applied to other listed investments in associates.

	2019 R'000	2018 R'000
Summarised aggregated financial information of associates that are not individually material:		
The Group's share of profit	**267 188**	141 223
The Group's share of other comprehensive loss	**–**	(830)
The Group's share of total comprehensive income	**267 188**	140 393
Aggregate carrying amount of the Group investment in these associates	**551 804**	682 307

19. Investments

	2019 R'000	2018 R'000
Investments are measured as follows:		
Amortised cost	**135 207**	–
Fair value through other comprehensive income	**563 990**	–
Fair value through profit or loss	**2 245 235**	–
Listed held-for-trade	**–**	1 337 689
Unlisted held-for-trade	**–**	1 049 559
Listed available-for-sale	**–**	376 072
Unlisted available-for-sale	**–**	39 585
	2 944 432	2 802 905
Long-term portion of listed investments	**1 500 828**	1 713 761
Long-term portion of unlisted investments	**232 123**	1 089 144
Short-term portion of unlisted investments	**1 211 481**	–
	2 944 432	2 802 905

	2019 R'000	2018 R'000
19. Investments (continued)		
Fair value hierarchy of investments		
Investments and loans held at cost or amortised cost	**135 207**	31 542
Investments held at fair value as determined on inputs based on:	**2 809 225**	2 771 363
Unadjusted quoted prices in an active market for identical assets	**1 498 093**	1 714 376
Factors that are not based on observable market data	**1 311 132**	1 056 987
	2 944 432	2 802 905
Analysis of investments at a fair value not determined by observable market data		
Balance at the beginning of year	**1 056 988**	995 961
On acquisition of business	**3 798**	–
Purchases, loan advances or transfers from other categories	**10 540**	5 434
Fair value adjustment recognised through other comprehensive income	**5**	–
Fair value adjustment arising during the year recognised in the income statement	**248 830**	56 559
Proceeds on disposal, repayment of loans or transfers to other categories	**(12 906)**	–
Profit (loss) on disposal of investments	**2 085**	–
Exchange rate adjustments	**1 792**	(967)
	1 311 132	1 056 987

Investments measured at fair value through other comprehensive income includes an interest-bearing listed Government bond (R186) which amounts to R341 million (2018: R331 million Government bond R186), with a coupon interest rate of 10.5% (2018: 10.5%) which matures on 21 December 2027 (2018: 21 December 2027). This investment is held by Banking operations and may be realised prior to its maturity date.

In August 2018 the Group sold 1.3 million shares in Bid Corporation Limited (Bidcorp) for R406 million, the Group's entire holding save for 389 thousand shares (R118 million) held by the Bidvest Education Trust. Bidcorp is a listed investment held for trading and classified as a financial asset at fair value through profit or loss, where the fair value is determined on inputs based on unadjusted quoted prices in an active market for identical assets (Level 1).

The Group's effective beneficial interest in the Indian-based Mumbai International Airport Private Limited (MIAL) is an unlisted investment held for trading and classified as a financial asset at fair value through profit or loss, the fair value is not based on observable market data (Level 3). Based on the directors' valuation of 30 June 2019 the carrying value of this investment is R1.2 billion (US$86 million) (2018: R988 million (US$72 million)). The valuation of MIAL is fair value less cost to sell and is based on a signed sale agreement, which is subject to suspensive and conditions precedent. The investment has been reclassified as a current asset and is expected to be sold within the next 12 months.

Bidvest Insurance and Bidvest Life hold portfolios of listed investments held for trading, which are measured and classified at fair value through profit or loss of R660 million (2018: R694 million) and unlisted investments held for trading, which are measured and classified at fair value through profit or loss of R92 million (2018: R55 million).

The valuations of all listed investments are considered Level 1 type valuations in accordance with IFRS 13 *Fair Value Measurement*.

MIAL is also a foreign-based asset and the ruling year-end exchange rate, US$1 = 14.09 (2018: US$1 = R13.72), is another factor that affects the carrying value. The valuation is considered a Level 3 type valuation in accordance with IFRS 13 *Fair Value Measurement*.

A register of investments is available for inspection by shareholders at the registered office of the Company.

	2019 R'000	2018 R'000

20. Banking and other advances

	2019 R'000	2018 R'000
Instalment finance	**1 019 246**	715 004
Mortgages	**584 267**	403 587
Call and term loans	**463 368**	120 093
Other advances	**612 056**	672 123
	2 678 937	1 910 807
Expected credit losses/Impairment allowances	**(23 762)**	(18 563)
Specific provision for doubtful advances	**–**	(13 271)
General provision for doubtful advances	**–**	(5 292)
Expected credit losses	**(23 762)**	–
	2 655 175	1 892 244
Maturity analysis		
Maturing in one year	**1 162 407**	1 082 937
Maturing after one year but within five years	**1 200 911**	658 191
Maturing after five years	**291 857**	151 116
	2 655 175	1 892 244

Interest rates are based on contractual agreements with customers.

Refer note 38 for further disclosure.

21. Vehicle rental fleet

	2019 R'000	2018 R'000
Cost	**1 417 993**	1 316 540
Accumulated depreciation	**(140 190)**	(110 949)
	1 277 803	1 205 591
Movement in vehicle rental fleet		
Carrying value at beginning of year	**1 205 591**	992 942
Additions	**1 002 221**	1 035 398
Disposals	**(758 887)**	(688 851)
Depreciation	**(171 144)**	(134 077)
Exchange rate adjustments	**22**	179
Carrying value at end of year	**1 277 803**	1 205 591

22. Inventories

	2019 R'000	2018 R'000
Raw materials	**410 555**	374 401
Work-in-progress	**108 120**	107 617
Finished goods	**4 657 456**	4 316 201
New vehicles and motor cycles	**1 279 591**	1 258 541
Used vehicles	**901 876**	1 145 804
Demonstration vehicles	**870 860**	944 042
Parts and accessories	**330 509**	368 945
	8 558 967	8 515 551
New and used motor vehicle inventory acquired under floorplan arrangements, remains as security to the respective floorplan provider until the purchase price has been paid.		
Amounts included in borrowings relating to these assets (refer note 29)	**641 089**	666 104
Amounts included in trade and other payables relating to these assets (refer note 34)	**683 520**	946 088
	1 324 609	1 612 192
Write down of inventory to net realisable value charged to the income statement	**218 487**	233 183

	2019 R'000	2018 R'000
23. Trade and other receivables		
Trade receivables	**9 722 955**	9 359 995
Impairment allowances	**(285 129)**	(288 687)
Net trade receivables	**9 437 826**	9 071 308
Forward exchange contracts asset	**1 093**	53 845
Receivables relating to customer contracts	**233 981**	–
Deposits and prepayments	**590 031**	493 041
Value added tax receivable	**168 454**	169 022
Vehicles purchased with guaranteed buy backs from OEMs	**44 005**	287 398
Dividend receivable from disposed subsidiary	**–**	188 494
Receivables arising on disposal of subsidiaries and or associates	**–**	190 741
Other receivables	**1 248 674**	1 580 088
	11 724 064	12 033 937

The majority of trade and other receivables are fixed in the subsidiaries' local currency. As trade and other receivables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

Refer note 38 for further disclosure on trade receivables, impairment allowances, forward exchange contracts and interest rate swaps.

24. Cash and cash equivalents

	2019 R'000	2018 R'000
Cash on hand and at bank	**6 617 075**	6 168 293
Amounts included in cash on hand and at bank relating to banking and insurance subsidiaries where the balances form part of the reserving requirements as required by the Financial Services Act	**654 813**	605 372
Amounts included in cash on hand and at bank relating to customer contracts	**37 094**	38 905

The majority of the cash on hand is held by the major South African and reputable European banks as a result the expected credit loss is considered immaterial.

25. Capital and reserves attributable to shareholders of the Company

	2019 R'000	2018 R'000
Share capital		
Issued share capital	**16 948**	16 873
Share premium	**1 099 231**	797 717
Reserves	**23 864 970**	22 505 429
Foreign currency translation reserve	**208 936**	262 787
Hedging reserve	**(13 580)**	(963)
Equity-settled share-based payment reserve	**(343 118)**	(243 388)
Retained earnings	**24 012 732**	22 486 993
Shares held by subsidiary as treasury shares	**637 063**	637 063
Share capital	**(35)**	(35)
Share premium	**637 098**	637 098
Capital and reserves attributable to shareholders of the Company	**25 618 212**	23 957 082

	2019 R'000	2018 R'000

25. Capital and reserves attributable to shareholders of the Company (continued)

Reserves comprise

	2019 R'000	2018 R'000
Company and subsidiaries	**22 654 133**	21 688 013
Associates	**1 210 837**	817 416
	23 864 970	22 505 429
Share capital		
Authorised		
540 000 000 (2018: 540 000 000) ordinary shares of 5 cents each	**27 000**	27 000
	Number	Number
Issued		
Number of shares in issue	**338 961 976**	337 463 035
Balance at beginning of year	**337 463 035**	335 404 212
Issued in settlement share incentive scheme obligations	**1 498 941**	2 058 823
Less: Shares held by subsidiary as treasury shares	**(579 939)**	(696 625)
Balance at beginning of year	**(696 625)**	(310 024)
Borrowed in settlement of share incentive obligations	**116 686**	–
Shares held by the Bidvest Education Trust	**–**	(386 601)
Net shares in issue	**338 382 037**	336 766 410

16 750 000 (2018: 30 000 000) of the unissued ordinary shares are under the control of the directors until the next annual general meeting.

No cash flows outside of the Group, when share incentive obligations are settled. To facilitate the orderly settlement of its share incentive obligations The Bidvest Share Incentive Trust borrows Bidvest ordinary shares from the Group's treasury stock. The treasury stock is periodically replenished via a new issue. The number of outstanding treasury shares borrowed in settlement of share incentive obligations at 30 June 2019 was 116 686 (2018: Nil).

Foreign currency translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve represents the effective portion of gains or losses arising on changes in fair value of hedging instruments entered into as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the hedging reserve will be reclassified to profit or loss when the hedged transaction takes place. Where the hedged transaction is for the acquisition of non-monetary assets, the relevant hedging reserve will be offset against the acquisition cost.

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve includes the fair value of the share appreciation rights granted and conditional share awards made to staff and executive directors, which have been recognised over the vesting period at fair value with a corresponding expense recognised in the income statement.

Notes to the consolidated financial **statements** (continued)

for the year ended 30 June

26. Subsidiaries

A list of the Group's significant subsidiaries, their country of incorporation and principal place of business, the Group's percentage shareholding and an indication of their nature of business is included on Annexure A of these financial statements.

During the current year the Group's 2009 deferred sale of 13.7% of Bidvest Namibia to local empowerment partners was dismantled and 29 million Bidvest Namibia ordinary shares were returned to the Group in settlement of the outstanding debt.

In June 2019 the Group acquired the 72 million ordinary shares it did not own in Bidvest Namibia Limited (Bidvest Namibia) for R758 million. Following the acquisition, the Group owns 100% of the share capital and voting rights of Bidvest Namibia, which has been delisted from the Namibian Stock Exchange (NSE). The acquisition and delisting follows the sale of the Namibian fishing business, in the prior year, and constitutes another step in the restructure of the Group's investment in the Republic of Namibia. The purchase price was funded from existing cash resources and facilities.

None of the Group's subsidiaries had a material non-controlling interests at year-end.

27. Share-based payments

The Bidvest Share Incentive Scheme (BIS) grants options to employees of the Group to acquire shares in the Company. The share options scheme has been classified as equity-settled schemes, and therefore an equity-settled share-based payment reserve has been recognised.

The Bidvest Group Share Appreciation Rights (SARs) Plan was adopted in 2016 to replace the BIS and has been classified as an equity-settled scheme, therefore an equity-settled share-based payment reserve has been recognised. Executive directors do not participate in the SARs Plan.

A Conditional Share Plan (CSP), which awards executive directors with a conditional right to receive shares in the Company, free of any cost, is also operated by the Group. As it is anticipated that the participants will receive shares in settlement of their awards, a share-based payment reserve has been recognised.

Replacement rights scheme (previously share option scheme)

Following the unbundling of Bidcorp (30 May 2016), Bidvest option holders exchanged each one of their existing options for one right over one Bidcorp share and one Bidvest share (replacement right). In terms of the amended scheme rules, the original option price was not adjusted, but on exercise of the replacement right, the original option price will be deducted from the combined value of the Bidcorp share and the Bidvest share. The vesting date and lapse dates of the replacement rights will be the same as those of the original options.

The terms and conditions of the replacement rights are:

Replacement right holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the board of the Company to the Trustees of the Bidvest Share Incentive Trust.

Replacement right holders may exercise the rights at such times as the right holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an option. All rights must be exercised no later than the 10th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

27. Share-based payments (continued)

The number and weighted average exercise prices of replacement rights are:

	2019 Number	Average price R	2018 Number	Average price R
Beginning of the year	**3 438 923**	**257.73**	5 098 397	247.06
Lapsed	**(84 605)**	**272.60**	(139 144)	269.22
Exercised	**(1 344 563)**	**189.77**	(1 520 330)	220.89
End of the year	**2 009 755**	**258.67**	3 438 923	257.73
The replacement rights outstanding at 30 June 2019 have an exercise price in the range of R135.00 to R301.54 (2018: R100.00 to R301.54) and a weighted average contractual life of 1.4 to 6.4 (2018: 0.3 to 7.4) years. The average combined value of the Bidvest and Bidcorp shares during the year was R485.41 (2018: R486.59). Replacement rights outstanding at 30 June by year of grant are:				
2009	**–**	**–**	1 500	100.00
2011	**33 515**	**135.00**	72 590	135.00
2012	**95 000**	**134.56**	129 500	134.00
2013	**162 625**	**208.91**	261 875	208.91
2014	**380 499**	**234.74**	807 079	235.40
2015	**485 741**	**251.65**	798 154	252.67
2016	**852 375**	**301.54**	1 368 225	301.54
	2 009 755	**258.67**	3 438 923	257.73

The fair value of services received in return for shares allotted is measured based on a modified Black-Scholes model. The contractual life of the replacement right is used as an input into this model.

Share Appreciation Rights Plan

The terms and conditions of the SARs Plan are:

SAR holders are only entitled to exercise their rights if they are in the employment of the Group in accordance with the terms referred to hereafter, unless otherwise recommended by the board of the Company to the Trustees of the Bidvest Share Incentive Trust.

SAR holders in the Scheme may exercise the SARs at such times as the holder deems fit, but not so as to result in the following proportions of the holder's total number of instruments being purchased prior to: 50% of total number of instruments at the expiry of three years; 75% of total number of instruments at the expiry of four years; and 100% of total number of instruments at the expiry of five years from the date of the holder's acceptance of an appreciation right. All SARs must be exercised no later than the 7th anniversary on which they were granted unless approval is obtained from the trustees of the Bidvest Share Incentive Trust.

The number and weighted average exercise prices of share appreciation rights are:

	2019 Number	Average price R	2018 Number	Average price R
Beginning of the year	**7 335 500**	**152.96**	3 585 000	146.55
Granted	**4 151 500**	**188.42**	3 854 000	158.75
Lapsed	**(338 310)**	**151.55**	(103 500)	146.61
Exercised	**(41 015)**	**150.58**	–	–
End of the year	**11 107 675**	**166.27**	7 335 500	152.96
Share appreciation rights outstanding at 30 June by year of grant are:				
2017	**3 253 350**	**146.55**	3 481 500	146.55
2018	**3 702 825**	**158.75**	3 854 000	158.75
2019	**4 151 500**	**188.42**	–	–
	11 107 675	**166.27**	7 335 500	152.96

27. Share-based payments (continued)

The SARs outstanding at 30 June 2019 have an exercise price in the range of R138.48 to R188.42 (2018: R138.48 to R158.75) and a weighted average contractual life of 4.4 to 6.4 (2018: 5.4 to 6.4) years. The average value of the Bidvest share during the year was R197.05 (2018: R200.88).

The fair value of services received in return for shares allotted is measured based on a modified Black-Scholes model. The contractual life of the SARs is used as an input into this model.

The fair value of the SARs allotted during the current year and the assumptions used are:

	2019	2018
Fair value at measurement date (Rand)	**209.35**	176.39
Exercise price (Rand)	**188.42**	158.75
Expected volatility (%)	**29.16**	24.83
Option life (years)	**4.00 – 6.00**	4.00 – 6.00
Distribution yield (%)	**2.83**	2.96
Risk-free interest rate (based on the ZAR Bond static yield curve) (%)	**7.60**	7.93

The volatility is based on the recent historic volatility.

Conditional share plan

In terms of the CSP scheme, a conditional right to a share is awarded to executive directors subject to performance and vesting conditions. The vesting period is as follows: 75% of total number of awards vest at the expiry of three years and 25% of total number of awards vest at the expiry of four years from the date of the award, unless otherwise determined by the Board. These share awards do not carry voting rights attributable to ordinary shareholders.

The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows. A total number of 576 201 (2018: 323 842) of the 711 280 (2018: 451 280) shares are expected to vest, taking into account the performance of the Group to date and forecasts to the end of the performance period, against the targets set at the time of the award. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R174.94 (2018: R154.55) per share. These awards will vest in the next three years.

Nil (2018: Nil) conditional share awards were forfeited as a result of performance conditions not being met, 15 456 conditional share awards were forfeited as a result of accelerated vesting.

The number of conditional share awards in terms of the conditional share plan are:

	2019 Number	2018 Number
Beginning of the year	**451 280**	256 280
Allotted during the year	**282 000**	195 000
Awarded during the year as result of accelerated vesting	**(6 544)**	–
Forfeited during the year	**(15 456)**	–
End of the year	**711 280**	451 280

The maximum number of shares which may be allocated at any one time under the SAR and existing Conditional Share Plan shall not exceed 16 900 000 shares (5% of shares in issue). A total number of 5 081 045 (2018: 8 963 220) remain available for allocation.

28. Life assurance fund

	2019 R'000	2018 R'000
The carrying value of the assurance funds agree with the amount of the actuarial values of liabilities under life insurance policies and contracts at that date. Policyholder liabilities include liabilities for insurance contracts and investment contracts.		
Insurance contract (assets) liabilities	**(44 175)**	(21 324)
Balance at beginning of year	**(21 324)**	15 605
Movement during the year	**(22 851)**	(36 929)
Investment contract liabilities	**–**	10 545
Balance at beginning of year	**10 545**	295 750
Movement during the year	**(10 545)**	(285 205)
Net assurance fund at end of year	**(44 175)**	(10 779)
Gross assurance fund	**(180 106)**	(46 643)
Reinsurer's share	**135 931**	35 864
Net assurance fund	**(44 175)**	(10 779)

Insurance contracts

Insurance contracts are predominantly credit life policies sold by motor dealerships and life insurance policies, distributed by independent financial advisors, that provide for death, disability and critical illness benefits.

The insurance contract reserves are established by discounting future expected net claims, net expense and commission outgo less the future net office premiums (if any) on a policy-by-policy basis using the following main assumptions (before the compulsory margins required by SAP104):

- FSB SAM Nominal yield curve is used to determine investment returns;
- Inflation curve as derived from the FSB SAM yield curves;
- Mortality and disability assumptions are set with reference to standard tables or reinsurance rates where appropriate (mortality and morbidity investigations are conducted annually to confirm assumptions);
- Per policy expense assumptions are based on the medium term projected level of expenses and volume of business; and
- Lapse rates are based on the most recent lapse experience investigation.

IBNR (incurred but not recorded) provisions have been created for both Individual and Group business. IBNR's are calculated based on the run-off period on claims reported in the last 12 months. A combination of the basic chain ladder method and simplistic deterministic methods are used depending on the product and the statistical significance of data available.

Policyholder reasonable benefit expectations have been allowed for, all contractual obligations have been considered and all business is written on a non-profit-sharing basis.

Investment contracts

Investment contracts are linked living annuities sold by independent financial advisors. The Group has exited this business completely during the year.

29. Borrowings

	2019 R'000	2018 R'000
Loans secured by *lien* over certain property, plant and equipment in terms of financial leases and suspensive sale agreements (refer note 14)	**47 023**	62 072
Unsecured borrowings	**9 173 600**	9 086 296
Listed bonds	**3 339 000**	2 250 000
Cumulative redeemable preference shares	**2 080 000**	3 080 000
Syndicated EURO facility	**3 190 563**	3 182 552
Other borrowings	**564 037**	573 744
Floorplan creditors secured by pledge of inventories (refer note 22)	**641 089**	666 104
Borrowings	**9 861 712**	9 814 472
Bank overdrafts	**4 582 552**	2 653 895
Total borrowings	**14 444 264**	12 468 367
Less short-term portion of borrowings	**(7 436 026)**	(5 345 882)
Long-term portion of borrowings	**7 008 238**	7 122 485
Schedule of repayment of borrowings		
Year to June 2019	**–**	2 691 987
Year to June 2020	**2 853 474**	2 649 313
Year to June 2021	**4 091 727**	4 095 631
Year to June 2022	**1 490 733**	309 134
Year to June 2023	**4 936**	–
Thereafter	**1 420 842**	68 407
	9 861 712	9 814 472
Total borrowings comprise		
Borrowings	**9 861 712**	9 814 472
Local subsidiaries	**6 483 939**	6 433 559
Foreign subsidiaries	**3 377 773**	3 380 913
Overdrafts	**4 582 552**	2 653 895
Local subsidiaries	**4 361 241**	2 444 538
Foreign subsidiaries	**221 311**	209 357
	14 444 264	12 468 367
Effective weighted average rate of interest on	**%**	%
Local borrowings excluding overdrafts	**7.9**	7.6
Foreign borrowings excluding overdrafts	**2.2**	2.3

	Currency	Nominal interest rate %	Financial year of maturity	2019 Carrying value R'000	2018 Carrying value R'000

29. Borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were:

	Currency	Nominal interest rate %	Financial year of maturity	2019 Carrying value R'000	2018 Carrying value R'000
Borrowings of local subsidiaries				**6 483 939**	6 433 559
Loans secured by *lien* over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	ZAR	10.8	2021	**71**	294
Listed bonds	ZAR	8.3 – 9.6	2020 – 2024	**3 339 000**	2 250 000
Cumulative redeemable preference shares	ZAR	6.8 – 6.9	2020 – 2021	**2 080 000**	3 080 000
Other borrowings	ZAR	0.0 – 10.7	2020 – 2023	**558 152**	566 135
Floorplan creditors secured by pledge of inventories and property bonds	ZAR	8.8 – 9.0	2020	**506 716**	537 130
Borrowings of foreign subsidiaries				**3 377 773**	3 380 913
Loans secured by *lien* over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	GBP	2.8 – 12.6	2023 – 2025	**34 412**	41 035
	EUR	7.4 – 16.4	2021 – 2023	**12 163**	19 871
	NAD	10.5	2021	**305**	722
	MUR	12.0	2020	**72**	149
Floorplan creditors secured by pledge of inventories and/or property	ZAR	11.3	2020	**80 364**	64 610
	NAD	10.0 – 10.5	2020	**54 009**	64 364
Other borrowings	EUR	1.8	2021	**3 190 563**	3 182 552
	BWP	–	2020	**2 189**	2 184
	Other	–	2020	**3 696**	5 426
Total interest bearing borrowings				**9 861 712**	9 814 472

The expected maturity dates are not expected to differ from the contractual maturity dates.

Refer note 38 for further disclosure.

	2019 R'000	2018 R'000
30. Post-retirement obligations		
Post-retirement assets		
Defined benefit pension surplus	**(241 390)**	(224 577)
Post-retirement obligations		
Post-retirement medical aid obligations	**74 317**	76 943
	(167 073)	(147 634)

Pension and provident funds

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories.

There are also a number of small funds within various employers of the Group. All funds are administered independently of the Group and are subject to the relevant pension fund legislation.

The Group operates a defined benefit fund through The Bidvest South Africa Pension Fund.

Employer contributions to defined contribution funds are set out in note 2.

Summarised details of the defined benefit pension fund

	2019 R'000	2018 R'000
Defined benefit pension obligations (assets) of the fund		
The Bidvest South Africa Pension Fund	**(241 390)**	(224 577)
	(241 390)	(224 577)
Contributions to the fund		
Employee contributions	**356**	337
Total pension fund asset		
Fair value of plan assets	**625 295**	623 979
Actuarial present value of defined benefit obligations	**(381 253)**	(390 780)
Net surplus in the plans	**244 042**	233 199
Amounts not recognised due to ceiling adjustments and other limitations	**(2 652)**	(8 622)
	241 390	224 577
Movement in the liability for defined benefit obligations		
Balance at beginning of year	**(390 780)**	(382 356)
Benefits paid	**25 496**	27 938
Risk premiums and expenses	**999**	1 042
Current service costs	**(2 296)**	(2 403)
Interest expense	**(37 000)**	(36 966)
Member contributions	**(356)**	(337)
Actuarial gains	**22 684**	2 302
Balance at end of year	**(381 253)**	(390 780)
Movement in the plans' assets		
Balance at beginning of year	**623 979**	601 441
Transfer in to pensioner pool in respect of *ex*-gratia payments	**101**	–
Contributions paid into the plans	**356**	337
Benefits paid	**(25 496)**	(27 938)
Risk premiums and expenses	**(1 986)**	(2 052)
Interest income	**59 345**	58 366
Return on plan assets in excess of interest income	**(31 004)**	(6 175)
Balance at end of year	**625 295**	623 979

30. Post-retirement obligations (continued)

	2019 R'000	2018 R'000
The plans' assets comprise		
Cash	**64 405**	38 687
Equity securities	**310 772**	460 497
Bills, bonds and securities	**108 801**	94 845
Property	**18 759**	25 583
International	**117 555**	–
Other	**5 003**	4 367
	625 295	623 979
Amounts recognised in the income statement		
Current service costs	**2 296**	2 403
Transfer into pensioner pool in respect of *ex*-gratia payments	**(101)**	–
Interest on obligations	**37 000**	36 966
Interest income on plan assets	**(59 345)**	(58 366)
Ceiling adjustments and other limitations	**836**	1 604
Risk premiums and expenses	**987**	1 010
	(18 327)	(16 383)
Amounts recognised in other comprehensive income		
Return on plan assets in excess of interest income	**31 004**	6 175
Actuarial (gains) losses	**(22 684)**	(2 302)
Ceiling adjustments and other limitations	**(6 806)**	(9 181)
	1 514	(5 308)
Key actuarial assumptions used in the actuarial valuations:		
The Bidvest South Africa Pension Fund		
Number of in service members 30 June	**19**	20
Number of pensioners 30 June	**537**	572
Discount rate (%)	**9.3**	9.7
Inflation rate (%)	**5.6**	6.2
Salary increase (%)	**6.6**	7.2
Pension increase allowance (%)	**3.9**	4.3
Date of valuation of all funds	**30 June 2019**	30 June 2018

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity analysis

The table below summarises the impact that a reasonably possible change in the respective assumption, occurring at the end of the year, would have, by increasing (decreasing) the net surplus in the plan, while holding all the other assumptions constant.

	2019 Impact of an increase in assumption R'000	2018 Impact of an increase in assumption R'000
30. Post-retirement obligations (continued)		
The Bidvest South Africa Pension Fund		
Discount rate – 1%	**7 497**	6 366
Pension increase – 1%	**(12 060)**	(12 450)
Salary increase –1%	**(4 650)**	(3 833)

The sensitivity analyses presented above may not be representative of the actual change in the net surplus in the plans as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Post-retirement medical aid obligations

The Group provides post-retirement medical benefit subsidies to certain retired employees and is responsible for the provision of post-retirement medical benefit subsidies to a limited number of current employees.

Provision for post-retirement medical aid obligations		
Opening provision raised against unfunded obligation	**76 943**	77 197
Current service costs (relief)	**(244)**	(2 502)
Interest expense	**6 170**	6 632
Benefits paid	**(7 981)**	(6 772)
Actuarial adjustments recognised in other comprehensive income	**(571)**	2 388
Closing provision raised against unfunded obligation	**74 317**	76 943
	%	%
Key actuarial assumptions		
Discount rate	**8.7**	8.7
Inflation rate (CPI)	**5.7**	5.7
Healthcare cost inflation	**7.7**	7.7
Date of valuation	**30 June 2019**	30 June 2018

A change in the medical inflation rates will not have a significant impact on the post-retirement medical aid cost and related obligations.

31. Puttable non-controlling interest liabilities

The acquisition of certain subsidiaries in prior years, resulted in put options being agreed with certain of the non-controlling shareholders. The put options entitle the non-controlling shareholders to sell their holdings in the subsidiaries to the Group at contracted dates and amounts.

No new put options were entered into during the period.

	2019 R'000	2018 R'000
The effect of granting these put options on the Group's results can be summarised as follows:		
Balance at beginning of the year	**90 530**	60 990
Arising on the granting of put options to non-controlling interests during the year	**–**	22 922
Fair value adjustments recorded directly in retained income	**7 115**	5 025
Unwinding of present value discount recognised in the income statement	**5 013**	4 717
Put options settled	**(16 500)**	–
Dividends paid	**(3 841)**	(3 124)
	82 317	90 530
Discount rate	**6.0% – 7.0%**	6.0% – 7.0%
Expected settlement dates	**1 July 2020 – 1 July 2022**	1 July 2019 – 1 July 2022

	2019 R'000	2018 R'000

32. Amounts owed to bank depositors

Call deposits	**3 549 795**	3 067 760
Fixed and notice deposits	**2 857 695**	2 553 382
	6 407 490	5 621 142

All amounts owed to bank depositors mature within one year.

Effective rates of interest	%	%
Call deposits	**3.4**	2.6
Fixed and notice deposits	**8.4**	8.1

Amounts owed to bank depositors other than fixed and notice deposits are at floating interest rates. Refer note 38 for further disclosure.

	2019 R'000	2018 R'000

33. Operating leases

Leases which have fixed determinable escalations are charged to the income statement on a straight-line basis and liabilities are raised for the difference between the actual lease expense and the charge recognised in the income statement. The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the income statement amounts.

Operating lease liabilities	**153 888**	160 946
Less short-term portion included in trade and other payables	**(58 252)**	(19 866)
Long-term portion	**95 636**	141 080
Operating lease commitments		
Land and buildings	**5 703 599**	5 687 205
Due in one year	**1 151 193**	959 870
Due after one year but within five years	**2 495 569**	2 327 236
Due after five years	**2 056 837**	2 400 099
Equipment and vehicles	**373 487**	647 539
Due in one year	**140 352**	269 936
Due after one year but within five years	**198 126**	332 263
Due after five years	**35 009**	45 340
	6 077 086	6 334 744
Less amounts raised as liabilities	**(153 888)**	(160 946)
	5 923 198	6 173 798

34. Trade and other payables

Trade payables	**6 505 465**	7 229 842
Non-interest-bearing floorplan creditors	**683 520**	946 088
Forward exchange contracts liability	**18 000**	2 645
Interest rate swap liabilities	**18 857**	1 334
Payables relating to customer contracts	**222 139**	37 948
Value added tax liability	**442 234**	439 961
Salary and wage-related accruals	**2 274 236**	1 927 175
Other payables and accrued expenses	**1 827 402**	2 398 518
	11 991 853	12 983 511

The majority of trade and other payables are fixed in the subsidiaries' local currency. Since trade and other payables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

Refer note 38 for further disclosure.

	2019 R'000	2018 R'000

35. Provisions

	2019 R'000	2018 R'000
Long-term portion	**350 705**	248 633
Short-term portion	**332 465**	281 532
	683 170	530 165

	Onerous contracts R'000	Insurance liabilities R'000	Legal claims R'000	Other R'000	Total R'000
Balance at 1 July 2017	9 821	329 263	25 374	64 031	428 489
Created	19 596	28	5 658	17 435	42 717
Utilised	(10 126)	(5 588)	(2 873)	(37 341)	(55 928)
Net acquisition of businesses	3 306	–	106 698	(399)	109 605
Exchange rate adjustments	–	–	4 995	287	5 282
Balance at 30 June 2018	22 597	323 703	139 852	44 013	530 165
Created	**16 099**	**171 745**	**394 048**	**23 980**	**605 872**
Utilised	**(23 346)**	**(191 127)**	**(223 301)**	**(38 592)**	**(476 366)**
Net acquisition of businesses	**10 238**	**–**	**15 954**	**–**	**26 192**
Exchange rate adjustments	**–**	**–**	**(2 577)**	**(116)**	**(2 693)**
Balance at 30 June 2019	**25 588**	**304 321**	**323 976**	**29 285**	**683 170**

Onerous contracts

Onerous contracts are identified through regular reviews of the terms and conditions of contracts as well as on the acquisition of businesses. A provision for onerous contracts is calculated as the present value of the portion which management deem to be onerous in light of the current market conditions, discounted using market-related rates. An annual expense is recognised over the life of the contracts.

Insurance liabilities

Insurance liabilities include amounts provided for under IFRS 4 and include: unearned premiums, which represent the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year and are calculated on a time proportionate basis; deferred acquisition costs, which are recognised on a basis consistent with the related provisions for unearned premiums; claims, which are calculated on the settlement amount outstanding at year end; and, claims incurred but not reported, for claims arising from events that occurred before the close of the accounting period but which had not been reported to the Group by that date, and are calculated based on the preceding six years' insurance premium revenue multiplied by percentages specified in the Short Term Insurance Act.

Legal claims

Legal claims include provisions raised under IAS 37 for the estimated cost of claims not covered by the Group's insurance policies and in certain instances for the cost of claims below the Group's inner deductibles. Legal claims have long lead times and the provision is determined using actuarial assumptions.

Other

Included in other is a provision raised for the estimated cost of honouring warranties on certain products sold where the manufacturers' warranty is inadequate or not available, R21 million (2018: R32 million).

	2019 R'000	2018 R'000

36. Commitments

	2019 R'000	2018 R'000
Capital expenditure approved		
Contracted for	**739 175**	1 285 138
Not contracted for	**456 801**	378 926
	1 195 976	1 664 064

Capital expenditure amounting to R1 120 million (2018: R1 579 million) is in respect of property, plant and equipment and the remaining balance is in respect of computer software. It is anticipated that capital expenditure will be financed out of existing cash resources.

Bidvest Freight is in the process of constructing an LPG tank farm in the port of Richards Bay, to 30 June 2019 R489 million has been spent with an additional R460 million committed to complete the project. The estimated completion date is July 2020.

37. Contingent liabilities

	2019 R'000	2018 R'000
Guarantees issued in respect of obligations of associates and investments	**–**	79 000

The Group has outstanding legal and other claims arising out of its normal ongoing operating activities which have to be resolved. None of these claims are significant.

Refer note 38 for further disclosure in respect of guarantees.

38. Nature and extent of risks arising from financial instruments

38.1 Risk management overview

The Group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; foreign currency risk; interest rate risk and market price risk.

This note presents information about the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. IFRS 7 requires certain disclosures by class of instrument which the Group has determined would be the segments as disclosed in the segmental report.

The Group's major financial risks are mitigated in the way that it operates firstly through diversification of industry and secondly through decentralisation. Bidvest is an international group with operations in South Africa, United Kingdom, Republic of Ireland, Namibia, and various other Southern African countries. The Group also comprises a variety of businesses within the services, trading and distribution industries. As a result of this diversification in terms of industry, the Group is exposed to a range of financial risks, each managed in appropriate ways. However, the impact of any one particular financial risk within any of these industries, is not considered to be material to the Group.

The Group's philosophy has always been to empower management through a decentralised structure thereby making them responsible for the management and performance of their operations, including managing the financial risks of the operation. The operational management report to divisional management who in turn report to the Group's board of Directors. The divisional management are also held responsible for managing financial risks of the operations within the divisions. Operational management's remuneration is based on their operation's performance and divisional management based on their division's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the Group, the Group risk committee has implemented guidelines of acceptable practices and basic procedures to be followed by divisional and operational management. The information provided below for each financial risk has been collated for disclosure based on the manner in which the business is managed and what is believed to be useful information for shareholders.

The total process of risk management in the Bidvest Group, which includes the related system of control, is the responsibility of the board of Directors. The Group risk committee has been constituted as a committee of the Group board of Directors in the discharge of its duties and responsibilities in this regard. The Group risk committee has a charter and reports regularly to the board of Directors on its activities.

38. Nature and extent of risks arising from financial instruments (continued)

38.1 Risk management overview (continued)

The primary purposes of the Group risk committee are:

- to establish and maintain a common understanding of the risk universe (framework), which needs to be addressed in order to meet Bidvest Corporate objectives;
- to identify the risk profile and agree the risk appetite of the Group;
- to satisfy the risk management reporting requirements;
- to coordinate the Group's risk management and assurance efforts;
- to report to the board of Directors on the risk management work undertaken and the extent of any action taken by management to address areas identified for improvement; and
- to report to the board of Directors on the Company's process for monitoring compliance with laws and regulations.

The Group risk committee has documented a formal policy framework in order to achieve the following:

- to place accountability on management for designing, implementing and monitoring the process of risk management;
- to place responsibility on management for integrating the risk management process into the day-to-day activities and operations of the Group; and
- to ensure that the risk strategy is communicated to all stakeholders so that it may be incorporated into the culture of the Group.

The Group has operations trading in the banking, short-term insurance and life assurance industries (Financial Services segment). These operations are exposed to financial risks which are unique to these industries and differ significantly to the remainder of the Group's operations operating within the services, trading and distribution sectors. Whilst the financial risks to which these particular operations are exposed could have a significant effect on the individual operations, they would not have a significant impact on the Group. For this reason, the information provided below mainly provides qualitative and quantitative information regarding the management and exposure to financial risks to which the trading operations of the Group are exposed based on what is believed to be useful to shareholders. Bidvest Bank Limited is a public company for which financial statements are prepared including detailed disclosure in accordance with the requirements of IFRS 7.

The Bidvest Group has, due to the diversity of its operations in nature and geography, determined that it would be better to develop an in-house strategy, as opposed to adopting a recognised strategy and forcing its operations to adapt to the constraints of the strategy selected. The Group has determined that utilising a common framework for the identification of risk would assist the divisions to reduce the implementation time and cost and would give some assurance that all inherent risks have been considered. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

To assist the Group risk committee in discharging its responsibilities, it has:

- assigned risk management responsibilities to Divisional/Operational risk committees; and
- determined that each division should appoint risk/compliance officers on a divisional (operational) level as nominated by the Divisional risk committees.

The role of the risk officer is to develop, communicate, coordinate and monitor the enterprise-wide risk management.

38.2 Credit risk

Through the Divisional risk committees, each division has a forum for the discussion and identification of risks relevant to the particular division. Only risk matters that affect the Group as a whole are escalated to the Group risk committee. The minutes of the Divisional risk committees are submitted to the Group risk committee.

Each division has its own audit committee, which subscribes to the same philosophies and practices as the Group audit committee. The Divisional audit committees report to both the Divisional board and the Group audit committee. The Group audit committee reviews the Divisional audit committee reports. The Divisional audit committees oversee how divisional management monitors compliance with the Group's policies and guidelines in respect of the financial reporting process, the system of internal control, the management of financial risks, the audit process (both internal and external) and code of business conduct. The Divisional audit committees are assisted in their oversight role by the Group's internal audit department. Divisional internal audit undertakes both regular and *ad hoc* reviews of financial and operational risk management controls and procedures, the results of which are reported to the relevant Divisional audit committee.

38. Nature and extent of risks arising from financial instruments (continued)

38.2 Credit risk (continued)

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, banking advances, investments and guarantees.

The Group risk committee with the assistance of internal audit has implemented a "Delegation of authority matrix" which provides guidelines by division, as to the level of authorisation required for various types of transactions.

Except as detailed below in respect of guarantees issued, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk after taking into account the value of any collateral obtained. The carrying values, net of impairment allowances, amount to R9 438 million (2018: R9 071 million) for trade receivables (refer note 23), R2 655 million (2018: R1 892 million) for banking and other advances (refer note 20).

The impairment allowance account in respect of trade receivables and banking advances are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount which is considered irrecoverable is written off directly against the respective assets.

Impairments of investments classified as at fair value through other comprehensive income and at fair value through profit or loss are written off against the investment directly and an impairment allowance account is not utilised.

The Group has a general credit policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In accordance with the decentralised structure, the operational management, under the guidance of the divisional management, are responsible for implementation of policies to meet the above objective. This includes credit policies under which new customers are analysed for credit worthiness before the operation's standard payment and delivery terms and conditions are offered, determining whether collateral is required, and if so the type of collateral to be obtained, and setting of credit limits for individual customers based on their references and credit ratings. Certain operations in the Group have a policy of taking out credit insurance to cover a portion of their risk. Operational management are also held responsible for monitoring the operations' credit exposure.

38.2.1 Trade receivables

Refer note 23 for further disclosure.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed by the operational management on the financial condition of the operation's customers.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. It was noted that the Group's largest exposure to a single customer group, across multiple geographies is R487 million (2018: R199 million). Management, in the various geographies, have assessed the recoverability of these amounts due in their geographies, and believe that the amounts due and not impaired are recoverable in full.

The total number of debtors per reporting division was obtained and the average turnover per trade debtor was calculated for each reporting division. Based on the average turnover per trade debtor in comparison to the Group's total turnover for the year, there was no significant concentration of credit risk to any single trade debtor. The concentration of credit risk is therefore limited due to the customer base being large and independent.

Please refer to the accounting policy note 17 financial instruments for further details on impairments.

As a result of the decentralised structure, operational management have the responsibility of determining the loss allowances in respect of trade receivables. This is done under the oversight of the Divisional audit committees, and ultimately the Group audit committee. The operations' average credit period depends on the type of industry in which they operate as well as the credit worthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The largest loss allowance for a specific trade receivable was obtained for each reporting operation and calculated as a percentage of the Group's total loss allowance. It was determined that such percentage did not exceed 3.1% (2018: 3.7%) of the total allowance raised at year-end.

38. Nature and extent of risks arising from financial instruments
(continued)

38.2 Credit risk (continued)

38.2.1 Trade receivables (continued)

Movement in expected credit losses (2018: impairment allowance) in respect of trade receivables

	2019 R'000	2018 R'000
Balance at 1 July	**288 687**	298 557
IFRS 9 adjustment at beginning of the period	**55 355**	–
Services	**17 600**	–
Freight	**6 000**	–
Office and Print	**3 300**	–
Commercial Products	**3 800**	–
Automotive	**8 300**	–
Financial Services	**2 555**	–
Electrical	**13 800**	–
Allowances raised during the year	**132 438**	168 016
Services	**23 999**	27 299
Freight	**2 908**	897
Office and Print	**14 866**	17 592
Commercial Products	**21 506**	21 936
Automotive	**11 872**	29 765
Financial Services	**4 900**	–
Electrical	**29 903**	55 404
Corporate	**22 484**	15 123
Bad debts written off during the year	**(100 040)**	(93 267)
Services	**(13 254)**	(7 373)
Freight	**(414)**	(2 000)
Office and Print	**(5 888)**	(4 037)
Commercial Products	**(18 963)**	(22 157)
Automotive	**(27 828)**	(37 889)
Financial Services	**(261)**	–
Electrical	**(30 823)**	(17 431)
Corporate	**(2 609)**	(2 380)
Net acquisition of businesses and inter-class transfers	**(2 841)**	12 760
Services	**(11 628)**	17 505
Freight	**8 717**	–
Office and Print	**49**	(464)
Commercial Products	**21**	–
Corporate	**–**	(4 281)
Allowances reversed during the year	**(88 281)**	(100 171)
Services	**(27 419)**	(9 362)
Freight	**(2 365)**	–
Office and Print	**(12 645)**	(12 615)
Commercial Products	**(8 441)**	(5 933)
Automotive	**(8 814)**	(6 597)
Financial Services	**–**	(33 439)
Electrical	**(22 007)**	(21 399)
Corporate	**(6 590)**	(10 826)
Exchange rate adjustments	**(189)**	2 792
Balance at 30 June	**285 129**	288 687

38. Nature and extent of risks arising from financial instruments (continued)

38.2 Credit risk (continued)

38.2.1 Trade receivables (continued)

Collateral held on past due amounts

	2019		2018	
	Fair value of collateral held R'000	**Trade receivables net of expected credit losses R'000**	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000
Personal surety	*	**120 217**	*	73 746
Freight		**–**		1 997
Office and Print		**2 648**		2 010
Commercial Products		**473**		–
Automotive		**13 056**		9 311
Financial Services		**3 864**		–
Electrical		**100 176**		60 428
Cover by credit insurance	**365 980**	**431 256**	368 941	369 051
Freight	**6 784**	**6 784**	1 997	1 997
Commercial Products	**76 765**	**77 038**	74 194	74 304
Automotive	**–**	**–**	1 543	1 543
Electrical	**270 149**	**335 152**	257 885	257 885
Corporate	**12 282**	**12 282**	33 322	33 322
Pledge of assets	**17 964**	**17 964**	30 953	30 953
Services	**14 555**	**14 555**	25 412	25 412
Commercial Products	**3 058**	**3 058**	445	445
Office and Print	**351**	**351**	14	14
Electrical	**–**	**–**	5 082	5 082
Other	**56 239**	**76 220**	39 920	39 920
Freight	**35 310**	**35 310**	31 982	31 982
Commercial Products	**1 442**	**1 442**	7 938	7 938
Electrical	**19 487**	**39 468**	–	–
Total	**440 183**	**645 657**	439 814	513 670

** An accurate fair value cannot be attached to personal surety.*

In certain instances, the Group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. Where it is the business of the operation to finance assets, the assets are held as collateral in respect of the outstanding debt. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

38. Nature and extent of risks arising from financial instruments (continued)

38.2 Credit risk (continued)

38.2.1 Trade receivables (continued)

Ageing of trade receivables at 30 June

	2019				2018		
	ECL as % of total ECL %	Gross trade receivables R'000	Expected credit losses R'000	Net trade receivables R'000	Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000
Not past due *	10.3	6 304 103	(29 489)	6 274 614	6 212 997	(30 140)	6 182 857
Services	10.1	1 478 063	(7 652)	1 470 411	1 608 584	(13 730)	1 594 854
Freight	12.6	1 886 976	(3 224)	1 883 752	1 473 259	(1 202)	1 504 357
Office and Print	13.7	794 836	(3 164)	791 672	803 619	(227)	803 392
Commercial Products	3.3	869 848	(912)	868 936	922 478	(1 827)	920 651
Automotive	11.1	329 607	(5 020)	324 587	330 010	(2 474)	327 536
Financial Services	–	134 781	–	134 781	177 337	–	177 337
Electrical	16.3	513 266	(8 548)	504 718	451 116	(10 595)	440 521
Corporate	3.5	296 726	(969)	295 757	446 594	(85)	414 209
Past due 0 – 30 days *	3.6	1 732 178	(10 360)	1 721 818	1 607 447	(13 995)	1 593 452
Services	3.8	818 523	(2 876)	815 647	658 815	(1 070)	657 745
Freight	1.0	145 488	(253)	145 235	222 045	–	236 925
Office and Print	5.1	204 180	(1 173)	203 007	127 442	(168)	127 274
Commercial Products	7.9	133 471	(2 163)	131 308	132 938	(7 211)	125 727
Automotive	3.5	115 645	(1 583)	114 062	95 867	(1 215)	94 652
Financial Services	0.4	13 887	(30)	13 857	37 800	–	37 800
Electrical	1.9	213 897	(1 007)	212 890	209 856	(1 235)	208 621
Corporate	4.6	87 087	(1 275)	85 812	122 684	(3 096)	104 708
31 – 180 days*	35.2	1 359 567	(100 100)	1 259 467	1 053 524	(102 562)	950 962
Services	34.5	394 355	(26 162)	368 193	447 752	(42 116)	405 636
Freight	62.1	423 352	(15 910)	407 442	130 357	(185)	141 175
Office and Print	37.9	111 327	(8 783)	102 544	55 384	(7 928)	47 456
Commercial Products	50.4	81 587	(13 825)	67 762	80 995	(17 116)	63 879
Automotive	51.9	92 126	(23 461)	68 665	60 942	(10 867)	50 075
Financial Services	5.2	24 919	(377)	24 542	27 997	–	27 997
Electrical	8.6	173 773	(4 509)	169 264	171 069	(18 671)	152 398
Corporate	25.3	58 128	(7 073)	51 055	79 028	(5 679)	62 346
181 + days *	50.9	327 107	(145 180)	181 927	486 027	(141 990)	344 037
Services	51.6	54 665	(39 241)	15 424	102 982	(29 791)	73 191
Freight	24.3	16 466	(6 221)	10 245	21 281	(6 845)	14 436
Office and Print	43.3	27 707	(10 031)	17 676	15 172	(15 145)	27
Commercial Products	38.4	21 603	(10 555)	11 048	16 187	(3 426)	12 761
Automotive	33.5	28 750	(15 179)	13 571	71 550	(47 150)	24 400
Financial Services	94.4	8 620	(6 786)	1 834	21 897	–	21 897
Electrical	73.2	136 972	(38 473)	98 499	222 529	(31 153)	191 376
Corporate	66.6	32 324	(18 694)	13 630	14 429	(8 480)	5 949
Total		9 722 955	(285 129)	9 437 826	9 359 995	(288 687)	9 071 308

** Total expected loss rate for each category denoted with * adds up to 100%.*

38. Nature and extent of risks arising from financial instruments (continued)

38.2 Credit risk (continued)

38.2.2 Banking and other advances

Refer note 20 for further disclosure.

The impairment allowance account comprises a specific and portfolio impairment allowance. Specific impairments are raised for doubtful advances, including amounts in respect of interest not being serviced and after taking security values into account, and are deducted from advances where the outstanding balance exceeds the value of the security held. A portfolio impairment allowance based on historic experience is raised to cover doubtful advances, which may not be specifically identified at the statement of financial position date. The specific and portfolio impairments made during the year are charged to the income statement. Refer accounting policies note 17 for further disclosure on the methodology of determining expected credit losses for banking advances.

	2019 R'000	2018 R'000
Movement in expected credit losses/impairment allowance in respect of banking and other advances		
Financial Services		
Balance at 1 July	**18 563**	29 918
IFRS 9 cumulative catch-up adjustment	**1 155**	–
Allowance raised during the year	**7 317**	4 753
Allowance utilised during the year	**–**	(9 638)
Impairment written off against banking and other advances	**(3 273)**	(6 470)
Balance at 30 June	**23 762**	18 563

Ageing of banking and other advances at 30 June

	2019			2018		
	Gross banking and other advances R'000	**Expected credit losses R'000**	**Net banking and other advances R'000**	Gross banking and other advances R'000	Impairment allowance R'000	Net banking and other advances R'000
Financial Services						
Not past due	**2 672 486**	**(23 762)**	**2 648 724**	1 897 339	(9 822)	1 887 517
Past due	**6 451**	**–**	**6 451**	13 468	(8 741)	4 727
0 – 30 days	**15**	**–**	**15**	32	–	32
31 – 180 days	**1 472**	**–**	**1 472**	297	–	297
181 + days	**4 964**	**–**	**4 964**	13 139	(8 741)	4 398
Total	**2 678 937**	**(23 762)**	**2 655 175**	1 910 807	(18 563)	1 892 244

Collateral held on past due amounts

	2019		2018	
	Fair value of collateral held R'000	**Banking and other advances net of impairment allowance R'000**	Fair value of collateral held R'000	Banking and other advances net of impairment allowance R'000
Pledge of assets	**6 451**	**6 451**	4 727	4 727

38. Nature and extent of risks arising from financial instruments (continued)

38.2 Credit risk (continued)

38.2.2 Banking and other advances (continued)

Expected credit losses at 30 June

	Effective interest rate %	Gross value R'000	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000
Instalment finance	11.3	1 019 245	(1 965)	(176)	(3 882)
Mortgages	10.4	584 267	(876)	(2)	(57)
Call and term loans	11.2	463 368	(1 816)	–	(16)
Negotiable securities	9.7	343 082	(1)	–	(14 764)
Overdrafts and other advances	10.0	268 974	(152)	–	(55)
		2 678 936	(4 810)	(178)	(18 774)
Expected losses on banking advances		(23 762)			
Carrying value		2 655 174			

38.2.3 Guarantees

Over and above the guarantees issued to subsidiaries of the Group, the Group has provided guarantees for fixed amounts in respect of obligations of associates as disclosed in note 37.

The maximum exposure to credit risk in respect of guarantees at the reporting date was as follows:

	2019 R'000	2018 R'000
Guarantees issued in respect of obligations of associates	–	79 000

38. Nature and extent of risks arising from financial instruments (continued)

38.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its borrowings centrally for each of the following countries and regions: South Africa, United Kingdom and Namibia. The divisions within each region are therefore not responsible for the management of liquidity risk but rather senior management for each of these regions are responsible for implementing procedures to manage the regional liquidity risk.

38. Nature and extent of risks arising from financial instruments (continued)

38.3 Liquidity risk (continued)

38.3.1 Contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements

			Undiscounted contractual cash flows				
	Carrying amount R'000	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
2019							
Puttable non-controlling liabilities (refer to note 31)	82 317	89 749	58 316	–	–	31 433	–
Borrowings (refer note 29)							
Loans secured by *lien* over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	47 023	55 552	12 756	9 767	15 661	17 368	–
Unsecured loans	9 173 600	10 359 176	1 958 292	706 648	4 359 212	3 327 634	7 389
Floorplan creditors secured by pledge of inventories and bonded property	641 089	641 089	641 089	–	–	–	–
Bank overdrafts	4 582 552	4 582 552	–	4 582 552	–	–	–
	14 444 264	15 638 369	2 612 137	5 298 967	4 374 874	3 345 002	7 389
Trade and other payables (refer to note 34)							
Trade and other payables (excluding forward exchange contracts)	11 973 853	11 973 853	11 973 853	–	–	–	–
	11 973 853	11 973 853	11 973 853	–	–	–	–
Amounts owed to bank depositors (refer to note 32)							
Call deposits	3 549 795	3 572 064	3 572 064	–	–	–	–
Fixed and notice deposits	2 857 695	2 984 804	1 506 884	1 477 920	–	–	–
	6 407 490	6 556 868	5 078 948	1 477 920	–	–	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above.

There were no defaults or breaches of any of the borrowing terms or conditions.

			Undiscounted contractual cash flows				
	Carrying amount R'000	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
2018							
Puttable non-controlling liabilities (refer to note 31)	90 530	103 414	–	–	58 912	44 502	–
Borrowings (refer note 29)							
Loans secured by *lien* over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	62 072	70 110	19 292	14 872	18 792	17 154	–
Unsecured loans	9 086 296	9 828 840	734 780	1 729 749	2 861 105	4 434 482	68 724
Floorplan creditors secured by pledge of inventories	666 104	666 104	666 104	–	–	–	–
Bank overdrafts	2 653 895	2 653 895	–	2 653 895	–	–	–
	12 468 367	13 218 949	1 420 176	4 398 516	2 879 897	4 451 636	68 724
Trade and other payables (refer to note 34)							
Trade and other payables (excluding forward exchange contracts)	12 980 866	12 980 866	12 980 866	–	–	–	–
	12 980 866	12 980 866	12 980 866	–	–	–	–
Amounts owed to bank depositors (refer to note 32)							
Call deposits	3 067 760	3 067 995	3 067 995	–	–	–	–
Fixed and notice deposits	2 553 382	2 638 145	1 735 525	902 620	–	–	–
	5 621 142	5 706 140	4 803 520	902 620	–	–	–

	2019 R'000	2018 R'000

38. Nature and extent of risks arising from financial instruments
(continued)

38.3 Liquidity risk (continued)

38.3.2 Trade and other payables by class segment

	2019 R'000	2018 R'000
Trade payables		
Services	**665 135**	996 904
Freight	**2 604 314**	2 655 266
Office and Print	**816 885**	896 171
Commercial Products	**708 413**	742 957
Automotive	**633 394**	736 801
Financial Services	**195 435**	157 593
Electrical	**537 182**	619 950
Corporate	**344 707**	424 200
	6 505 465	7 229 842

Refer note 34 for further disclosure.

38.3.3 Undrawn facilities

The Group has the following undrawn facilities at its disposal to further reduce liquidity risk:

	2019 R'000	2018 R'000
Unsecured bank overdraft facility, reviewed annually and payable on 360 days' notice	**8 977 098**	9 291 731
Utilised	**4 582 552**	2 653 895
Unutilised	**4 394 546**	6 637 836
Unsecured loan facility with various maturity dates through to 2021 and which may be extended by mutual agreement	**9 205 380**	10 259 766
Utilised	**5 834 600**	6 836 296
Unutilised	**3 370 780**	3 423 470
Secured loan facilities with various maturity dates through to 2025 and which may be extended by mutual agreement	**4 038 172**	3 277 622
Utilised	**688 112**	728 176
Unutilised	**3 350 060**	2 549 446
Other banking facilities	**3 487 030**	3 307 760
Utilised	**6 194**	92 837
Unutilised	**3 480 836**	3 214 923
Unsecured Domestic Medium Term Notes Programme	**9 000 000**	9 000 000
Utilised	**3 339 000**	2 250 000
Unutilised	**5 661 000**	6 750 000
Total facilities	**34 707 680**	35 136 879
Utilised	**14 450 458**	12 561 204
Unutilised	**20 257 222**	22 575 675

38. Nature and extent of risks arising from financial instruments (continued)

38.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

38.4.1 Investments

Refer to note 19 for further disclosure.

The classes for investments are amortised cost, fair value through profit or loss and fair value through other comprehensive income, refer to note 19 for the carrying amounts for each of these categories.

There were no impairment losses recognised in respect of investments (2018: Nil).

38.4.2 Foreign currency risk

The Group's financial instruments are not significantly exposed to currency risk for the reasons provided below. A sensitivity analysis has therefore not been performed.

Borrowings are matched to the same foreign currency as the division raising the loan thereby limiting the divisions' exposure to changes in a foreign currency which differs to their functional currency. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying divisions of the Group thereby providing an economic hedge for each class of borrowing.

Banking advances (refer to note 20), amounts owed to bank depositors (refer to note 32) and investments, with the exception of the Group's investment in the Indian based Mumbai International Airport Private Limited, (refer to note 19) are all denominated in the same functional currency as the operation in which they are held, thus these financial instruments are not exposed to currency risk.

The Group incurs currency risk as a result of purchases and sales which are denominated in a currency other than the Group entities' functional reporting currency. It is Group policy that Group entities hedge all trade receivables and trade payables denominated in a foreign currency which differs to its functional currency. At any point in time the entities also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases. The Group entities hedge their foreign currency risk exposure either by taking out forward exchange contracts (FECs) or alternatively by purchasing in advance the foreign currency which will be required to settle the trade payables. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity. It is the Group's policy not to trade in derivative financial instruments for speculative purposes with the exception of Bidvest Bank Limited whose business is to trade in derivatives.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies (in relation to the operations' functional currency) and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the forward exchange contracts and the foreign exchange gains and losses relating to the monetary items are recognised in operating profit (refer to note 2).

The periods in which the cash flows associated with the forward exchange contracts are expected to occur are detailed below under the heading 'Settlement'. The periods in which the cash flows are expected to impact the income statement are believed to be in the same time frame as when the actual cash flows occur.

38. Nature and extent of risks arising from financial instruments (continued)

38.4. Market risk (continued)

38.4.2. Foreign currency risk (continued)

	Settlement	Contract value Foreign amount R'000	Contract value Rand amount R'000
2019			
In respect of forward exchange contracts relating to foreign liabilities as at 30 June 2019			
Japanese yen	July 2019 – October 2019	(2 023 517)	(270 607)
US dollar	July 2019 – October 2019	(18 183)	(262 847)
Euro	July 2019 – September 2019	(3 781)	(62 133)
Sterling	July 2019 – September 2019	(108)	(1 969)
Australian dollar	July 2019	(64)	(642)
Other	July 2019	(98)	(313)
			(598 511)
In respect of forward exchange contracts relating to foreign assets as at 30 June 2019			
US dollar	July 2019 – December 2019	3 598	53 125
			53 125
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at 30 June 2019			
US dollar	July 2019 – September 2019	(17 081)	(243 695)
Japanese yen	July 2019	(7 423)	(1 012)
Euro	July 2019 – January 2020	(1 125)	(18 219)
Sterling	August 2019	(117)	(2 124)
Other	July 2019	(112)	(207)
			(265 257)

	Settlement	Contract value Foreign amount R'000	 Rand amount R'000
2018			
In respect of forward exchange contracts relating to foreign liabilities as at 30 June 2018			
Japanese yen	July 2018 – October 2018	(2 440 276)	(284 292)
US dollar	July 2018 – December 2018	(19 052)	(255 192)
Euro	July 2018 – October 2018	(2 371)	(36 772)
Sterling	July 2018 – August 2018	(107)	(1 926)
Australian dollar	July 2018	(13)	(125)
Other	July 2018 – August 2018	(120)	(248)
			(578 555)
In respect of forward exchange contracts relating to foreign assets as at 30 June 2018			
US dollar	July 2018 – December 2018	1 533	20 254
Euro	July 2018 – October 2018	150	2 310
			22 564
In respect of forward exchange contracts relating to goods and services ordered not accounted for as at 30 June 2018			
Japanese yen	July 2018 – August 2018	(9 040)	(1 098)
US dollar	July 2018 – November 2018	(7 438)	(101 179)
Euro	July 2018 – December 2018	(977)	(15 163)
Sterling	July 2018 – September 2018	(252)	(4 603)
Other	July 2018 – September 2018	(248)	(438)
			(122 480)

The total value of trade receivables and trade payables, whose payment terms are fixed in foreign currency other than its operational currency, are R311 million (2018: R294 million) and R801 million (2018: R935 million), respectively.

38. Nature and extent of risks arising from financial instruments (continued)

38.4. Market risk (continued)

38.4.3 Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating borrowings and by the use of interest rate swap contracts. The Group's investments in listed bonds, accounted for as fair value through other comprehensive income and fair value through profit or loss financial assets, banking advances and liabilities are exposed to a risk of change in fair value due to movements in interest rates. Investments in equity securities accounted for as held for trading financial assets and trade receivables and payables are not exposed to interest rate risk.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2019 R'000	2018 R'000
Fixed rate instruments		
Financial assets		
Fair value through other comprehensive income listed bonds	**341 456**	330 706
Fair value through profit or loss listed bonds	**162 910**	156 574
Banking and other advances	**64 432**	335 266
Financial liabilities		
Borrowings	**(2 168 977)**	(1 632 464)
Amounts owed to bank depositors	**(2 340 672)**	(1 960 723)
Derivative instruments in designated hedge accounting relationships	**(18 857)**	(1 334)
Variable rate instruments		
Financial assets		
Cash and cash equivalents	**6 617 075**	6 168 293
Banking and other advances	**2 590 743**	1 556 978
Financial liabilities		
Borrowings	**(7 692 735)**	(8 182 008)
Puttable non-controlling interest liabilities	**(82 317)**	(90 530)
Amounts owed to bank depositors	**(4 066 818)**	(3 660 419)
Overdrafts	**(4 582 552)**	(2 653 895)

The Group's exposure to interest rates on financial assets and liabilities are detailed in the various notes within the financial statements.

The variable rates are influenced by movements in the prime borrowing rates.

Sensitivity analysis

The effect of a change in interest rate on the fair value of the listed bonds accounted for as held for trading and available for sale is not believed to have a significant effect on the Group's profit for the year and equity.

It is estimated that 0.5% (2018: 0.5%) increase in interest rates would decrease profit after tax by R19 million (2018: R13 million). This sensitivity analysis has been prepared using the average net borrowings for the financial year as the actual net borrowings at 30 June are not representative of the net borrowings during the year. This analyses assumes that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2018. A decrease in interest rates would have an equal and opposite effect on profit after taxation.

Interest rate swap contracts

The Group has entered into interest rate swap contracts, in order to fix the interest rates on variable rate corporate bonds and loans as summarised below.

38. Nature and extent of risks arising from financial instruments (continued)

38.4. Market risk (continued)

38.4.3. Interest rate risk *(continued)*

Bonds – The variable three-month JIBAR interest rate plus a spread specific to each bond has been fixed using fixed for floating interest rate swaps at rates set out below. The swap contracts match the duration and expiry dates of the bonds. The difference between the fixed and floating interest rates are settled on a quarterly basis simultaneously with the payment of interest to bondholders. The interest rate swap contracts have enabled the Group to mitigate the risk of fluctuating interest rates on the fair value of the bonds issued. The interest rate swaps have been designated as hedging instruments and accounted for as a cash flow hedge. The fair value of the bond linked interest rate swaps at the reporting date, is determined by discounting the future cash flows using the interest rate curves at the reporting date and the credit risk inherent in the contract, resulting in a fair value liability of R18.9 million (2018: R1.3 million).

Hedged items – three-year bonds/stock code	BID07	BID09
Principal Bond and Swap notional value – R'000	450 000	568 000
Bond issue date, swap start date	1 April 2019	15 May 2019
Bond redemption date, swap termination date	30 June 2020	15 November 2021
Spread (bps) above three-month JIBAR	160	123
Fixed swap rate, including spread	8.70%	8.35%
Interest settlement periods	Quarterly	Quarterly

Hedged items – five-year bonds/stock code	BID08	BID10
Principal Bond and Swap notional value – R'000	300 000	543 000
Bond issue date, swap start date	1 April 2019	15 May 2019
Bond redemption date, swap termination date	30 June 2022	15 November 2023
Spread (bps) above three-month JIBAR	180	140
Fixed swap rate, including spread	9.00%	8.78%
Interest settlement periods	Quarterly	Quarterly

38.4.4 Market price risk

Equity price risk arises from investments classified as fair value through profit or loss and fair value through other comprehensive income (refer to note 19). Fair value through other comprehensive income financial assets includes a listed bond held by the Group's wholly-owned subsidiary Bidvest Bank Limited. Fair value through profit or loss investments comprise a listed share portfolio whose performance is monitored closely by senior management and the Group actively trades in these shares. The Group's subsidiaries, Bidvest Insurance Limited and Bidvest Life Limited hold investment portfolios with a fair value of R708 million (2018: R642 million) and R46 million (2018: R109 million), respectively, for the purpose of being utilised to cover liabilities arising from insurance contracts. These portfolios comprise domestic and international equity investments and money market funds. Unlisted investments comprise unlisted shares and loans which are classified as fair value through profit or loss and fair value through other comprehensive income, and are valued at fair value using a price/earnings model.

38. Nature and extent of risks arising from financial instruments (continued)

38.5 Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values, with the exception of borrowings which have been accounted for at amortised cost. The fair value of borrowings, together with the carrying amounts shown in the statement of financial position, classified by class (being geographical location), are as follows:

	2019 Carrying amount R'000	**2019** Fair value R'000	2018 Carrying amount R'000	2018 Fair value R'000
Borrowings (refer to note 29)				
Southern Africa	**10 983 108**	**10 994 331**	9 022 676	9 031 304
Loans secured by *lien* over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**448**	**448**	1 165	1 195
Unsecured loans	**5 980 330**	**5 991 553**	5 903 744	5 912 342
Floorplan creditors secured by pledge of inventories	**641 089**	**641 089**	666 104	666 104
Bank overdrafts	**4 361 241**	**4 361 241**	2 451 663	2 451 663
United Kingdom and Europe	**3 461 157**	**3 461 157**	3 445 691	3 445 691
Loans secured by *lien* over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**46 575**	**46 575**	60 907	60 907
Unsecured loans	**3 193 270**	**3 193 270**	3 182 552	3 182 552
Bank overdrafts	**221 311**	**221 311**	202 232	202 232
	14 444 265	**14 455 488**	12 468 367	12 476 995
Unrecognised gain	**(11 223)**		(8 628)	

The methods used to estimate the fair values of financial instruments are discussed in note 42.

The interest rates used to discount cash flows, in order to determine fair values, are based on market-related rates at 30 June 2019 plus an adequate constant credit spread, and range from 1.0% to 10.25% (2018: 1.0% to 10.0%).

39. Capital management

The board of directors' policy is to maintain a strong capital base so as to maintain investor, supplier and market confidence, whilst also being able to sustain future development of the businesses. The board of directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding minority interests and the level of distributions to ordinary shareholders. The Group's objective is to maintain a distribution cover of approximately two and a quarter times normalised headline earnings for the foreseeable future. The methods of distribution include dividends, return of share premium, capitalisation issues as well as share buy-backs *in lieu* of distributions. The level of cover of distributions takes into account prevailing market conditions, future cash requirements of the businesses, Group liquidity requirements, as well as capital adequacy ratios.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of gearing and the advantages and security afforded by a sound equity position. The Group's target is to achieve a return on shareholders' interest of between 20% and 25%. In 2019 the return was 15.2% (2018: 16.7%). The return has been impacted by the significant net capital items in the year. If these capital items are excluded the return would be 18.4% (2018: 18.1%).

In the early days of the Group, acquisition activity was generally funded via the raising of equity capital however over the past five years, far more favourable credit markets have enabled the use of debt as a far more effective tool of capital. The current credit markets have been extremely volatile, increasing the cost of debt in the weighted average cost of capital for the Group thereby enabling a potential return to tapping the equity markets to fund future growth.

From time-to-time the Group purchases its own shares on the market, the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Bidvest Share Incentive Scheme, Conditional Share Plan or the Share Appreciation Rights Plan (refer to note 27). The maximum number of shares which can be allocated under the Share Appreciation Rights Plan and the Conditional Share Plan is limited to 16 900 000 shares. The Group does not have a defined share buy-back plan. These shares are currently held as treasury shares.

There were no changes in the Group's approach to capital management during the year.

40. Related parties

Identification of related parties

The Group has a related party relationship with its subsidiaries, associates and joint ventures. Key management personnel have been defined as the executive and non-executive directors of the Company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependents of the individual or the individual's domestic partner.

Transactions with key management personnel

Independent non-executive directors do not participate in the Group's share appreciation rights schemes or conditional share awards.

Details pertaining to executive and non-executive directors' compensations are set out in Annexure B. Directors' remuneration in total is included in note 2.

The Group encourages its employees to purchase goods and services from Group companies. These transactions are generally conducted on terms no more favourable than those entered into with third parties on an arm's-length basis, although in some cases, nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key management personnel during the year, nor have they resulted in any non-performing debts at the year end.

Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at the Group level.

Certain of the directors of the Group are also non-executive directors of other public companies which may transact with the Group. The relevant directors do not believe they have significant influence over the financial or operational policies of those companies. Those companies are thus not regarded as related parties.

The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries of the Group and key management personnel (as defined above) and/or organisations in which key management personnel have significant influence:

	2019 R'000	2018 R'000
Transactions with associates		
The following transactions were made on terms equivalent to those that prevail in arm's-length transactions between subsidiaries and associates of the Group		
Sales and services provided by the Group	**314 281**	294 572
Purchases	**7**	12 968
Outstanding amounts due to the Group at year end included in advances to associates	**19**	19
Outstanding amounts due to the Group at year end included in trade receivables	**41 354**	42 163
Guarantees issued	**–**	16 000

Details of effective interest, investments and loans to associates are disclosed in note 18.

41. Accounting estimates and judgements

The board of directors has considered the Group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the Group's accounting policies.

1. ***Critical accounting policies***

   The Group audit committee is satisfied that the critical accounting policies are appropriate to the Group.

2. ***Key sources of estimation uncertainty***

   Post-retirement obligations

   The Trustees have agreed to allocate any future surplus (deficit) arising from experience of the Defined Benefit in-service member pool to the employer surplus account. We have not made any allowance for the allocation as at 30 June 2019. The amount to be allocated can only be determined at a statutory valuation date and must be allocated to the employer surplus account by the Trustees. The amount allocated will come through as a gain or loss in the next valuation period. This is consistent with the methodology applied at the previous valuation date.

Notes to the consolidated financial **statements** (continued)

for the year ended 30 June

41. Accounting estimates and judgements (continued)

2. ***Key sources of estimation uncertainty** (continued)*

Property, plant and equipment, and rental fleet

The residual values of these assets are reviewed annually after considering future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. Certain properties are accounted for as own use assets and are thus held at cost less depreciation. Market indicators reflect that these properties could realise more than their carrying values if disposed of, in which case depreciation is halted.

Goodwill and indefinite life intangible assets

The Group has assessed the carrying value of goodwill and indefinite life intangible assets to determine whether any of the amounts have been impaired. The carrying values were assessed using price/earnings methods and the actual results and forecasts for future years (refer note 16 for further disclosure).

Investments

The Group reflects its investments at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The directors' value of unlisted investments was determined using a combination of discounted cash flow, net asset value and price/earnings methods. MIAL, an unlisted investment held for trading, is recorded at fair value less cost to sell and is based on a signed sale agreement, which is subject to private shareholders not exercising their pre-emptive rights, and written approvals from the Airports Authority of India, the Indian Government and lenders. MIAL is classified as fair value through profit or loss and has been disclosed as a current asset as it is expected to be sold within the next twelve months. Certain investments are of a long term nature and uncertainty surrounds their valuation, which may result in a significant change in value over time (refer note 19).

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowances are made with reference to an inventory age analysis.

Trade receivables and banking advances

The Group applies the simplified approach to determine the expected credit losses (ECLs) for trade receivables, contract assets and lease receivables (collectively, accounts receivable). ECLs for accounts receivable are calculated using a provision matrix. For banking advances, the measurement of ECLs is performed using a three stage model, based on changes in credit quality since initial recognition.

3. ***Critical accounting judgements in applying the Group's accounting policies***

Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Deferred taxation

Deferred taxation assets are recognised to the extent it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

Control assessment

In determining whether a substantial holding in an entity should be treated as an associate or subsidiary, management reviews the size of its holding, the voting rights it holds, the spread of shareholders and whether it has any arrangement to act in concert with any other investors.

The Group's purchase of 10.6 million additional Adcock Ingram shares during the year resulted in the Group holding an effective 44.8% (2018: 38.5%) of the net ordinary shares in issue (total ordinary shares in issue less treasury shares). The Group's economic interest in Adcock Ingram is 51.4% (2018: 45.2%) as a consequence of treating the 2015 sale of 15% of its holding, in terms of the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme), to Ad-izinyosi as a deferred sale. For the year ending 30 June 2019 the Group equity accounted, rather than consolidated, its 51.4% economic interest in Adcock Ingram as Management concluded that the requirements for de facto control detailed in IFRS 3 Business Combinations had not been met. In its assessment of control, Management analysed shareholder attendance at previous AGMs, reviewed the relative size of the Group's holding compared to other individual shareholdings and evaluated the dispersion of other shareholders.

Provisions

Refer to note 35 for further disclosure.

41. Accounting estimates and judgements (continued)

3. Critical accounting judgements in applying the Group's accounting policies (continued)

Post-retirement obligations

The Group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories. Actuarial valuations are based on assumptions which include the discount rate, inflation rate, salary increase rate, expected return on plan assets and the pension increase allowance rate.

Puttable non-controlling interest liabilities

The Group has entered into put arrangements where non-controlling interests are entitled to sell certain of their holdings in subsidiaries to the Group at future contracted dates. The puttable non-controlling interest liability is calculated as the present value of the expected redemption value, discounted from the expected redemption date to the reporting date. There are two main assumptions used in the calculation of the liability; the expected redemption value at the expected redemption date and the discount rate used to discount the expected redemption value to the reporting date.

The discount rate is derived from an applicable government bond yield curve, in the country in which the subsidiary operates, and is applied over the number of years between the reporting date and the redemption date, plus an appropriate credit spread.

42. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory.

Investments

Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the report date. Fair value of unlisted investments is determined by using appropriate valuation models. (refer note 19)

Forward exchange contracts

The fair value of forward exchange contracts is based on their market prices.

Borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. The carrying value of the bank overdrafts is the fair value.

Share-based payments

The fair value of the share options is measured using a modified Black-Scholes method. Measurement inputs include share price at measurement date, exercise price of the instrument, expected volatility (based on the historic volatility), option life, distribution yield and the risk-free interest rate (based on the ZAR bond static yield curve).

43. Subsequent events

Effective 1 August 2019 following the dissolution of the Adcock Ingram Broad-Based Black Empowerment Scheme, the Group attained a 50.14% voting rights controlling interest in Adcock Ingram. This investment will be consolidated from 1 August 2019.

The acquisition of Eqstra for R3.1 billion enterprise value, was announced on 15 July 2019 and is subject to normal approvals and conditions precedent.

44. Accounting standards and interpretations not effective at 30 June 2019

At the date of approval of the annual financial statements, the following new standards, interpretations and amendments that apply to the Group were in issue but not yet effective:

Standard/ interpretation	Description	Reporting period beginning on or after
IAS 1: (Amendment to) 'Presentation of financial statements' and IAS 8: (Amendment to) 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: *"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*	1 January 2020
IAS 19: (Amendments to) 'Employee benefits' on plan amendment, curtailment or settlement.	These amendments require an entity to: • use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and • Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss The impact of the amendments is to confirm that these effects are not offset.	1 January 2019
IFRS 3: (Amendment to) 'Business combinations' Definition of a business	This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	1 January 2020
IFRS 9: (Amendments to) 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.	The narrow-scope amendment covers two issues: • The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. • How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.	1 January 2019
IFRIC 23: Uncertainty over income tax treatment	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and specifically considers: • whether tax treatments should be considered collectively; • assumptions for taxation authorities' examinations; • the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • the effect of changes in facts and circumstances.	1 January 2019

44. Accounting standards and interpretations not effective at 30 June 2019 (continued)

Standard/interpretation	Description	Reporting period beginning on or after
IAS 28: (Amendments to) 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.	The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective from 1 January 2019. with early application permitted.	1 January 2019
IFRS 16: Leases	A new standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7. The standard contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The statement also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 will be adopted using a modified retrospective approach, where the right-of-use asset is recognised at the date of initial application as an amount equal to the lease liability, using the entity's prevailing incremental borrowing rate as at the date of initial application, adjusted for any prepaid or accrued lease payments relating to that lease that were recognised in the statement of financial position immediately before the date of initial application. The Group will apply the following practical expedients allowed under IFRS 16: • the Group will rely on its onerous lease assessments under IAS 37 to impair right-of-use assets recognised on adoption instead of performing a new impairment assessment for those assets on adoption; and • the Group will be taking advantage of the short-term and low value expedients. The Group estimates the recognition at 1 July 2019 of additional lease liabilities of between R5.3bn and R5.8bn and additional right-of-use assets of between R5.3bn and R5.8bn. Attributable income is expected to decrease by between R100 million and R150 million for the year ending 30 June 2020. The application of IFRS 16 will have no impact on net cash flows, however there will be a re-allocation of the non-interest portion of lease payments from 'cash flows from operating activities' to 'cash effects of financing activities'.	1 January 2019
IFRS 17: Insurance Contracts	"IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.	1 January 2021

45. Foreign currency exchange rates

The following exchange rates were used in the conversion of foreign interests and foreign transactions at 30 June

	2019	2018
Rand/Sterling		
Closing rate	**17.89**	18.12
Average rate	**18.37**	17.30
Rand/Euro		
Closing rate	**16.02**	16.04
Average rate	**16.19**	15.34
Rand/US Dollar		
Closing rate	**14.09**	13.72
Average rate	**14.19**	12.86
Rand/Japanese Yen		
Closing rate	**0.131**	0.124
Average rate	**0.128**	0.117

Annexure A: Interest in subsidiaries and **associates**

					Company's interests			
			Effective holdings		Shares		Indebtedness	
Significant subsidiaries	Country of incorporation if not SA	Notes	**2019 %**	2018 %	**2019[1] R'000**	2018[1] R'000	**2019[1] R'000**	2018[1] R'000
Bidvest Automotive (A)								
Autohaus Centurion Pty Ltd			**50**	50	**–**	–	**–**	–
Bidvest Car Rental (Botswana) Pty Ltd	3		**100**	100	**–**	–	**–**	–
Bidvest Car Rental (Namibia) Pty Ltd	13		**100**	100	**–**	–	**–**	–
Bidvest Car Rental Pty Ltd			**100**	100	**–**	–	**–**	–
Coltish Investments Pty Ltd			**100**	100	**–**	–	**–**	–
Inyanga Motors Pty Ltd			**100**	100	**–**	–	**–**	–
Inyanga Plaza Investments Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest McCarthy Brands Pty Ltd			**100**	100	**–**	–	**–**	–
Kunene Motor Holdings Ltd			**64**	64	**–**	–	**–**	–
McCarthy Investments Pty Ltd			**100**	100	**–**	–	**–**	–
McCarthy Pty Ltd			**100**	100	**752 755**	752 755	**–**	–
Bidvest Commercial (E,M)								
Academy Brushware Pty Ltd#			**100**	100	**–**	–	**–**	–
Afcom Group Ltd			**100**	100	**11 659**	11 659	**–**	–
Airport Retail and Luggage Repairs (Coastal) Pty Ltd			**70**	70	**–**	–	**–**	–
Amalgamated Appliances Pty Ltd			**100**	100	**–**	–	**–**	–
Berzack Brothers Pty Ltd#			**100**	100	**–**	–	**–**	–
Bidvest Afcom Pty Ltd#			**100**	100	**–**	–	**–**	–
Bidvest Buffalo Tapes Pty Ltd#			**100**	100	**–**	–	**–**	–
Bidvest Commercial Products Holdings Pty Ltd			**100**	100	**3 027 391**	3 027 391	**–**	–
Bidvest Commercial Products Pty Ltd			**100**	100	**–**	–	**308 500**	59 713
Bidvest Industrial Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Industrial Supplies Zambia Ltd	21		**100**	100	**–**	–	**–**	–
Bidvest Materials Handling Pty Ltd#			**100**	100	**–**	–	**–**	–
Bloch & Levitan Pty Ltd#			**100**	100	**–**	–	**–**	–
Brandcorp Holdings Pty Ltd			**100**	100	**–**	–	**–**	–
Brandcorp Hong Kong Ltd	6		**100**	100	**–**	–	**–**	–
Brandcorp Pty Ltd			**100**	100	**–**	–	**–**	–
Brandcorp Transformation Corporation Pty Ltd			**55**	100	**–**	–	**–**	–
Clockwork Giant Clothing Pty Ltd	16		**100**	100	**–**	–	**–**	–
G Fox Pty Ltd#			**100**	100	**–**	–	**–**	–
G Fox Supplies Pvt Ltd	22		**51**	51	**–**	–	**–**	–
G Fox Swaziland Pty Ltd	16		**75**	75	**–**	–	**–**	–
Giant Clothing Ltd	10		**100**	100	**–**	–	**–**	–
Home of Living Brands Group Ltd			**100**	100	**–**	–	**–**	–
Home of Living Brands Pty Ltd			**100**	100	**–**	–	**–**	–
Lamobyte Pty Ltd			**57**	100	**–**	–	**–**	–
Main Street 573 Pty Ltd			**70**	70	**–**	–	**–**	–
Plumblink (SA) Pty Ltd			**100**	100	**–**	–	**–**	–
Ram Fasteners Pty Ltd#			**100**	100	**–**	–	**(2 419)**	(2 419)
Renttech Holdings Pty Ltd			**100**	100	**–**	–	**–**	–
Renttech South Africa Pty Ltd			**100**	100	**–**	–	**–**	–
Renttech Trading Pty Ltd			**100**	100	**–**	–	**–**	–
Sellotape Pty Ltd			**100**	100	**–**	–	**–**	–
SMC Sales Logistics Pty Ltd			**100**	100	**–**	–	**–**	–
Southern African Welding and Industrial Supplies Pty Ltd	13		**100**	100	**–**	–	**–**	–
Tedelex Manufacturing Pty Ltd			**100**	100	**–**	–	**–**	–
Tedelex Properties (Atlantis) Pty Ltd			**100**	100	**–**	–	**–**	–
Tuning Fork Pty Ltd t/a Yamaha			**100**	100	**–**	–	**34 500**	34 500
Vulcan Catering Supplies Pty Ltd#			**100**	100	**–**	–	**–**	–

Significant subsidiaries	Country of incorporation if not SA	Notes	Effective holdings 2019 %	2018 %	Company's interests Shares 2019[1] R'000	2018[1] R'000	Indebtedness 2019[1] R'000	2018[1] R'000
Bidvest Electrical (B)								
Bellco Electrical Pty Ltd			**100**	100	**–**	–	**–**	–
Eagle Lighting Pty Ltd			**100**	100	**–**	–	**–**	–
Eagle Lighting George Pty Ltd			**100**	100	**–**	–	**–**	–
EMS Invirotel Energy Management Pty Ltd			**100**	100	**–**	–	**–**	–
Mubelo Electrical Pty Ltd	10		**80**	80	**–**	–	**–**	–
Solid State Power Pty Ltd			**50**	50	**–**	–	**–**	–
Technilamp Pty Ltd			**100**	100	**–**	–	**–**	–
Versalec Cables Pty Ltd			**100**	100	**84 315**	83 315	**–**	–
Voltex Botswana Pty Ltd	3		**70**	70	**–**	–	**–**	–
Voltex Holdings Ltd			**100**	100	**245 972**	245 972	**–**	–
Voltex MVLV Solutions Pty Ltd			**90**	84	**–**	–	**–**	–
Voltex Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Financial Services (C)								
Bid Finserv Capital Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Bank Holdings Ltd			**100**	100	**540 036**	540 036	**–**	–
Bidvest Bank Ltd			**100**	100	**–**	–	**–**	–
Bidvest Insurance Brokers Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Insurance Group Pty Ltd			**100**	100	**797 431**	797 431	**–**	–
Bidvest Insurance Ltd			**100**	100	**–**	–	**–**	–
Bidvest Leasing Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Life Ltd			**100**	100	**–**	–	**–**	–
Bidvest Merchant Services Pty Ltd			**100**	100	**–**	–	**–**	–
Cannon Asset Managers Pty Ltd^			**100**	100	**–**	–	**–**	–
Cash Axcess Corporation Pty Ltd			**100**	100	**–**	–	**–**	–
Cignet Administration Services Pty Ltd		1	**51**	51	**–**	–	**–**	–
Compendium Group Investment Holdings Pty Ltd			**51**	51	**–**	–	**–**	–
Compendium Insurance Brokers Pty Ltd		1	**45**	45	**–**	–	**–**	–
Compendium Insurance Brokers Cape Town Pty Ltd		1	**48**	51	**–**	–	**–**	–
Compendium Insurance Brokers Eastern Cape Pty Ltd		1	**43**	51	**–**	–	**–**	–
Compendium Insurance Brokers Gauteng Pty Ltd		1	**46**	51	**–**	–	**–**	–
Compendium Insurance Brokers Pietermaritzburg Pty Ltd			**48**	51	**–**	–	**–**	–
Edge Insurance Brokers Pty Ltd		1	**51**	31	**–**	–	**–**	–
Financial Management International Pty Ltd			**100**	100	**–**	–	**–**	–
FinGlobal Pty Ltd			**70**	70	**–**	–	**–**	–
Bidvest Wealth and Employee Benefits Pty Limited (previously Glassock and Associates Pty Ltd)			**100**	51	**–**	–	**–**	–
Master Currency Pty Ltd			**100**	100	**12 317**	16 881	**–**	–
McCarthy Retail Finance Pty Ltd			**100**	100	**–**	–	**–**	–
Namibia Bureau de Change Pty Ltd	13		**77**	77	**–**	–	**–**	–
Portdem Pty Limited			**51**	–	**–**	–	**–**	–
Rennies Foreign Exchange (Botswana) Pty Ltd	3		**51**	51	**–**	–	**–**	–
Swift Auto Brokers Pty Ltd		1	**51**	51	**–**	–	**–**	–
Taxi and Transport Brokers Pty Ltd		1	**51**	36	**–**	–	**–**	–
Tradeflow Pty Ltd			**50**	50	**–**	–	**–**	–
Viamax Fleet Solutions Pty Ltd			**100**	100	**–**	–	**–**	–
Viamax Pty Ltd			**100**	100	**–**	–	**–**	–

Annexure A: Interest in subsidiaries and associates (continued)

Significant subsidiaries	Country of incorporation if not SA	Notes	Effective holdings 2019 %	Effective holdings 2018 %	Company's interests Shares 2019[1] R'000	Shares 2018[1] R'000	Indebtedness 2019[1] R'000	Indebtedness 2018[1] R'000
Bidvest Freight (D)								
African Shipping Ltd			**100**	100	**–**	–	**–**	–
Bidfreight Intermodal Pty Ltd			**100**	100	**–**	–	**–**	–
Bidfreight Port Operations Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Freight Management Services Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Freight Pty Ltd			**100**	100	**7 435 793**	7 435 793	**–**	–
Bidvest Freight Terminals Pty Ltd			**100**	100	**–**	–	**–**	–
Bulk Connections Pty Ltd			**100**	100	**–**	–	**–**	–
Durban Coal Terminals Company Pty Ltd			**100**	100	**–**	–	**–**	–
Ensimbini Terminals Pty Ltd			**50**	50	**–**	–	**–**	–
Freightbulk Pty Ltd			**100**	100	**–**	–	**–**	–
Island View Storage Ltd			**100**	100	**–**	–	**–**	–
Island View Storage Richards Bay Pty Ltd			**–**	100	**–**	–	**–**	–
Naval Servicos A Navegacao LTDA	12		**100**	100	**–**	–	**–**	–
P & I Associates Pty Ltd			**100**	100	**–**	–	**–**	–
Panargo Shipping Pty Ltd			**100**	100	**–**	–	**–**	–
Renfreight Pty Ltd*			**–**	100	**–**	–	**–**	–
Rennie Murray and Company Pty Ltd			**100**	100	**–**	–	**–**	–
Rennies Ships Agency Mozambique Limitada	12		**100**	100	**–**	–	**–**	–
Rennies Ships Agency Pty Ltd			**100**	100	**–**	–	**–**	–
Safcor Freight Pty Ltd (t/a Bidvest Panalpina Logistics)			**100**	100	**–**	–	**–**	–
Sebenza Forwarding & Shipping Pty Ltd			**100**	45	**5 011**	–	**–**	–
South African Bulk Terminals Ltd			**100**	100	**–**	–	**–**	–
South African Container Depots Pty Ltd			**100**	100	**–**	–	**–**	–
South African Container Stevedores Pty Ltd			**100**	82	**–**	–	**(618)**	(618)
Bidvest Office and Print (F,G)								
Africmail Advertising Pty Ltd			**100**	100	**–**	–	**–**	–
Aluminium Foil Converters Pty Ltd^			**100**	–	**–**	–	**–**	–
Back to School Pty Ltd			**100**	100	**–**	–	**(36)**	(36)
Bartrans Pty Ltd			**100**	100	**–**	–	**–**	–
Bid Enterprise Development Pty Ltd			**100**	100	**–**	–	**–**	–
Bidoffice Furniture Manufacturing Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Monitoring Solutions Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Office and Print Holdings Pty Ltd			**100**	100	**1 246 352**	1 246 352	**–**	–
Bidvest Office Holdings Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Office Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Paperplus Pty Ltd			**100**	100	**–**	–	**–**	–
Blesston Printing and Associates Pty Ltd			**100**	100	**–**	–	**–**	–
Business Forms Properties Pty Ltd			**100**	100	**–**	–	**–**	–
Dauphin Office Seating S.A. Pty Ltd			**71**	71	**1 329**	1 329	**–**	–
Ditulo Office Pty Ltd			**100**	100	**2 656**	2 656	**–**	–
Email Connection Pty Ltd			**100**	100	**1 708**	1 708	**–**	–
Expressed Solutions Pty Ltd			**100**	100	**–**	–	**–**	–
Federal Business Communications Pty Ltd			**100**	100	**–**	–	**–**	–
Hortors Stationery Pty Ltd			**100**	100	**–**	–	**–**	–
Kolok Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Afric Mail Cape Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Afric Mail JHB Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Corporate Pty Ltd		2	**49**	49	**–**	–	**–**	–
Lithotech Group Services Pty Ltd			**100**	100	**–**	–	**–**	–

Significant subsidiaries	Country of incorporation if not SA	Notes	Effective holdings 2019 %	Effective holdings 2018 %	Company's interests Shares 2019[1] R'000	Company's interests Shares 2018[1] R'000	Company's interests Indebtedness 2019[1] R'000	Company's interests Indebtedness 2018[1] R'000
Bidvest Office and Print (F,G) *(continued)*								
Lithotech International Ltd	20		**100**	100	**–**	–	**–**	–
Lithotech Labels Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Mailing Services Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Manufacturing Pinetown Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Sales Cape Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Sales Johannesburg Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Sales Pretoria Pty Ltd			**100**	100	**–**	–	**–**	–
Lithotech Solutions Pty Ltd			**100**	100	**–**	–	**–**	–
Lufil Packaging Pty Ltd			**100**	100	**59 244**	59 244	**(73 462)**	(73 462)
MakeMeMobile Pty Ltd^			**100**	–	**–**	–	**–**	–
Minolco Pty Ltd			**100**	100	**–**	–	**–**	–
Mocobe Properties Pty Ltd			**100**	100	**–**	–	**–**	–
Modus Properties Pty Ltd			**100**	100	**–**	–	**–**	–
Nuclear Corporate Furniture Pty Ltd			**100**	100	**–**	–	**–**	–
Officeshelf Pty Ltd			**100**	100	**–**	–	**–**	–
Offurn Clearance House Pty Ltd			**100**	100	**–**	–	**–**	–
Ozalid South Africa Pty Ltd			**100**	100	**–**	–	**–**	–
Paragon Business Communications Ltd			**100**	100	**–**	–	**–**	–
Pencil Park Pty Ltd			**100**	100				
R Giese Printing Pty Ltd^			**100**	–	**–**	–	**–**	–
Rotolabel (Tvl) Pty Ltd			**100**	100	**–**	–	**–**	–
S&N Labels Pty Ltd			**100**	100				
Silapha Office Products Pty Ltd			**100**	100				
Zonke Monitoring Systems Pty Ltd			**74**	78	**–**	–	**–**	–
Silveray Manufacturers Pty Ltd			**100**	100	**–**	–	**–**	–
Silveray Statmark Company Pty Ltd			**100**	100	**9 844**	9 844	**(9 844)**	(9 844)
Waltons Pty Ltd			**100**	100	**31**	31	**(31)**	(31)
Bidvest Services (H,I,J)								
Aquazania Pty Ltd^			**100**	–	**–**	–	**–**	–
Aquazania Africa Pty Ltd^			**100**	–	**–**	–	**–**	–
Al Jaber Coin Security Company LLC*	19	2	**–**	49	**–**	–	**–**	–
B M O Food Services Pty Ltd			**100**	100	**–**	–	**–**	–
Bidair Services Pty Ltd			**100**	100	**–**	–	**(11 734)**	(11 734)
Bidtrack Pty Ltd			**100**	100	**–**	–	**–**	–
Bidtravel Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest (Zambia) Pty Ltd	21		**100**	100	**3 661**	3 661	**–**	–
Bidvest Catering Services Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Facilities Management Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Media Pty Ltd			**50**	50	**–**	–	**–**	–
Bidvest Protea Coin Assets In Transit And Armed Reaction Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Protea Coin Cargo Protection Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Protea Coin Fencing Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Protea Coin Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Protea Coin Technical And Physical Security Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Services (ROI) Limited	14		**100**	100	**–**	–	**–**	–
Bidvest Services Group (UK) Limited	20		**100**	100	**–**	–	**–**	–
Bidvest Services (UK) Limited	20		**100**	100	**–**	–	**–**	–
Bidvest Services Holdings Ltd			**100**	100	**–**	–	**–**	–

Annexure A: Interest in subsidiaries and **associates** (continued)

			Effective holdings		Company's interests: Shares		Company's interests: Indebtedness	
Significant subsidiaries	Country of incorporation if not SA	Notes	**2019 %**	2018 %	**2019[1] R'000**	2018[1] R'000	**2019[1] R'000**	2018[1] R'000
Bidvest Services (H,I,J) *(continued)*								
Bidvest Services Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Steripic and Promosachets Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Travel Holdings Pty Ltd			**100**	100	**–**	–	**–**	–
Bosnandi Laundry Pty Ltd			**51**	51	**–**	–	**–**	–
Brookfield Investments 315 Pty Ltd			**100**	100	**–**	–	**–**	–
Bushbreaks & More Pty Ltd			**100**	100	**6 196**	6 196	**–**	–
CI Services Pty Ltd	11		**100**	60	**–**	–	**–**	–
Coin Aviation Security Pty Ltd			**100**	100	**–**	–	**–**	–
Commuter Handling Services Pty Ltd			**60**	60	**8 063**	8 063	**–**	–
Quadrel Travel Management Pty Ltd t/a CWT			**90**	90	**47 045**	47 045	**–**	–
ClickOn Communications Pty Ltd^			**100**	–	**–**	–	**–**	–
Connex Travel Pty Ltd t/a BCD Travel			**50**	50	**27 984**	27 984	**6 738**	6 738
Crane Midco (UK) Limited	20		**100**	100	**–**	–	**–**	–
Crane Midco (Guernsey) Limited	5		**100**	100	**–**	–	**–**	–
Cruises International Pty Ltd			**100**	100	**–**	–	**–**	–
Cudha SARL	12		**100**	100	**–**	–	**–**	–
Dinatla Property Services Pty Ltd			**100**	100	**3 120**	3 120	**–**	–
Dinosi Cleaning Services Pty Ltd			**55**	55	**–**	–	**–**	–
EAS Kenya Ltd	8		**100**	100	**–**	–	**–**	–
EAS Tanzania Ltd	17		**100**	100	**–**	–	**–**	–
EAS Uganda Ltd	18		**100**	100	**–**	–	**–**	–
EAS Zambia Ltd	21		**60**	60	**1 231**	1 231	**–**	–
EAS Zimbabwe Pvt Ltd	22		**70**	70	**734**	734	**–**	–
Execuflora Pty Ltd			**100**	100	**–**	–	**–**	–
Express Air Services (Namibia) Pty Ltd	13		**100**	100	**–**	–	**–**	–
Express Air Services Pty Ltd#			**100**	100	**–**	–	**–**	–
First Garment Rental Pty Ltd			**100**	100	**–**	–	**–**	–
Global Payment Technologies Pty Ltd			**100**	100	**44 301**	44 301	**(71 734)**	(71 734)
Harvey World Travel Southern Africa Pty Ltd			**100**	100	**9 912**	9 912	**–**	–
Hotel Amenities Suppliers Pty Ltd			**100**	100	**–**	–	**–**	–
Ikhayelihle Royalserve Cleaning Services Pty Ltd			**100**	100	**–**	–	**–**	–
Industro-Clean Botswana Pty Ltd	3		**100**	100	**–**	–	**–**	–
Ithabeleng Food Services Pty Ltd			**100**	100	**–**	–	**–**	–
King Pie Holdings Pty Ltd			**100**	100	**–**	–	**–**	–
LTP Mast and Infrastructure Services Pty Ltd			**100**	100	**–**	–	**–**	–
Macardo Lodge Pty Ltd t/a Travelwise	3		**51**	51	**–**	–	**–**	–
Masterguard Fabric Protection Africa Pty Ltd			**100**	100	**2 597**	2 597	**(3 248)**	(3 248)
Mediguard WIC Cleaning Services (Lesotho) Pty Ltd	9		**51**	51	**–**	–	**–**	–
Nomtsalane Property Services Pty Ltd			**86**	86	**–**	–	**–**	–
Noonan Services Group (NI) Limited	20		**100**	100	**–**	–	**–**	–
Noonan Services Group (UK) Limited	20		**100**	100	**–**	–	**–**	–
Noonan Services Group Limited	14		**100**	100	**–**	–	**–**	–
Noonan Topco Limited	20		**100**	100	**–**	–	**–**	–
Protea Aviation Pty Ltd			**100**	100	**–**	–	**–**	–
Protea Coin Group Ghana Ltd	4		**–**	100	**–**	–	**–**	–
Protea Security Services (West Rand) Pty Ltd			**100**	100	**–**	–	**–**	–
Pureau Fresh Water Company Pty Ltd			**82**	82	**24 570**	24 570	**–**	–
QMS Consulting Pty Ltd			**100**	100	**–**	–	**–**	–
Rebserve Facilities Management Pty Ltd			**80**	80	**–**	–	**–**	–

Significant subsidiaries	Country of incorporation if not SA	Notes	Effective holdings 2019 %	2018 %	Company's interests Shares 2019[1] R'000	2018[1] R'000	Indebtedness 2019[1] R'000	2018[1] R'000
Bidvest Services (H,I,J) *(continued)*								
Rennies Travel Pty Ltd t/a HRG Rennies Travel			**100**	100	**–**	–	**–**	–
Resource Support Services (IOM) Ltd	7		**100**	100	**–**	–	**–**	–
RMI SA Pty Ltd			**100**	100	**–**	7 266	**–**	(7 266)
Royal Mozambique Ltda	12		**60**	60	**–**	–	**–**	–
Royalmnandi Duduza Pty Ltd			**60**	60	**–**	–	**–**	–
SA Water Cycle Group Pty Ltd			**100**	100	**–**	–	**–**	–
Steiner Hygiene Pty Ltd			**100**	100	**–**	–	**–**	–
Steiner Hygiene Swaziland Pty Ltd	16		**100**	100	**–**	–	**–**	–
Taemane Cleaning Services Pty Ltd			**100**	100	**–**	–	**–**	–
TFMC FM Services Pty Ltd			**100**	100	**–**	–	**–**	–
TFMC Holdings Pty Ltd			**100**	100	**–**	–	**–**	–
TMS Group Industrial Services Pty Ltd*			**–**	100	**–**	–	**–**	–
Top Turf Botswana Pty Ltd	3		**100**	100	**–**	–	**–**	–
Top Turf Group Pty Ltd			**100**	100	**4**	4	**(4)**	(4)
Top Turf Lesotho Pty Ltd	9		**100**	100	**–**	–	**–**	–
Top Turf Mauritius Pty Ltd	11		**100**	100	**–**	–	**–**	–
Top Turf Seychelles Pty Ltd	15		**100**	100	**–**	–	**–**	–
Top Turf Swaziland Pty Ltd	16		**100**	100	**–**	–	**–**	–
Travel Connections Pty Ltd			**100**	100	**20 500**	20 500	**–**	–
UAV and Drone Solutions Pty Ltd^			**100**	–	**–**	–	**–**	–
Umoja Property Solutions Pty Ltd			**51**	51	**–**	–	**–**	–
USSL Limited	20		**100**	100	**–**	–	**–**	–
Zanihold Pty Ltd^			**100**	–	**–**	–	**–**	–
Bidvest Namibia (B,D,F,J,K,L)								
Bidvest Namibia Automotive Otjiwarongo Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Namibia Automotive Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Namibia Commercial and Industrial Services Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Namibia Commercial Holdings Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Namibia Information Technology Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Namibia Ltd	13		**100**	52	**1 263 821**	249 253	**(514)**	(1)
Bidvest Namibia Management Services Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Namibia Plumblink Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Namibia Property Holdings Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Prestige Cleaning Pty Ltd	13		**100**	52	**–**	–	**–**	–
Carheim Investments Pty Ltd	13		**100**	52	**–**	–	**–**	–
Caterplus Namibia Pty Ltd	13		**100**	52	**–**	–	**–**	–
Cecil Nurse Namibia Pty Ltd	13		**100**	52	**–**	–	**–**	–
Comet Investments Capital Incorporated	1	1	**–**	36	**–**	–	**–**	–
Diroyal Motor (SWA) Pty Ltd	13		**100**	52	**–**	–	**–**	–
Elzet Development Pty Ltd	13		**100**	52	**–**	–	**–**	–
Frigocentre Limitada	1	1	**–**	18	**–**	–	**–**	–
Glenryck South Africa Pty Ltd		1	**100**	27	**–**	–	**–**	–
GSA Trading Namibia Pty Ltd	13	1	**100**	27	**–**	–	**–**	–
Kolok (Namibia) Pty Ltd	13		**100**	52	**–**	–	**–**	–
Lenkow Pty Ltd	13		**100**	52	**–**	–	**–**	–
Lubrication Specialists Pty Ltd	13		**100**	52	**–**	–	**–**	–
Luderitz Bay Shipping & Forwarding Pty Ltd	13		**100**	52	**–**	–	**–**	–
Manica Group Namibia Pty Ltd	13		**100**	52	**–**	–	**–**	–

Annexure A: Interest in subsidiaries and **associates** (continued)

			Effective holdings		Company's interests			
					Shares		Indebtedness	
Significant subsidiaries	Country of incorporation if not SA	Notes	**2019 %**	2018 %	**2019[1] R'000**	2018[1] R'000	**2019[1] R'000**	2018[1] R'000
***Bidvest Namibia (B,D,F,J,K,L)** (continued)*								
Rennies Logistics Pty Ltd (Previously Manica Trading Pty Ltd)	13		**100**	52	**–**	–	**–**	–
Matador Enterprises Pty Ltd	13		**100**	52	**–**	–	**–**	–
Minolco (Namibia) Pty Ltd	13		**100**	52	**–**	–	**–**	–
Monjasa Namibia Pty Ltd	13	1	**57**	30	**–**	–	**–**	–
Bidvest Namibia Industrial Properties Pty Ltd (Previously Namsov Industrial Properties Pty Ltd)	13	1	**100**	52	**–**	–	**–**	–
Orca Marine Service Pty Ltd	13	1	**60**	31	**–**	–	**–**	–
Pesca Fresca Ltd	1	1	**–**	18	**–**	–	**–**	–
Rennies Travel (Namibia) Pty Ltd	13		**100**	52	**–**	–	**–**	–
Shelfco Investments One Seven Zero Pty Ltd	13		**100**	52	**–**	–	**–**	–
Starting Right Investments Two Zero Five Pty Ltd	13	1	**–**	36	**–**	–	**–**	–
T&C Properties Namibia Pty Ltd	13		**100**	52	**–**	–	**–**	–
T&C Trading Pty Ltd	13		**100**	52	**–**	–	**–**	–
Taeuber & Corssen SWA Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Namibia United Properties Pty Ltd (Previously United Fishing Enterprises Pty Ltd)	13	1	**100**	52	**–**	–	**–**	–
Voltex Namibia Pty Ltd	13		**100**	52	**–**	–	**–**	–
Waltons Namibia Pty Ltd	13		**100**	52	**–**	–	**–**	–
Walvis Bay Airport Services Pty Ltd	13		**100**	52	**–**	–	**–**	–
Walvis Bay Stevedoring Company Pty Ltd	13	1	**55**	29	**–**	–	**–**	–
Woker Freight Services Pty Ltd	13		**100**	52	**–**	–	**–**	–
Bidvest Properties (L)								
Airport Logistics Property Holdings Pty Ltd			**50**	50	**–**	–	**–**	–
Bidvest Properties Holdings Pty Ltd			**100**	100	**4 364 217**	4 364 217	**–**	–
Bidvest Properties Pty Ltd			**100**	100	**–**	–	**–**	–
Gerlan Properties Pty Ltd*			**–**	50	**–**	–	**–**	–
Mercland Pty Ltd			**50**	50	**–**	–	**–**	–
Micawber 239 Pty Ltd			**50**	50	**–**	–	**–**	–
Micawber 240 Pty Ltd			**53**	50	**–**	–	**–**	–
Trustone Investments Pty Ltd			**100**	100	**–**	–	**–**	–
Bidvest Corporate (L)								
BB Investment Company Pty Ltd#			**100**	100	**–**	–	**–**	–
Bid Services Division Pty Ltd			**100**	100	**–**	–	**38 460**	1 152
Bid Services Division (IOM) Ltd	7		**100**	100	**–**	–	**–**	–
Bid Services Division (Mauritius) Ltd	11		**100**	100	**–**	–	**–**	–
Bid Services Division (UK) Ltd	20		**100**	100	**–**	–	**–**	–
The Bidvest Education Trust			**100**	100	**–**	–	**–**	–
The Bidvest Incentive Scheme Trust			**100**	100	**–**	–	**(570)**	570
The Bidvest Group (UK) Limited	20		**100**	100	**3 471**	4	**–**	–
Bidvest Outsourced Services Ltd	20		**100**	100	**–**	–	**–**	–
Bidvest Property Ltd	20		**100**	100	**–**	–	**–**	–
Bidvest Corporate Services Pty Ltd#			**100**	100	**–**	–	**52**	52
Bidvest Freight UK Limited	20		**100**	100	**–**	–	**–**	–
Bidvest Industrial Holdings Pty Ltd			**100**	100	**3 650 837**	3 650 837	**222 612**	27 214
Bidvest Procurement Pty Ltd#			**100**	100	**–**	–	**–**	–
Bidvest Treasury Services Pty Ltd			**100**	100	**–**	–	**(757 645)**	–
Bidvest Wits University Football Club Pty Ltd			**60**	60	**45 953**	45 953	**–**	–
Bidvestco Ltd			**100**	100	**44 068**	44 068	**(44 068)**	(44 068)
Brentwood Technical Services Ltd	20		**100**	100	**–**	–	**–**	–

					Company's interests			
			Effective holdings		Shares		Indebtedness	
Significant subsidiaries	Country of incorporation if not SA	Notes	**2019 %**	2018 %	**2019[1] R'000**	2018[1] R'000	**2019[1] R'000**	2018[1] R'000
Bidvest Corporate (L) *(continued)*								
DH Mansfield Group Ltd	20		**80**	80	**–**	–	**–**	–
DH Mansfield Ltd	20		**80**	80	**–**	–	**–**	–
Endeni Investments Pty Ltd^	13		**100**	100	**246**	–	**(656)**	–
Ontime Automotive Ltd	20		**100**	100	**–**	–	**–**	–
Ontime Global Automotive Transport Services Ltd	20		**100**	100	**–**	–	**–**	–
Ovanhu Investments Pty Ltd^	13		**100**	100	**1 350**	–	**(143)**	–
Skillion Ltd	20		**100**	100	**–**	–	**–**	–
Other					**159 585**	161 213	**(144 636)**	(205 295)
					23 967 310	22 955 126	**(510 500)**	(299 221)
Significant associates								
"K" Line Shipping (South Africa) Pty Ltd (D)			**49**	49	**–**	–	**–**	–
Adcock Ingram Holdings Ltd (N)			**51**	38	**–**	–	**–**	–
Comair Ltd (J)			**27**	27	**–**	–	**–**	–
Compendium Insurance Brokers Zululand Pty Ltd (C)		3	**17**	17	**–**	–	**–**	–
Experience Delivery Company Pty Ltd		1	**48**	48	**–**	–	**–**	–
Ilembe Airport Construction Services Pty Ltd (P)			**20**	20	**–**	–	**–**	–
Ocean Network Express Pty Ltd (D)			**33**	33	**1 023**	1 023	**–**	–
Strait Access Technologies Pty Ltd			**50**		**–**	–	**–**	–
Sebenza Forwarding & Shipping Pty Ltd			**–**	45	**–**	5 011	**–**	–
Watersure Pty Ltd (C)		3	**13**	13	**–**	–	**–**	–
Other					**477**	477	**1 055**	1 056
					1 500	6 511	**1 055**	1 056

Amounts owing by or to subsidiaries and associates are unsecured, interest free and have no fixed terms of repayment.

^ *acquired during 2019.*
* *disposed during the financial year.*
# *trading as an agent.*
[1] *Zero indicates less than R1 000.*

Annexure A: Interest in subsidiaries and associates (continued)

Country of incorporation if not South Africa

1	Angola
2	Australia
3	Botswana
4	Ghana
5	Guernsey
6	Hong Kong
7	Isle of Man
8	Kenya
9	Lesotho
10	Malawi
11	Mauritius
12	Mozambique
13	Namibia
14	Republic of Ireland
15	Seychelles
16	Swaziland
17	Tanzania
18	Uganda
19	United Arab Emirates
20	United Kingdom
21	Zambia
22	Zimbabwe

Nature of business

(A)	Motor vehicle retailing and related services
(B)	Manufacturer and distributor of electrical products and services
(C)	Banking products and services, foreign exchange and insurance
(D)	Freight, forwarding, clearing, distribution, warehousing and allied activities
(E)	Distributor of forklifts, power and marine products, music and sound equipment, packaging closures and catering equipment
(F)	Distributor of office stationery; furniture and office automation products and related services
(G)	Manufacturer, supplier and distributor of commercial office products, printer products, services, stationery and packaging products
(H)	Rental hygiene equipment, garments and water coolers; suppliers of consumables, specialised clothing and laundry services
(I)	Cleaning, hygiene, security, and interior and exterior landscaping services
(J)	Travel management services, aviation services and car rental
(K)	Catering supplies, food and allied products
(L)	Group services and investment
(M)	Distributor of electrical appliances
(N)	Manufacturer, marketer and distributor of healthcare products
(O)	Property holding
(P)	Construction
(Q)	Public private partnership

Notes

1 The investment in this subsidiary is held indirectly. Control is obtained through the shareholding in the respective subsidiary's holding company.

2 The Group has power over this subsidiary as it has the ability to direct the relevant activities of the subsidiary unilaterally.

3 The investment in this associate is held indirectly. Significant interest is obtained through the shareholding in the respective associate's holding company.

Annexure B: Directors' **remuneration**

Directors' remuneration

The remuneration paid to executive directors while in office of the Company during the year ended 30 June 2019 is analysed as follows:

Directors	**Basic remuneration R'000**	**Retirement/ medical benefits R'000**	**Other benefits and costs R'000**	**Cash incentives R'000**	**Benefit arising from the exercise of replacement rights R'000**	**Total emoluments R'000**
AW Dawe	**5 219**	**261**	**489**	**7 775**	**24 499**	**38 243**
NT Madisa	**3 697**	**305**	**129**	**5 559**	**6 510**	**16 200**
GC McMahon	**2 583**	**307**	**285**	**4 165**	**9 657**	**16 997**
LP Ralphs	**15 858**	**947**	**709**	**18 857**	**–**	**36 371**
MJ Steyn[2]	**3 420**	**258**	**270**	**5 276**	**6 644**	**15 868**
2019 Total	**30 777**	**2 078**	**1 882**	**41 632**	**47 310**	**123 679**

Certain executive directors serve as non-executive directors of companies outside of the Group. Directors' fees in this regard are paid to the Group.

For comparative purposes the remuneration paid to executive directors, while in office of the Company during the year ended 30 June 2018. is analysed as follows:

Directors	Basic remuneration R'000	Retirement/ medical benefits R'000	Other benefits and costs R'000	Cash incentives R'000	Benefit arising from the exercise of replacement rights R'000	Total emoluments R'000
AW Dawe	4 843	257	82	7 010	–	12 192
NT Madisa	3 301	297	244	4 948	13 273	22 063
GC McMahon	1 851	240	182	3 024	–	5 297
HP Meijer[1]	2 336	286	271	–	10 510	13 403
LP Ralphs	10 260	880	1 011	17 492	–	29 643
MJ Steyn[2]	2 738	254	102	2 500	1 782	7 376
2018 Total	25 329	2 214	1 892	34 974	25 565	89 974

[1] *Retired 28 February 2018.*
[2] *Appointed 1 March 2018.*

Annexure B: Directors' **remuneration** (continued)

The remuneration paid to non-executive directors while in office of the Company during the year ended 30 June 2019 is analysed as follows:

Directors	2019 Directors' fees R'000	2019 As directors of subsidiary companies and other services R'000	2019 Total emoluments R'000	2018 Total R'000
DDB Band	306	–	306	718
EK Diack	1 125	743	1 868	1 078
AK Maditsi	686	–	686	613
S Masinga	588	–	588	595
RK Mokate	704	831	1 535	711
CWN Molope[3]	396	–	396	371
NG Payne	1 478	1 126	2 604	2 224
CWL Phalatse[4]	1 292	–	1 292	1 430
T Slabbert	756	–	756	655
NW Thomson	796	–	796	148
Former directors				23
2019 total	**8 127**	**2 700**	**10 827**	8 566
2018 total	6 586	1 980	8 566	–

[3] *Resigned 31 March 2019.*
[4] *Resigned 29 April 2019.*

Prescribed officers

Due to the nature and structure of the Group and the number of executive directors on the board of the Company, the directors have concluded that there are no prescribed officers of the Company.

Directors' long-term incentives

Details of the directors' and officers' outstanding replacement rights are as follows:

	Replacement rights at 30 June 2018		Replacement rights exercised during the year		Replacement rights lapsed during the year		Replacement rights at 30 June 2019	
Directors	Number	Average price R	Number	Market price[3]	Number	Market price[3]	Number	Average price R
AW Dawe	133 066	267.27	102 299	260.29	–	–	30 767	290.48
NT Madisa	67 783	285.60	30 766	290.49	–	–	37 017	281.55
GC McMahon	61 250	271.44	41 250	263.01	–	–	20 000	288.84
P Meijer	30 766	290.49	30 766	290.49	–	–	–	–
MJ Steyn	37 500	261.96	26 250	252.26	–	–	11 250	284.60
	330 365	273.36	231 331	267.89	–	–	99 034	286.14

[3] *Refer to note 27 of the financial statements for further details.*

A share appreciation right (SAR) is a right awarded subject to the appreciation of the Company's shares.

	SARs at 30 June 2018		SARs granted during the year		SARs lapsed during the year		SARs at 30 June 2019	
Directors	Number	Average price R	Number	Average price R	Number	Market price[3]	Number	Average price R
MJ Steyn	80 000	152.68	–	–	–	–	80 000	152.68

These SARs are exercisable over the period 1 July 2020 to 31 December 2024. A detailed register of SARs outstanding by tranche is available for inspection at the Company's register office.

Share-based payment expense

Directors	**2019 R'000**	2018 R'000
AW Dawe	**7 275**	4 211
NT Madisa	**4 859**	3 602
GC McMahon	**3 105**	2 048
HP Meijer	**419**	2 854
LP Ralphs	**16 337**	8 786
MJ Steyn	**3 993**	1 756
	35 988	23 257

Details of directors' and officers' outstanding conditional share plan (CSP)

A conditional award is a conditional right to a share, which is awarded subject to performance and vesting conditions.

Directors	Balance at 30 June 2018 Number	**New awards Number**	**Forfeited Number**	**Shares awarded Number**	**Closing balance 30 June 2019 Number**
AW Dawe	66 000	52 000	–	–	**118 000**
GC McMahon	27 000	30 000	–	–	**57 000**
LP Ralphs	286 280	120 000	–	–	**406 280**
NT Madisa	50 000	40 000	–	–	**90 000**
MJ Steyn	–	40 000	–	–	**40 000**
HP Meijer	22 000	–	(15 456)	(6 544)	**–**
	451 280	282 000	(15 456)	(6 544)	**711 280**

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