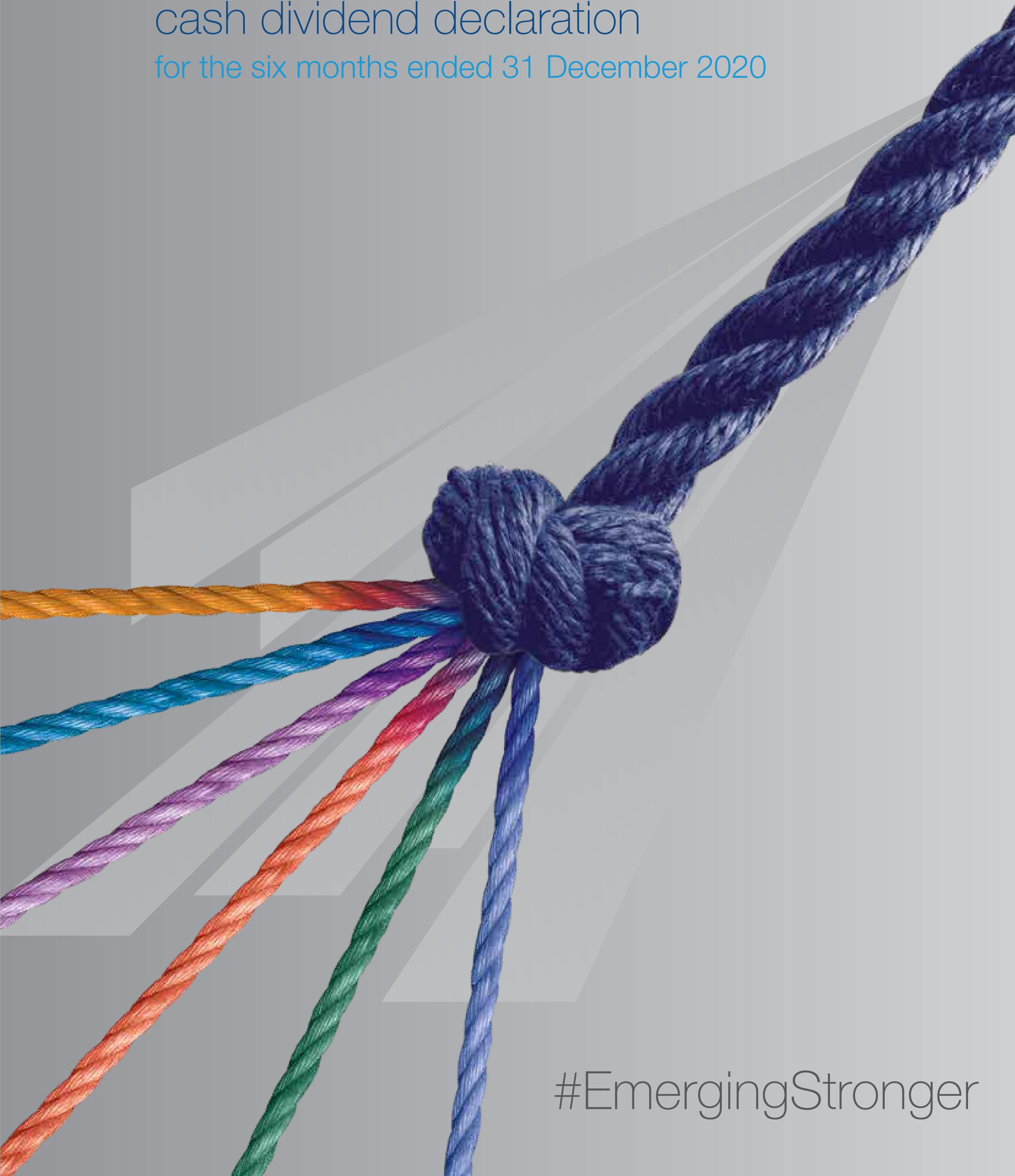
Bidvest

Unaudited financial results and cash dividend declaration

for the six months ended 31 December 2020



#EmergingStronger

Salient features

R4.1bn trading profit from continuing operations

+3.5%

+86.2%

R6.2bn cash generated from operations

Strengthened balance sheet with net debt / EBITDA at

1.7x (2.1x June 2020)

Commissioned

R1 billion LPG terminal in Richards Bay

Executive leadership team

45% women

45% black

Normalised HEPS from continuing operations 651.6 cents

+6.1%

ROFE up to

31.3%

Interim dividend

290 cents

+2.8%

Message to shareholders

Introduction

During the six months to December 2020, Bidvest pulled together like never before, strengthening our resolve to emerge stronger. Our entrepreneurial philosophy, agility, discipline and customer centricity enabled us to deliver a good set of results. Solid profit and HEPS growth converted into exceptional cash flow which enhanced our balance sheet.

Our people, many of whom are frontline workers, were key enablers in delivering this outcome. We are particularly pleased that today 95% of our employees have been able to return to work, a massive shift from the approximately 75% of employees that were unable to work during the height of the lockdown in 2020.

We sadly lost a further 44 employees to COVID-19 during the period as infections peaked over the past few months. We extend our sincere condolences to their families, friends and colleagues. The Bidvest COVID-19 Fund continued to support South African employees during the past six months. In the UK and Ireland, employees continued to receive support from their respective government employee relief schemes. Governments of South Africa, Ireland and the UK are commended for the support provided to livelihoods through TERS and furlough schemes.

In order to protect the health, safety and wellbeing of the Bidvest family, we will cover the cost of vaccinations of our employees not on medical aid in the coming months.

Highlights

Trading profit increased by 3.5%, off a pre-pandemic base, enhanced by the consolidation of PHS, the leading hygiene service provider in the UK. During the six months to December 2020, demand was disparate across industries. There was good demand for hygiene and facility services, DIY products and bulk commodity services. Travel and related, as well as hospitality, sectors were hard hit and remain, largely, closed.

Bidvest's focus was on expense and balance sheet management while delivering efficiently into market demand. Exceptional cost and margin management across the Group limited the negative profit impact of lower demand. This, together with excellent working capital management, resulted in cash generated by operations almost doubling to R6.2 billion (H1 2020: R3.3 billion). Free cash flow totalled R3.1 billion (H1 2020: R306.9 million). Group cash conversion was 124.3%.

Normalised HEPS[1], a measurement used by management to assess the underlying business performance, grew by 6.1% to 651.6 cents from continuing operations.

The balance sheet strengthened over the period. Return on Funds Employed (ROFE) improved significantly from 17.8% at year end to 31.3%. ROIC of 12.9%, unchanged from 30 June 2020, is above the Group's weighted cost of capital.

The Group declared an interim dividend of 290 cents per share, up 2.8%.

Financial overview

Group revenue grew 3.4% to R44.4 billion (H1 2020: R43.0 billion). PHS was consolidated for six months and Adcock Ingram ("Adcock") for one additional month. Organically, revenue declined by 5.1%.

The gross and trading profit margins remained broadly flat at 30.2% and 9.2%, respectively. PHS boosted margins, but the benefit was offset by pressure in Branded Products, Financial Services and the travel and related businesses in Services. On a like-for-like basis, expenses decreased an impressive 9.6%. COVID-19 charges totalled R83.9 million during the period.

Trading profit grew by 3.5%. Commercial Products and Services delivered excellent results. The South African businesses of Services delivered a solid result after taking into account the exposure to decimated travel and related industries. Automotive's efficiency improvements and expense management culminated in good profit growth despite significantly lower vehicle sales. Freight's trading profit was solid as the terminals handled greater bulk and agricultural volumes while other general import and export volumes remained depressed. Branded Products was resilient considering the significant demand disruption caused by the work-from-home phenomena and a no flu season. Financial Services' performance was disappointing due to reduced foreign exchange demand and lower interest rates. Foreign exchange rate swings impacted the closing values of inventory and investments.

Net capital losses reduced from R300.1 million to R134.0 million and related mainly to the disposal of Ontime Automotive and the impairment of minor associates. In the comparative period, net negative adjustments were made to the investment values of Adcock and Comair.

Net finance charges were 3.6% higher at R734.4 million (H1 2020: R709.2 million). Additional borrowings were raised to fund the PHS acquisition. The Group's average cost of funding decreased to 4.6% pre-tax (H1 2020: 6.5%).

Share of profits from associates flowed through from Adcock, compared to losses incurred by Comair in the prior period.

The Group's effective tax rate, excluding non-taxable MIAL losses and capital items, was 28.8% (H1 2020: 28.8%).

Non-controlling interest, comprising mainly of Adcock, decreased from R194.3 million to R147.7 million.

Basic earnings per share from continuing operations grew by 17.2% to 562.3 cents (H1 2020: 479.9 cents) mainly due to large impairments, disposals and associate losses in the prior period not recurring. HEPS from continuing operations grew by 6.3%.

(1) Normalised HEPS, which excludes acquisition costs, amortisation of acquired customer contracts and COVID-19 costs, is a measurement management uses to assess the underlying business performance

Message to shareholders (continued)

Bidvest Car Rental is disclosed as a discontinued operation. Basic and headline losses per share from discontinued operations increased from 3.0 cents to 7.5 cents in the current period.

Bidvest's net debt decreased from R19.2 billion as at 30 June 2020 to R15.8 billion at the end of December. A reduction in long-term borrowings of R6.4 billion was partly offset by R2.7 billion increase in short-term borrowings. This is primarily due to the PHS bridge facility now being classified as short-term. Since 30 June 2020, the bridge was reduced through a combination of refinancing and free cash totalling R6.8 billion.

Strong free cash flow generation resulted in a net debt to rolling EBITDA of 1.7x compared to 2.1x as at 30 June 2020. Interest cover was 8.6x (H1 2020: 8.2x).

Cash generated by operations at R6.2 billion, was 86.2% higher than the R3.3 billion generated in the prior period. Uncharacteristically, the Group released R335.8 million of working capital in the period that, traditionally, absorbs working capital (H1 2020: R2.0 billion absorption). The main impact, year-on-year, was from lower inventories and trade payables. At this stage, it is uncertain whether this unseasonal trend will reverse by year end.

Corporate action

Disposals

The last phase of the portfolio clean up that started after the unbundling of the foodservices businesses gained traction during this period under review.

Effective 5 February 2021, Bidvest's 6.75% stake in the Mumbai International Airport Limited (MIAL) was sold and the R1 billion cash proceeds banked.

UK-based Ontime Automotive was sold, effective 23 December 2020.

A sale and purchase agreement has been signed with a purchaser consortium in relation to the disposal of Bidair Services, the airports ground handling business. Parties are working towards closing the transaction soon.

Bidvest Car Rental was identified as a discontinued operation as at 30 June 2020. A disposal process is under way.

Once the above disposals are closed out, the portfolio clean up will, in the main, be done.

Capital deployed

Bidvest's flagship liquid petroleum gas (LPG) storage facility was successfully commissioned on 22 October 2020. It is more important than ever for South Africa to secure a reliable and cost-effective energy mix to drive real GDP growth. We anticipate that the stability of supply made possible by this R1 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.

In early February 2021, Noonan acquired Axis Group, a UK-based security and cleaning service provider, for an enterprise value of GBP24 million (approximately R480 million). This bolt-on acquisition significantly enhances Noonan's footprint in the UK. Management identified meaningful synergies during the due diligence, and these are already being pursued.

Prospects

Looking ahead, it is likely that the economic downturn will persist with the pace of recovery remaining largely uncertain. Cognisant of the constrained operating environment, we have optimised our cost base and improved efficiencies. Our businesses are future-fit and their operating models scalable, well placed for growth.

In addition, we have better aligned our product and service mix with evolving market demands and expanded our geographic footprint.

Bidvest's comprehensive basic-need services and everyday essential products position us favourably to withstand the current headwinds as well as capitalise on the resumption of trade. Our businesses will continue to seek new revenue and take advantage of the opportunities that are evident in some sectors.

While we continue to pursue our strategy of expanding into niche areas, we will maintain our sound capital allocation disciplines. In so doing, we remain confident in our ability to deliver sustainable growth and create long-term value for all stakeholders.

Bidvest is actively participating in national workstreams to enable a return to economic activity as soon as possible. This includes working alongside industry peers to ensure the effective distribution of COVID-19 vaccines across the country.

The Group

Bidvest is a leading business-to-business services, trading and distribution group, operating through six divisions: Services, Branded Products, Freight, Commercial Products, Financial Services and Automotive. The Group owns a significant Bidvest occupied property portfolio. Bidvest has a 56.1% stake in Adcock.

Divisional review

Services

Services delivered a great result, reporting a 37.9% increase in trading profit to R1.7 billion. The recently acquired PHS made a significant contribution, in line with our expectations. The hygiene pool continued to grow, emphasising the structural growth impetus in this sector. Both PHS and Noonan secured COVID-19-related work, which include amongst other services, the set up and management of testing and vaccine centres in the UK and specialist cleaning, which has helped offset credit note provisions for closed customer premises. Overall, the SA trading profit declined modestly as the travel and related industries remain effectively closed, culminating in trading losses from the three businesses directly exposed. The Security and Aviation cluster performed well, as did the Facilities Management cluster. Protea Coin, FM, Prestige, Bidair Cargo, Bidtrack and GPT delivered standout performances. Allied Services was impacted by declining hospitality demand and very low corporate occupancies. Contract wins across geographies and businesses were pleasing, particularly more recently, as management focused on identifying and converting market opportunities. Cash conversion and asset management were strong.

Branded Products

Branded Products showed resilience as the work-from-home approach maintained by many corporations, the disrupted education sector, constrained consumer spending as well as a lack of flu season significantly impacted Branded Products' performance. Trading profit contracted by 18.7% to R804 million. Expenses were very well managed as were funds employed although Adcock did absorb over R500 million in working capital. Adcock's interim results reflected gross margin pressure brought about by the unfavourable exchange rate. Packaging and label demand was good and certain branded consumer product categories did well. Print and office products businesses held their own in tough trading conditions. Businesses are focused on enhancing online offerings and introducing further efficiencies.

Freight

Freight handled increased bulk and agricultural volumes and delivered a solid result. Limited general cargo and reduced fuel and chemical volumes limited the overall performance to a flat operating profit of R646.4 million, which is off a 13.1% lower revenue. Bulk Connections, SABT and Bidfreight Port Operations performed very well. Bidvest Tank Terminals successfully commissioned the Richards Bay LPG terminal on 22 October 2020. Hardship in the fuel and chemical industry resulted in rates and capacity being less than optimal. The situation will normalise from April 2021 onwards. Bidvest International Logistics and Bidvest SACD were impacted by reduced import and export activity, particularly as it relates to consumer goods. Cost management has been good. Management is confident that a pick-up in activity will enhance profitability.

Commercial Products

Commercial Products delivered an excellent result. Profit rose 44.4% to R495.7 million, off revenue growth of 6.7%. Available stock to sell into greater DIY demand and product innovation resulted in very pleasing market share gains. Broad product ranges, focused sales efforts and improved factory recoveries also contributed to this excellent result. Revenue growth in the Trade and DIY/Tool/Workwear clusters were particularly pleasing. Plumblink continues to go from strength to strength, while restructuring and refocusing of the Electrical businesses yielded exceptional results. Academy Brushware, Afcom, Yamaha, Renttech and Vulcan delivered strong results. The gross profit margin improved and expenses were well managed. Cash generation was strong. Challenges due to shortages of key raw materials are being actively managed.

Financial Services

Financial Services' trading profit declined by 39.3% to R167.9 million. Bidvest Bank's non-interest revenue was impacted by significantly reduced foreign exchange demand, given the international travel restrictions and the net roll-off of fleet management units. Lower interest rates resulted in reduced net interest margins. Bidvest Bank's liquidity and capital ratios remain strong. A significant branch network rationalisation was done towards the end of the period under review. The insurance and related businesses delivered good performances driven by good expense and claim management despite fewer policy sales. Investment returns on the insurance portfolio were pleasing.

Automotive

Overall, the South African automotive market remains depressed despite showing a faster than expected rebound off the mid-2020 trough. Strong expense management resulted in very pleasing trading profit growth of 5.6% to R323.8 million, despite a 5.4% contraction in revenue. McCarthy sold fewer new vehicles compared to the overall market. This is mainly due to a significant contraction in fleet sales. Used car volumes were lower, but a pickup in demand was noted in the second quarter. In Namibia, our vehicle sales outperformed a weak market. Gross profit margin remained broadly flat. Management has flagged short supply in almost all brands. Operational cash generation was a highlight and ROFE improved nicely.

Message to shareholders (continued)

Bidvest Properties and Corporate

Bidvest Properties delivered a resilient result in a very challenging property market. Trading profit declined by 6.6% to R275.4 million. The portfolio comprises of 135 properties across South Africa and Namibia with an estimated market value of R8.0 billion, significantly higher than book value.

The R400 million Bidvest COVID-19 fund continued to assist our South African employees still unable to work due to low sector activity. The last of the foreign exchange mark-to-market adjustment on MIAL was recognised. Ontime Automotive was sold and management is actively pursuing the sale of the legacy FMCG distribution businesses in Namibia.

Directorate

In accordance with the section 3.59 of the JSE Listings Requirements, the board of directors of the Group advised shareholders that Mr LP Ralphs retired as chief executive of the Group, with effect from 1 October 2020.

For and on behalf of the board

BF Mohale
Chairman

NT Madisa
Chief executive

Johannesburg

1 March 2021

Dividend declaration

In line with the Group dividend policy, the directors have declared an interim gross cash dividend of 290 cents (232.0000 cents net of dividend withholding tax, where applicable) per ordinary share for the six months ended 31 December 2020 to those members registered on the record date, being Friday, 26 March 2021.

The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt.

Share code:	BVT
ISIN:	ZAE000117321
Company registration number:	1946/021180/06
Company tax reference number:	9550162714
Gross cash dividend amount per share:	290.0
Net dividend amount per share:	232.000
Issued shares at declaration date:	340 274 346
Declaration date:	Monday, 1 March 2021
Last day to trade *cum* dividend:	Tuesday, 23 March 2021
First day to trade *ex*-dividend:	Wednesday, 24 March 2021
Record date:	Friday, 26 March 2021
Payment date:	Monday, 29 March 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 24 March 2021, and Friday, 26 March 2021, both days inclusive.

For and on behalf of the board

Ilze Roux
Company Secretary

Condensed consolidated income statement

for the

R000s	Half-year ended 31 December 2020 Unaudited	2019 °Restated Unaudited	% Change	Year ended 30 June 2020 Audited
Continuing operations				
Revenue	**44 448 758**	43 002 347	3.4	76 542 581
Cost of revenue	**(31 033 160)**	(29 956 270)	3.6	(53 101 006)
Gross profit	**13 415 598**	13 046 077	2.8	23 441 575
Operating expenses	**(9 300 613)**	(9 183 637)	1.3	(18 079 797)
Net impairment losses on financial assets	**(41 847)**	(74 571)		(245 401)
Other income	**84 109**	124 947		266 807
Income from investments	**(88 961)**	17 386		(43 482)
Trading profit	**4 068 286**	3 930 202	3.5	5 339 702
Share-based payment expense	**(120 907)**	(116 804)		(202 494)
Acquisition costs and customer contracts amortisation	**(143 754)**	(43 318)		(345 229)
Net capital items	**(134 005)**	(300 080)		(1 973 149)
Profit before finance charges and associate income	**3 669 620**	3 470 000	5.8	2 818 830
Net finance charges	**(734 400)**	(709 169)	3.6	(1 429 627)
Finance income	**45 907**	67 578		80 253
Finance charges	**(780 307)**	(776 747)		(1 509 880)
Share of profit of associates and joint ventures	**63 137**	(97 267)	(164.9)	(92 250)
Current period earnings	**63 137**	(91 639)	(168.9)	(87 129)
Net capital items	**–**	(5 628)		(5 121)
Profit before taxation	**2 998 357**	2 663 564	12.6	1 296 953
Taxation	**(939 947)**	(843 364)	11.5	(851 589)
Profit for the period from continuing operations	**2 058 410**	1 820 200	13.1	445 364
Discontinued operations				
Loss after tax from discontinued operations	**(25 365)**	(10 165)		(632 267)
Profit (loss) for the period	**2 033 045**	1 810 035		(186 903)
Attributable to				
Shareholders of the Company – continuing operations	**1 910 663**	1 625 931	17.5	168 981
Shareholders of the Company – discontinued operations	**(25 365)**	(10 165)		(632 267)
Non-controlling interest	**147 747**	194 269	(23.9)	276 383
	2 033 045	1 810 035	12.3	(186 903)
Basic earnings per share (cents) – continuing operations	**562.3**	479.9	17.2	49,8
Diluted basic earnings per share (cents) – continuing operations	**561.9**	478.7	17.4	49,7
Basic earnings per share (cents) – discontinued operations	**(7.5)**	(3.0)		(186,4)
Diluted basic earnings per share (cents) – discontinued operations	**(7.5)**	(3.0)		(186,1)
Basic earnings per share (cents) – Group	**554.8**	476.9		(136,6)
Diluted basic earnings per share (cents) – Group	**554.4**	475.8		(136,4)

° refer Restatement of comparatives note for details of restatement

Condensed consolidated income statement

(continued)

for the

R000s	Half-year ended 31 December 2020 Unaudited	2019 °Restated Unaudited	% Change	Year ended 30 June 2020 Audited
Supplementary Information				
Headline earnings per share (cents) – continuing operations	**601.7**	566.2	6.3	553,2
Normalised headline earnings per share (cents) – continuing operations*	**651.6**	613.9	6.1	1 028,3
Diluted headline earnings per share (cents) – continuing operations	**601.3**	564.9	6.4	552,5
Headline earnings per share (cents) – discontinued operations	**(7.5)**	(3.0)		(159,2)
Diluted headline earnings per share (cents) – discontinued operations	**(7.5)**	(3.0)		(159,0)
Normalised headline earnings per share (cents) – Group*	**644.1**	610.9		869,1
Headline earnings per share (cents) – Group	**594.2**	563.2		394,0
Diluted headline earnings per share (cents) – Group	**593.8**	561.9		393,5
Shares in issue				
Total ('000)	**339 888**	339 679		339 770
Weighted ('000)	**339 807**	338 826		339 264
Diluted weighted ('000)	**340 037**	339 621		339 728
Dividends per share (cents)	**290.0**	282.0	2.8	282,0

° refer Restatement of comparatives note for details of restatement

** refer Normalised headline earnings per share note for a detailed definition*

Condensed consolidated income statement

(continued)

for the

R000s	Half-year ended 31 December 2020 Unaudited	2019 °Restated Unaudited	% Change	Year ended 30 June 2020 Audited
Headline earnings				
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:				
Profit attributable to shareholders of the Company – continuing operations	**1 910 663**	1 625 931	17.5	168 981
Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets	**–**	–		990 164
Property, plant and equipment#	**–**	–		222 463
Right-of-use assets#	**–**	–		145 144
Goodwill#	**–**	–		496 850
Intangible assets#	**–**	–		322 124
Taxation effect	**–**	–		(141 865)
Non-controlling interest	**–**	–		(54 552)
Net loss on disposal of interests in subsidiaries and disposal and closure of businesses	**114 539**	155 676		247 181
Loss on disposal and closure#	**120 897**	169 244		278 944
Taxation effect	**(6 358)**	(13 568)		(18 482)
Non-controlling interest	**–**	–		(13 281)
Net loss on disposal and impairment of associates	**36 147**	136 049		485 711
Impairment of associates#	**36 147**	135 356		523 279
Net change in shareholding in associates#	**–**	693		693
Taxation effect	**–**	–		(38 261)
Net gain on disposal of property, plant and equipment and intangible assets	**(2 690)**	(4 706)		(8 963)
Property, plant and equipment#	**(3 354)**	(2 263)		29 981
Intangible assets#	**–**	(2 950)		(30 681)
Taxation effect	**664**	507		(8 263)
Compensation received on loss or impairment of property plant and equipment	**(14 173)**	–		(11 267)
Compensation received#	**(19 685)**	–		(15 648)
Taxation effect	**5 512**	–		4 381
Non-headline items included in equity accounted earnings of associated companies	**–**	5 628		5 121
Headline earnings - continuing operations	**2 044 486**	1 918 578	6.6	1 876 928
Loss attributable to shareholders of the Company – discontinued operations	**(25 365)**	(10 165)		(632 267)
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	**2 019 121**	1 908 413		1 336 755

 # Items above included as capital items on condensed consolidated income statement

° refer Restatement of comparatives note for details of restatement

Condensed consolidated income statement

(continued)

for the

Normalised headline earnings per share

Normalised headline earnings per share is a measurement used by the chief operating decision-makers, Mpumi Madisa and the Group executive directors. 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, COVID-19 pandemic expenses relating to abnormal receivables provisioning, inventory obsolescence, restructuring and COVID-19 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.

	Half-year ended 31 December			Year ended 30 June
	2020	2019	%	2020
R000s	**Unaudited**	°Restated Unaudited	Change	Audited
Headline earnings – continuing operations	**2 044 486**	1 918 578		1 876 928
Acquisition costs	**7 580**	16 465		178 179
Amortisation of acquired customer contracts	**136 174**	26 853		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		122 191
COVID-19 pandemic expenses *(refer Significant accounting policies and judgements)*	**83 878**	–		1 200 644
COVID-19 pandemic impact on MIAL *(refer Significant accounting policies and judgements)*	**–**	–		351 442
Taxation effect	**(48 195)**	(4 013)		(333 513)
Non-controlling interest	**(9 876)**	–		(74 193)
Normalised headline earnings – continuing operations	**2 214 047**	2 080 074	6.4	3 488 728
Normalised headline earnings – discontinued operations	**(25 365)**	(10 165)		(540 173)
Normalised headline earnings – Group	**2 188 682**	2 069 909		2 948 555

° refer Restatement of comparatives note for details of restatement

Condensed consolidated statement of other comprehensive income

for the

R000s	Half-year ended 31 December 2020 Unaudited	Half-year ended 31 December 2019 Unaudited	Year ended 30 June 2020 Audited
Profit (loss) for the period	**2 033 045**	1 810 035	(186 903)
Other comprehensive income (expense) net of taxation			
Items that may be reclassified subsequently to profit or loss	**(548 174)**	(21 176)	155 080
(Decrease) increase in foreign currency translation reserve	**(510 887)**	(5 834)	200 770
Decrease in fair value of cash flow hedges	**(37 287)**	(21 356)	(51 704)
Fair value loss arising during the period	**(51 788)**	(29 661)	(71 811)
Taxation effect for the period	**14 501**	8 305	20 107
Share of other comprehensive income of associates and joint ventures	**–**	6 014	6 014
Other comprehensive income transferred to profit or loss			
Realisation of exchange differences on disposal of subsidiaries and or associates	**63 367**	2 803	7 327
Items that will not be reclassified subsequently to profit or loss	**(425)**	(6 563)	(43 895)
Changes in the fair value of financial assets recognised through other comprehensive income	**(425)**	(6 563)	(15 865)
Defined benefit obligations	**–**	–	(28 030)
Net remeasurement of defined benefit obligations during the period	**–**	–	(38 729)
Taxation effect for the period	**–**	–	10 699
Total comprehensive income for the period	**1 547 813**	1 785 099	(68 391)
Attributable to			
Shareholders of the Company	**1 443 485**	1 608 513	(368 125)
Non-controlling interest	**104 328**	176 586	299 734
	1 547 813	1 785 099	(68 391)

Condensed consolidated statement of cash flows

for the

R000s	Half-year ended 31 December 2020 Unaudited	2019 Unaudited	Year ended 30 June 2020 Audited
Cash flows from operating activities	**4 443 194**	1 001 318	4 258 631
Profit before finance charges and associate income	**3 669 620**	3 470 000	2 818 830
Dividends from associates	**55 282**	58 836	123 910
Acquisition costs	**7 580**	16 465	178 179
Depreciation and amortisation	**1 824 076**	1 459 835	2 947 695
Share-based payment expense	**113 946**	116 804	216 348
Impairments of associates	**36 147**	135 356	523 279
Impairment of goodwill and intangibles	**–**	–	818 974
Impairment of property, plant and equipment and right-of-use assets	**–**	–	367 608
Fair value adjustment to investments	**86 933**	(24 031)	108 598
Other non-cash items	**57 982**	102 583	201 858
Cash generated by operations before changes in working capital	**5 851 566**	5 335 848	8 305 279
Changes in working capital	**335 804**	(2 012 697)	874 428
Decrease (increase) in inventories	**897 914**	(398 846)	(740 413)
(Increase) decrease in trade receivables	**(330 062)**	1 197 801	2 623 679
Decrease (increase) in banking and other advances	**3 187**	(337 617)	(449 541)
Decrease in trade and other payables and provisions	**(566 618)**	(2 996 357)	(1 438 571)
Increase in amounts owed to bank depositors	**331 384**	522 322	879 274
Cash generated by operations	**6 187 370**	3 323 151	9 179 707
Net finance charges paid	**(708 919)**	(654 160)	(1 432 054)
Taxation paid	**(645 822)**	(852 052)	(1 454 119)
Dividends paid by the Company	**–**	(1 076 055)	(2 033 951)
Dividends paid by subsidiaries	**(7 245)**	(126 951)	(233 613)
– Non-controlling shareholders	**(5 727)**	(126 951)	(229 818)
– Put-call option holders	**(1 518)**	–	(3 795)
Net operating activities from discontinued operations	**(382 190)**	387 385	232 661
Cash effects of investment activities	**(766 045)**	(2 385 892)	(3 319 199)
Net additions to property, plant and equipment	**(1 038 041)**	(911 208)	(1 678 051)
Net additions to intangible assets	**(91 732)**	(74 876)	(141 409)
Net cash and cash equivalents arising on consolidation of Adcock Ingram	**–**	467 913	467 913
Net acquisition of subsidiaries, businesses, associates and investments	**(237 201)**	(1 217 154)	(1 314 636)
Net investing activities from discontinued operations	**600 929**	(650 567)	(653 016)
Cash effects of financing activities	**(3 396 262)**	1 617 223	2 041 278
Repayment of lease liabilities	**(627 291)**	(523 964)	(1 017 544)
Settlement of puttable non-controlling interest liability	**–**	(57 050)	(57 050)
Transactions with non-controlling interests	**(177 411)**	(176 765)	(200 650)
Part held subsidiary share buy-back from non-controlling interest	**–**	–	(154 056)
Net borrowings (repaid) raised	**(2 497 719)**	2 402 216	3 180 355
Net financing activities from discontinued operations	**(93 841)**	(27 214)	290 223
Net increase in cash and cash equivalents	**280 887**	232 649	2 980 710
Net cash and cash equivalents at the beginning of the period	**5 343 865**	2 034 523	2 034 523
Exchange rate adjustment	**(233 061)**	(7 733)	328 632
Net cash and cash equivalents at end of the period	**5 391 691**	2 259 439	5 343 865
Net cash and cash equivalents comprise:			
Cash and cash equivalents – continuing operations	**10 092 014**	6 944 710	10 412 475
Cash and cash equivalents – discontinued operations	**(623 828)**	–	(746 561)
Bank overdrafts included in short-term portion of interest bearing borrowings	**(4 076 495)**	(4 685 271)	(4 322 049)
	5 391 691	2 259 439	5 343 865

Condensed consolidated statement of financial position

as at

R000s	31 December 2020 Unaudited	31 December 2019 Unaudited	30 June 2020 * Restated
ASSETS			
Non-current assets	**51 576 225**	37 585 347	53 201 715
Property, plant and equipment	**14 268 474**	13 671 906	14 425 708
Right-of-use assets	**4 529 842**	5 012 861	5 134 768
Intangible assets	**12 721 488**	4 480 138	13 313 157
Goodwill	**13 463 859**	8 688 835	14 058 238
Deferred taxation assets	**1 446 405**	681 809	1 588 036
Defined benefit pension surplus	**214 329**	241 390	214 329
Interest in associates and joint ventures	**555 192**	960 793	599 188
Life assurance fund	**109 686**	77 179	76 188
Investments	**2 414 708**	2 089 968	2 031 937
Banking and other advances	**1 852 242**	1 680 468	1 760 166
Current assets	**35 314 921**	34 953 935	36 806 591
Vehicle rental fleet	**–**	1 819 214	–
Inventories	**10 143 539**	10 474 470	11 060 258
Short-term portion of banking and other advances	**1 249 287**	1 312 324	1 344 550
Short-term portion of investments	**1 037 928**	1 202 133	1 141 545
Trade and other receivables	**12 439 201**	12 851 959	12 522 646
Taxation	**352 952**	349 125	325 117
Cash and cash equivalents	**10 092 014**	6 944 710	10 412 475
Assets of disposal group held for sale	**1 056 726**	–	1 806 855
Total assets	**87 947 872**	72 539 282	91 815 161
EQUITY AND LIABILITIES			
Capital and reserves	**28 105 413**	28 573 995	26 640 903
Attributable to shareholders of the Company	**24 692 361**	26 189 547	23 159 047
Non-controlling interest	**3 413 052**	2 384 448	3 481 856
Non-current liabilities	**24 949 503**	15 938 982	31 977 484
Deferred taxation liabilities	**3 711 638**	1 446 188	3 931 901
Long-term portion of borrowings	**16 451 175**	9 719 842	22 883 554
Post-retirement obligations	**80 034**	89 078	79 075
Puttable non-controlling interest liabilities	**21 430**	24 002	22 002
Long-term portion of provisions	**568 769**	249 599	667 672
Long-term portion of lease liabilities	**4 116 457**	4 410 273	4 393 280
Current liabilities	**33 634 017**	28 026 305	31 557 555
Trade and other payables	**14 023 936**	11 878 608	15 018 849
Short-term portion of provisions	**870 613**	360 135	820 590
Vendors for acquisition	**24 912**	429 439	2 611
Taxation	**723 691**	311 398	438 105
Amounts owed to bank depositors	**7 618 148**	6 929 812	7 286 764
Short-term portion of borrowings	**9 411 174**	7 206 454	6 752 335
Short-term portion of lease liabilities	**961 543**	910 459	1 238 301
Liabilities of disposal group held for sale	**1 258 939**	–	1 639 219
Total equity and liabilities	**87 947 872**	72 539 282	91 815 161
Supplementary Information			
Net asset value per share (cents)	**7 265**	7 710	6 816

** refer Business combinations note for details of restatement*

Condensed consolidated statement of changes in equity

for the

R000s	Half-year ended 31 December 2020 Unaudited	2019 Unaudited	Year ended 30 June 2020 Audited
Equity attributable to shareholders of the Company	**24 692 361**	26 189 547	23 159 047
Share capital	**17 014**	17 014	17 014
Balance at beginning of the period	**17 014**	16 948	16 948
Shares issued during the period	**–**	66	66
Share premium	**1 367 796**	1 367 796	1 367 796
Balance at beginning of the period	**1 367 796**	1 099 231	1 099 231
Shares issued during the period	**–**	268 856	268 856
Share issue costs	**–**	(291)	(291)
Foreign currency translation reserve	**(19 279)**	214 380	400 927
Balance at beginning of the period	**400 927**	208 936	208 936
Movement during the period	**(483 573)**	2 641	184 664
Realisation of reserve on disposal of subsidiaries and or associates	**63 367**	2 803	7 327
Hedging reserve	**(86 466)**	(25 728)	(65 284)
Balance at beginning of the period	**(65 284)**	(13 580)	(13 580)
Fair value losses arising during the period	**(29 420)**	(16 872)	(71 811)
Deferred tax recognised directly in reserve	**8 238**	4 724	20 107
Equity-settled share-based payment reserve	**(362 065)**	(478 558)	(437 247)
Balance at beginning of the period	**(437 247)**	(343 118)	(343 118)
Arising during the period	**108 572**	109 800	219 827
Deferred tax recognised directly in reserve	**745**	33 065	(18 093)
Utilisation during the period	**(34 135)**	(278 305)	(295 863)
Movement in retained earnings	**23 095 374**	24 440 880	21 211 095
Balance at the beginning of the period	**21 211 095**	24 012 732	24 012 732
IFRS 16 adjustment to balance at beginning of the period (associate)	**–**	(20 402)	(21 064)
IFRIC 23 adjustment to balance at beginning of the period	**–**	–	(172 800)
Attributable profit	**1 885 298**	1 615 766	(463 286)
Changes in the fair value of financial assets recognised through other comprehensive income	**(425)**	(6 563)	(15 865)
Net remeasurement of defined benefit obligations during the period	**–**	–	(28 319)
Other transactions with subsidiaries	**–**	–	(154 056)
Share of other comprehensive income of associates	**–**	6 014	6 014
Transfer of reserves as a result of changes in shareholding of subsidiaries	**(594)**	(91 878)	80 424
Remeasurement of put option liability	**–**	1 266	1 266
Net dividends paid	**–**	(1 076 055)	(2 033 951)
Treasury shares	**679 987**	653 763	664 746
Balance at the beginning of the period	**664 746**	637 063	637 063
Purchase of shares by subsidiaries	**(15 611)**	–	–
Shares disposed of in terms of share incentive scheme	**30 852**	16 700	27 683
Equity attributable to non-controlling interests of the Company	**3 413 052**	2 384 448	3 481 856
Balance at beginning of the period	**3 481 856**	304 620	304 620
Total comprehensive income	**104 328**	176 586	299 734
Attributable profit	**147 747**	194 269	276 383
Movement in foreign currency translation reserve	**(27 314)**	(8 475)	16 106
Net movement in hedging reserve	**(16 105)**	(9 208)	6 936
Changes in the fair value of financial assets recognised through other comprehensive income	**–**	–	20
Net remeasurement of defined benefit obligations during the period	**–**	–	289
Dividends paid	**(5 727)**	(126 951)	(229 818)
Equity-settled share-based payment reserve arising in the period	**6 076**	(2 692)	(2 155)
Changes in shareholding	**(174 075)**	1 941 007	3 189 899
Transfer of reserves as a result of changes in shareholding of subsidiaries	**594**	91 878	(80 424)
Total equity	**28 105 413**	28 573 995	26 640 903

Condensed disaggregated revenue

for the

R000s	Half-year ended 31 December 2020 Unaudited	2019 °Restated Unaudited	Year ended 30 June 2020 Audited
Revenue			
Sale of goods[1]	**26 615 117**	27 194 312	47 812 696
Rendering of services[2]	**16 887 271**	14 246 040	27 977 794
Commissions and fees earned[3]	**1 080 553**	1 491 418	2 306 642
Billings relating to clearing and forwarding transactions[4]	**1 202 770**	1 521 267	2 112 326
Insurance[5]	**255 979**	248 244	512 356
	46 041 690	44 701 281	80 721 814
Inter-group eliminations	**(1 592 932)**	(1 698 934)	(4 179 233)
	44 448 758	43 002 347	76 542 581
Included in commissions and fees earned is R920 million (H1 2020: R1 000 million) 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.			
Disaggregation of segmental revenue			
Services[2]	**13 575 145**	10 578 884	21 008 073
Branded Products[1]	**8 497 459**	8 663 474	16 298 000
Freight[2,4]	**3 186 112**	3 846 411	6 054 636
Commercial Products[1]	**6 874 900**	6 441 806	11 287 019
Automotive[1]	**10 524 519**	11 341 308	18 028 934
Financial Services[3,5]	**1 253 246**	1 333 075	2 452 682
Properties[2]	**22 246**	24 195	48 059
Corporate and Investments[1]	**515 131**	773 194	1 365 178
	44 448 758	43 002 347	76 542 581
Geographic disaggregation of revenue			
Southern Africa	**37 015 736**	38 916 662	67 687 640
International	**7 433 022**	4 085 685	8 854 941
	44 448 758	43 002 347	76 542 581

° refer Restatement of comparatives note for details of restatement

Condensed segmental analysis

for the

R000s	Half-year ended 31 December 2020 Unaudited	 2019 °Restated Unaudited	 % Change	Year ended 30 June 2020 Audited
Segmental revenue				
Services	**13 999 637**	10 974 554	27.6	22 090 784
Branded Products	**8 852 034**	9 270 573	(4.5)	17 327 336
Freight	**3 395 822**	3 909 774	(13.1)	6 308 343
Commercial Products	**6 971 509**	6 532 615	6.7	11 943 006
Automotive	**10 643 705**	11 448 137	(7.0)	18 263 276
Financial Services	**1 318 610**	1 393 593	(5.4)	2 650 190
Properties	**293 075**	313 489	(6.5)	624 292
Corporate and investments	**567 298**	858 546	(33.9)	1 514 587
	46 041 690	44 701 281	3.0	80 721 814
Inter-group eliminations	**(1 592 932)**	(1 698 934)		(4 179 233)
	44 448 758	43 002 347	3.4	76 542 581
Geographic region				
Southern Africa	**38 608 668**	40 615 596		71 857 855
International	**7 433 022**	4 085 685		8 863 959
	46 041 690	44 701 281		80 721 814
Segmental trading profit				
Services	**1 684 901**	1 221 397	37.9	2 133 745
Branded Products	**804 202**	988 864	(18.7)	1 404 039
Freight	**646 444**	645 613	0.1	1 160 543
Commercial Products	**495 684**	343 183	44.4	393 032
Automotive	**323 784**	306 545	5.6	177 518
Financial Services	**167 926**	276 607	(39.3)	304 354
Properties	**275 436**	294 808	(6.6)	579 110
Corporate and investments	**(330 091)**	(146 815)	124.8	(812 639)
	4 068 286	3 930 202	3.5	5 339 702
Geographic region				
Southern Africa	**3 246 138**	3 745 887		4 766 669
International	**822 148**	184 315		573 033
	4 068 286	3 930 202		5 339 702

° refer Restatement of comparatives note for details of restatement

Condensed segmental analysis

(continued)

for the

R000s	Half-year ended 31 December 2020 Unaudited	2019 °Restated Unaudited	% Change	Year ended 30 June 2020 Audited
Segmental operating assets				
Services	**8 268 163**	6 104 954	35.4	8 928 512
Branded Products	**10 376 352**	10 804 565	(4.0)	10 026 686
Freight	**8 044 399**	8 493 873	(5.3)	8 311 029
Commercial Products	**5 662 378**	6 237 510	(9.2)	6 036 883
Automotive	**4 041 491**	6 940 827	(41.8)	4 656 611
Financial Services	**7 659 229**	7 493 988	2.2	7 464 971
Properties	**3 696 771**	3 576 089	3.4	3 561 295
Corporate and investments	**1 805 540**	2 472 300	(27.0)	2 086 390
	49 554 323	52 124 106	(4.9)	51 072 377
Inter-group eliminations	**(739 895)**	(729 441)		(761 094)
	48 814 428	51 394 665	(5.0)	50 311 283
Geographic region				
Southern Africa	**45 132 493**	50 552 921		46 035 348
International	**4 421 830**	1 571 185		5 037 029
	49 554 323	52 124 106		51 072 377
Segmental operating liabilities				
Services	**6 708 839**	3 555 070	88.7	7 306 940
Branded Products	**4 205 692**	4 163 510	1.0	4 298 796
Freight	**3 976 336**	4 213 930	(5.6)	4 257 185
Commercial Products	**2 164 960**	2 166 068	(0.1)	2 360 317
Automotive	**2 376 045**	2 899 492	(18.1)	2 354 633
Financial Services	**8 845 194**	8 296 404	6.6	8 807 482
Properties	**13 984**	20 340	(31.2)	40 877
Corporate and investments	**688 345**	242 591	183.7	839 395
	28 979 395	25 557 405	13.4	30 265 625
Inter-group eliminations	**(739 895)**	(729 441)		(761 094)
	28 239 500	24 827 964	13.7	29 504 531
Geographic region				
Southern Africa	**24 661 043**	24 401 949		25 444 241
International	**4 318 352**	1 155 456		4 821 384
	28 979 395	25 557 405		30 265 625

° refer Restatement of comparatives note for details of restatement

Basis of presentation of condensed consolidated financial statements

The interim condensed consolidated financial statements have been prepared in accordance with and containing information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the Companies Act of South Africa and the JSE Listings Requirements. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Group during the interim reporting period (IAS 34 para 6). Selected explanatory notes are included to explain events and transactions that are significant to an understanding to the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2020.

In preparing these interim condensed consolidated financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Significant accounting policies and judgements

The accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ending 30 June 2020. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Judgement was required to consider the impact of COVID-19 on the results of the Group for the period under review. The financial impact arising from the Group's assessment is detailed below:

R000s	**Half-year ended 31 December** **2020 Unaudited**	2019 Unaudited	Year ended 30 June 2020 Audited
COVID-19 capital impairments	**–**	–	1 147 958
COVID-19 non-capital impairments	**83 878**	–	1 552 086
Restructuring costs	**60 665**	–	460 443
Bidvest COVID-19 Fund	**–**	–	400 000
Impairment of MIAL	**–**	–	351 442
Net impairment losses on financial assets (ECLs)	**7 057**	–	228 315
Onerous contracts	**675**	–	57 148
Inventory obsolescence provisions	**15 481**	–	54 738

Restatement of comparatives

The 30 June 2020 comparative condensed consolidated statement of financial position has been restated (refer Business combinations note for further details). Net impairment losses on financial assets, in accordance with IAS 1, were disclosed as a separate line item in the consolidated income statement for the first time for the year ending 30 June 2020, consequently the comparative period to 31 December 2019 has been restated accordingly. Geographic segmentation was included for the first time for the year ending 30 June 2020, consequently the comparative period to 31 December 2019 has been restated accordingly. The IFRS 5 Non-current Assets Held for Sale and Discontinued Operations disclosure (refer Discontinued operations note) has resulted in the restatement of the condensed consolidated income statement, headline earnings, condensed consolidated cash flow statement, condensed disaggregated revenue, condensed segmental revenue and condensed segmental trading profit for the comparative period to 31 December 2019.

Significant commitments

Bidvest Freight has committed R201 million to an LPG tank farm project in Isando Gauteng, as at 31 December 2020 R2 million has been spent. The estimated completion date for the Isando LPG project is March 2022. During the period, R110 million was committed to a project to upgrade and replace infrastructure at South African Bulk Terminals, as at the reporting date R64 million has been spent with the balance expected to be spent before 30 June 2021. Bidvest Properties has committed R70 million to the purchase of a property occupied by a Group tenant.

Fair value of financial instruments

The Group's investments of R3 453 million (H1 2020: R3 801 million) include R131 million (H1 2020: R142 million) recorded at amortised cost, R2 148 million (H1 2020: R2 323 million) recorded and measured at fair values using quoted prices (Level 1) and R1 174 million (H1 2020: R1 336 million) recorded and measured at fair value using factors not based on observable data (Level 3). Fair value losses on Level 3 investments recognised in the income statement total R140 million (H1 2020: R18 million).

Basis of presentation of condensed consolidated financial statements (continued)

Analysis of investments at a fair value not determined by observable market data

R000s	Half-year ended 31 December 2020 Unaudited	Half-year ended 31 December 2019 Unaudited	Year ended 30 June 2020 Audited
Balance at the beginning of period	**1 276 338**	1 311 132	1 311 132
On acquisition of business	**–**	29 627	29 627
Purchases, loan advances or transfers from other categories	**42 412**	14 429	41 169
Fair value adjustment recognised directly in equity	**–**	–	55
Fair value adjustment arising during the period recognised in the income statement	**(139 505)**	(18 324)	(102 831)
Proceeds on disposal, repayment of loans or transfers to other categories	**(4 364)**	(723)	(3 396)
Exchange rate adjustments	**(524)**	(39)	582
	1 174 357	1 336 102	1 276 338

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 31 December 2020 is R1.0 billion (₹cr 505), which is the disposal price of 5 February 2021 (refer Subsequent events note), and has been classified as a current asset. The carrying value at the comparative prior period reporting date, 31 December 2019, is R1.2 billion (US$86 million).

MIAL is a foreign-based asset and the ruling period-end exchange rate, ₹1cr = R2 055 303 (H1 2020: US$1 = R13.98), is a further factor that affects the carrying value.

The carrying values of all financial assets and liabilities approximate their fair values, with the exception of borrowings of R25 904 million whose carrying value is R25 862 million.

Discontinued operations

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 as a discontinued operation as at 30 June 2020. BCR is a separate and major business component of the Automotive segment.

The buyer engaged during June 2020 was unable to secure financing for the deal and has withdrawn the non-binding offer to purchase. BCR continues to be actively marketed for sale at a price which is reasonable to its fair value and a number of interested parties are being considered.

BCR was not previously classified as a disposal group held for sale and as a discontinued operation for the period ended 31 December 2019. The comparative condensed consolidated income statement and condensed consolidated statement of cash flows and financial reporting were restated to show the discontinued operation separately from continuing operations.

Basis of presentation of condensed consolidated financial statements (continued)

Results of the discontinued operation included in the Group's results for the period ended 31 December are detailed as follows:

R000s	Half-year ended 31 December 2020 Unaudited	2019 Unaudited	Year ended 30 June 2020 Audited
Revenue	**267 338**	675 289	1 057 525
Cost of revenue	**(196 194)**	(389 268)	(840 519)
Gross profit	**71 144**	286 021	217 006
Operating expenses	**(56 403)**	(217 298)	(716 538)
Other income	**–**	898	1 063
Trading profit (loss)	**14 741**	69 621	(498 469)
Share-based payment expense	**(702)**	(693)	(1 324)
Impairment of property, plant and equipment and right-of-use assets	**–**	–	(128 300)
Operating profit (loss) before finance charges	**14 039**	68 928	(628 093)
Net finance charges	**(47 278)**	(82 092)	(210 151)
Finance income	**63**	129	5 151
Finance charges	**(47 341)**	(82 221)	(215 302)
Operating loss before taxation	**(33 239)**	(13 164)	(838 244)
Taxation	**7 874**	2 999	205 977
Loss for the period from discontinued operations	**(25 365)**	(10 165)	(632 267)
Basic earnings per share (cents) – discontinued operations	**(7.5)**	(3.0)	(186.4)
Diluted basic earnings per share (cents) – discontinued operations	**(7.5)**	(3.0)	(186.1)
Effect of the discontinued operation on the Group's consolidated statement of financial position			
Assets of disposal group held for sale	**1 056 726**		1 806 855
Current tax asset	**58 361**		58 335
Property, plant and equipment	**575**		–
Intangible assets	**487**		–
Vehicle rental fleet	**871 859**		1 561 338
Inventories	**53**		1 600
Trade and other receivables	**97 126**		168 694
Cash and cash equivalents	**28 265**		16 888
Liabilities of disposal group held for sale	**1 258 939**		1 639 219
Post-retirement medical aid obligations	**–**		1 123
Lease liabilities	**64 269**		78 096
Trade and other payables	**90 990**		195 325
Provisions for discontinuation	**185 245**		255 233
Interest-bearing borrowings	**266 342**		345 993
Cash and cash equivalents (overdrafts)	**652 093**		763 449
Cash flows from discontinued operations			
Net operating activities from discontinued operations	**(382 190)**	387 385	232 661
Net investing activities from discontinued operations	**600 929**	(650 567)	(653 016)
Net financing activities from discontinued operations	**(93 841)**	(27 214)	290 223
Net increase (decrease) in cash and cash equivalents	**124 898**	(290 396)	(130 132)

Basis of presentation of condensed consolidated financial statements (continued)

Business combinations

The prior year acquisition, PHS Group was subject to a Purchase Price Allocation (PPA) review in the current period. The PPA review, which was finalised during the current period, 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 R3 903 million (£181.7 million) goodwill has been de-recognised. The 30 June 2020 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	Restated at 30 June 2020	Impact on financial position
Deferred taxation	–	(915 484)	(915 484)
Intangible asset – PHS brand (indefinite life)	–	2 336 163	2 336 163
Intangible asset – Customer relationships (15-year life)	–	2 482 174	2 482 174
Goodwill	(11 685 164)	7 782 311	(3 902 853)
Net assets recognised	(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.

Net acquisition of businesses, subsidiaries, associates and investments

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.

The Group made a number of minor bolt-on acquisitions during the period. These acquisitions were funded from existing cash resources.

The final accounting for the minor acquisitions had not been completed at the time these condensed consolidated interim financial statements were issued, in each case the final accounting will be completed within 12 months of the acquisition date, as allowed by the applicable accounting standard.

Basis of presentation of condensed financial statements (continued)

The following table summarises and incorporates the provisional amounts of assets acquired and liabilities assumed which have been included in these results from the respective dates.

R000s	Ontime	Other	Total
Property, plant and equipment	(140 601)	(7 573)	(148 174)
Right-of-use assets	(42 609)	–	(42 609)
Deferred taxation	(1 404)	4 094	2 690
Interest in associates and joint ventures	–	31 500	31 500
Investments and advances °	–	375 539	375 539
Inventories	(818)	(766)	(1 584)
Trade and other receivables	(74 493)	(5 732)	(80 225)
Cash and cash equivalents	31 262	191	31 453
Borrowings	18 169	3 336	21 505
Lease liabilities	45 151	–	45 151
Trade and other payables and provisions	42 958	(5 535)	37 423
Taxation	(162)	159	(3)
Intangible assets	(55)	1 628	1 573
	(122 602)	396 841	274 239
Non-controlling interest	–	(3 336)	(3 336)
Realisation of foreign currency translation reserve	(62 143)	(1 224)	(63 367)
Goodwill	–	8 154	8 154
Net assets (disposed) acquired	(184 745)	400 435	215 690
Settled as follows:			
Cash and cash equivalents acquired			(31 453)
Acquisition costs			7 580
Net loss on disposal of operations			114 539
Net settlement of receivable arising on disposal of subsidiaries and associates in prior periods			(46 854)
Net change in vendors for acquisition			(22 301)
Net acquisition of businesses, subsidiaries, associates and investments			237 201

° Includes purchases of R1 246 million and disposals of R870 million in the Group's various investment portfolios, primarily those of Bidvest Bank and Bidvest Insurance ("Other" column).

Goodwill arose on the minor 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 acquisitions have enabled the Group to expand its range of complementary products and services and, as a consequence, has broadened the Group's base in the marketplace.

The minor bolt-on acquisitions did not contribute materially to the Group's revenue or operating profit for the period under review.

Subsequent event

Effective 5 February 2021, and subsequent to the reporting date, the Group unconditionally sold its entire (6.75%) equity interest in MIAL to Adani Airport Holdings for ₹cr 505 (R1 037 million), post the effective date the Group has no commercial interest, beneficial or otherwise, in MIAL.

Unaudited results

These results have not been audited or reviewed by the Group's auditors. The interim condensed consolidated financial statements have been prepared under supervision of the Chief Financial Officer, MJ Steyn BCom CA (SA), and were approved by the board of directors on 26 February 2021.

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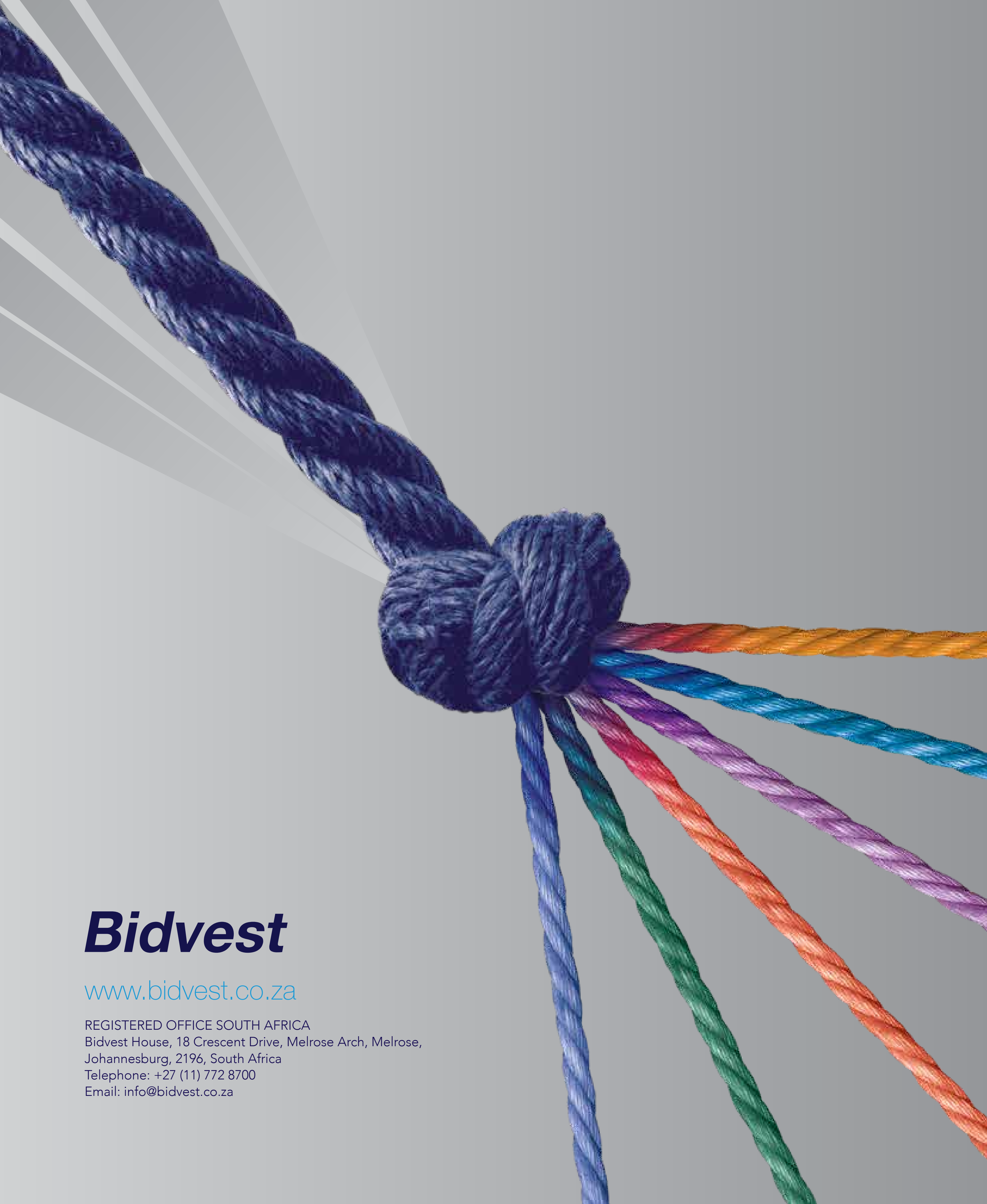

Bidvest

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